

IRG WMR



IRG Technology, Media and Telecommunications and Life Sciences Weekly Market Review

Week of 17 June - 23 June, 2007

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Equity Market Indicators					
Index	Closing Level (6/22/2007)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change 2006 Low
S&P 500	1,502.56	-1.3%	5.9%	20.4%	22.8%
Dow Jones Industrial Avg.	13,360.26	-1.4%	7.2%	24.7%	25.2%
Dow Jones Tech. Index	446.47	0.8%	8.2%	19.0%	32.5%
Dow Jones Telecom. Index	287.41	-1.2%	10.5%	42.5%	42.8%
NASDAQ Composite	2,588.96	-0.4%	7.2%	17.4%	28.1%
The Street.com Net	267.95	-0.6%	8.4%	27.4%	39.2%
Japan Nikkei 225	18,188.63	1.2%	5.6%	12.9%	27.9%
JASDAQ	83.19	0.9%	-3.5%	-36.1%	2.9%
Japan Mothers	945.14	0.6%	-14.9%	-62.8%	-6.3%
Korea KOSPI Composite	1,770.98	-0.1%	23.5%	28.4%	47.1%
Korea Kosdaq	809.58	1.1%	33.6%	17.1%	50.2%
Taiwan Stock Exchange	8,792.68	2.6%	12.4%	34.3%	40.5%
Singapore Straight Times	3,615.38	1.0%	21.1%	54.0%	58.5%
Hong Kong Hang Seng	21,999.91	4.7%	10.2%	47.9%	47.2%
Hong Kong GEM	1,665.82	-0.8%	36.0%	65.4%	65.7%
China Shanghai (A-Share)	4,293.71	-0.9%	52.5%	251.7%	245.7%
China Shenzhen (A-Share)	1,243.33	-2.9%	118.3%	328.6%	321.5%
China Shanghai (B-Share)	276.52	-8.2%	112.5%	345.9%	339.4%
China Shenzhen (B-Share)	691.72	-1.2%	59.6%	253.6%	247.2%

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Technology, Media, Telecommunications and Life Sciences Market Activity						
NASDAQ/NYSE TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
6/21/07	Vitacost.com Inc. [VTCT.US] (OTC)	Internet	US\$57.3	Operates consumer focused interactive websites that provide health information	Thomas Weisel	Cantor Fitzgerald/ Robert Baird

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 6/22/07	% Change From Offer
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 6/22/07	% Change From Offer
6/22/07	Media Nusantara Citra PT [MNCN.IJ] (Jakarta Exchange)	Provides pay-television content distribution and production, as well as multimedia services	US\$414.6	IDR 900	IDR 940	4.5%

Asian Markets: TMT and Life Sciences Convertibles						
Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US\$MM)	Per US\$10,000 converts to	Convertible Until
6/22/07	Tae Gwang E&C [048140.KS]	Manufactures control instruments for remote monitoring and control systems	3/25/09	US\$5.0	3,154 shares	2/25/09

Weekly Highlights

International

Media, Entertainment and Gaming

- **According to figures at the CommunicAsia telecommunications trade fair in Singapore, Nokia Oyj is leading the race to be the world's biggest maker of mobile phones.** With an array of distribution channels, Nokia has cornered about 40 percent of the Asia-Pacific market, a figure that is higher than its 36 percent overall global share. The cell phone industry expects the number of people owning a mobile phone worldwide to increase to at least 4 billion over the next three years from its current 3 billion. The report said that between 300 and 400 million of these new users are expected to come from India alone, where users can take advantage of call rates as low as 1 U.S. cent a minute. Studies indicate that in Asia there is a need for a strong retail presence, since more than 70 percent of the customers in the region decide which phone to buy at the point of sale, compared to Europe and the U.S., where consumers buy their phones most of the time from operators who subsidize them. According to Strategy Analytics, Samsung holds a 16 percent share in the region in the first quarter, while Motorola has 12 percent.

Mobile/Wireless

- **Yahoo announced it is entering into agreements with Asian telecom carriers in a bid to bring its services to almost 100 million new mobile users.** The agreement adds to Yahoo the following new mobile partners: South Korea's LG Telecom, Taiwan Mobile, Malaysia's Maxis Communications, Globe Telecom of the Philippines, Idea Cellular Limited of India, and PT Telekomunikasi Selular of Indonesia. The six mobile carriers will carry Yahoo oneSearch, the company's home page for mobile phone users whose carriers support the service. Yahoo oneSearch is designed to let users easily search the web and other information services on mobile phones. Yahoo said once the six new Asian carriers make the service available online, Yahoo oneSearch will be available in 20 countries worldwide.
- **Worldwide mobile gaming end-user revenue will grow from US\$2.9 billion in 2006 to US\$9.6 billion in 2011, according to Gartner, Inc.** The research firm defined mobile gaming as video games on mobile phones and includes preloaded software on mobile phones, games downloaded for use offline, as well as games requiring access to online resources and those purchased on removable media, such as flash memory cards. The report said regional differences will play a part in adoption rates for mobile gaming. Gartner cites as an example, mobile gaming appearing often as the only choice in many emerging markets because less money is needed to start mobile gaming than is required to buy a PC or games console. The study states that mobile gaming revenues in Asia/Pacific and Japan are seen as going beyond US\$1.8 billion in 2007, and hitting US\$4.6 billion in 2011. Gartner correlates the high revenue with higher data consumption in countries such as South Korea and Japan, where bigger consumption for mobile gaming in the area is apparent. Gartner analysts look to the high-growth markets such as China and India to push mobile gaming growth even higher. In Western Europe, mobile gaming end user revenue is projected to grow from US\$1.5 billion in 2007 to US\$2 billion in 2011. In North America, mobile gaming end user revenue is forecast to hit US\$716.9 million in 2007 and register US\$1.7 billion in 2011.

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Information Technology

- **According to media sources, ASEAN countries have adopted a common digital TV standard, a move that makes them a part of the global trend of moving away from analog TV.** With the need for new set-top boxes required for tuning in to free-to-air TV, the market will favor having a common TV standard, which translates to possessing similar-type boxes to be used across a region. The scenario thus necessitates bulk purchases that bring lower costs for ASEAN's 500 million people. In an earlier move, ASEAN adopted the European DVB-T (digital video broadcasting-terrestrial) standard, and will now work on the details for each country's rollout. Industry analysts said broadcasters want to go digital because more channels can be squeezed into their given bandwidth even as switching off existing analog channels will cut off viewers with older TV sets. Singapore broadcasters are expected to deliver all programs digitally in the next three to eight years. Other observers state that actual migration to digital TV in ASEAN may be uneven. In the other countries outside ASEAN, things have moved faster. Media sources said the U.S. government is prepared to spend US\$990 million to get the country to go fully digital by 2009.

Japan

Internet

- **According to a survey done by Jointvest Securities, Japan's female investors earned much bigger returns from Internet stock trading in the past year than their male counterparts, with the study describing the women as more bullish about future bets.** The survey of 1,000 retail investors showed female retail investors earning an average of 504,000 yen (US\$4,000) from web-based trading in the year ended May 2007, with men early only 180,000 yen (US\$1,452). Jointvest, a unit of Japan's biggest brokerage Nomura Holdings Inc. said the number of female online traders has been on the rise, now making up roughly 25 percent of the total pool, up from less than 20 percent a couple of years ago. The survey also indicated that women also expect bigger returns on their investments than men.
- **YouTube announced that it has opened a Japanese-language site made especially with Japan market in mind, with the homepage and search functions of YouTube having been reworked from the original U.S. version.** Competition is expected to be more intense with the debut of YouTube given the presence of some rivals, like a similar site called eyeVio managed by Sony Corp. The Japanese site is one of the 9 country-specific sites newly launched by YouTube, the other eight being Brazil, Britain, France, Ireland, Italy, Poland, Spain and the Netherlands.

Mobile/Wireless

- **NTT DoCoMo announced its plans to begin offering customers flat-rate unlimited wireless Internet access for computers in a bid to stabilize its market.** According to media sources, NTT DoCoMo has also introduced more features that enable subscribers to use their phones to pay for products and receive news to increase user spending. NTT DoCoMo said it is looking to increase its returns from services such as wireless Internet in order to counter declining revenues from traditional voice call services. The company predicts that the average monthly bill from voice calls will register a 7.7 percent decline to 4,330 yen (US\$35) in the fiscal year ending March 2008, while sales from data services will post a 6.9 percent growth to 2,150 yen (US\$17) a month. NTT DoCoMo said it is looking to sign up a total of 53.9 million users by 2008, which indicates a 2.4 percent increase. To carry out this goal, the company said it is introducing GSM technology to its top-end phones this year to allow

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more people to make calls overseas. It also revealed that it is considering entering into an alliance with Apple to develop iPhone for the Japanese market.

- **Sony Ericsson Mobile Communications A.B. announced that it is setting up a research and development unit for mobile phones in south India.** Earlier this year, Sony Ericsson disclosed that it was outsourcing its manufacturing to the Chennai operations of Flextronics Corp. and Hon Hai Precision Industry Co. Ltd., which uses the brand name Foxconn. The company said that by having R&D teams in India, it will be better able to tap into consumer behavior in local markets. According to the Telecom Regulatory Authority of India (TRAI), the country has added 6.5 million mobile telephony subscribers in May this year, taking the total number of subscribers to 178 million. According to Sony Ericsson, this mobile telephony boom has brought about heavy demand for mobile phones, with more than 62 million handsets sold in India in the last 12 months. The company is targeting production of 10 million phones from India by 2009. The new facility will become part of Sony Ericsson's global network of R&D units, which is presently found in China, Japan, Sweden, the Netherlands, the U.S. and the U.K.

Hardware

- **According to a company spokesperson, Matsushita Electric Industrial Co. expects to double its production capacity for plasma display panels when a new plant begins production in western Japan in May 2009.** The maker of Panasonic-branded electronics revealed its plans to manufacture 300,000 42-inch plasma display panels per month at a new plant to be built in the western Japanese city of Amagasaki. Together with a planned output increase at another Amagasaki plant that initiated operations this month, Matsushita declared that it will be able to turn out 1.3 million panels a month by May 2009, up from the current 640,000 panels. Construction of the new plant is expected to begin in November. The company currently has four plasma display panel plants in Japan and another one in Shanghai.

Ventures/Investments

- **Tokyo Electric Power Co. revealed its decision to sell Fusion Communications Corp., its subsidiary offering Internet protocol phone services, to Rakuten Inc.** According to industry sources, the move is expected to enable Rakuten to be able gain entry into the telecommunications market. The two companies are set to formally announce the deal, which is valued to be worth some billion of yen.
- **Market sources indicate that consumer electronics maker JVC will likely merge with audio equipment maker Kenwood Corp. under a joint holding company as early as 2008.** Under the deal, Matsushita, which has 52.4 percent stake in JVC, is expected to sell its shares in the firm to the holding company. The move is also seen as Matsushita's way of removing the loss-making JVC off its consolidated accounts. Earlier reports indicate that Matsushita Electric Industrial Co. has been trying to sell its JVC stake, valued at about 52.6 billion yen (US\$425 million). Under the preliminary integration plan, Kenwood will first buy 20 billion yen (US\$162.1 million) worth of new JVC shares through a third-party allocation, taking a stake of about 13 percent. The two companies will then set up a holding company as early as 2008, under which two firms will merge their operations. Spokesmen from Matsushita, JVC and Kenwood said that nothing has been decided. In a related earlier development, Matsushita said it has selected U.S. private equity firm Texas Pacific Group as its preferred bidder for its JVC stake. These negotiations failed after banks have refused funding the acquisition because they were not sure TPG could turn around a company that has gone through four straight annual losses.

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Korea

Internet

- **Industry sources indicated that Google is looking to launch YouTube in South Korea later this year in a bit to tap the fast-growing user-created content market here.** Under the deal, South Korean web surfers will be able to easily access YouTube by way of a user interface translated into Korean while having a platform through which they can share uploaded content with other global users. Earlier, Google disclosed that it would provide the video-sharing service to nine more countries including Japan, France and Germany but South Korea was excluded. Google could not be reached for comment regarding the deal. Some 70 percent of Korean homes have high-speed Internet access but many prefer local search engines.
- **LG Dacom announced the launching of a residential Internet calling service it dubbed myLG 070, which allows subscribers free phone calls.** Internet calling allows users to make telephone calls by connecting to the Internet instead of using fixed lines. Many communication companies in the country are rushing to launch Internet calling services, with LG Dacom as the first fixed-line provider to do so. The newly launched Internet calling service costs 50 won (US\$0.50) per minute for international calls to 20 countries including the U.S., China, Japan, Britain, Hong Kong and Canada, much cheaper than KT and Hanaro Telecom.
- **Harmonic Inc. announced that Qrix Communications Inc., one of South Korea's leading cable service providers delivering video, voice and data services to more than 710,000 subscribers, has launched a wideband modular cable modem termination system (M-CMTS) trial using Harmonic's industry-leading NSG 9000 universal edgeQAM.** The ultra-flexible, high density NSG 9000 supports a wide variety of applications including broadcast and video-on-demand (VOD). Industry observers note that demand for downstream bandwidth is growing dramatically, as consumers increase their usage of applications such as movie downloads, peer-to-peer file transfer, video streaming, video sharing on websites and blogs. Qrix Communications Inc., as a MSO (Multiple System Operator) whose business covers one third of the Seoul area, provides broadband service for fast and stable Internet access as well as Cable TV services. It is the pioneer for broadband business in South Korea, offering high-speed Internet, industrial leased line, VoIP Internet phone service, VOD (Video on Demand), GOD (Games on Demand), and Crime and Disaster Prevention to the customers in the Seoul area. Harmonic Inc. is a leading provider of versatile and high performance video solutions that enable service providers to efficiently deliver the next generation of broadcast and on-demand services including high definition, video-on-demand, network personal video recording and time-shifted TV.

Mobile/Wireless

- **LG Electronics announced the release of its 3G mobile phone installed with mobile services by Google in European markets that include Italy, France and Germany.** To manufacture the phone, LG entered into an agreement with Google, with the LG-JU580 offering one-click access to Google services including Google Search, Google Mail and Google Maps.
- **SK Telecom announced the lowering of its fees for global roaming in some overseas countries.** The company said it has also expanded its roaming services, now offering rental phones to customers who have lost their handsets in foreign countries. Global roaming allows cell phone subscribers to use their phones overseas. According to SK Telecom's President, he has discussed with

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10 major Asian wireless companies in Singapore on an agreement to work on improving roaming services. It must be noted that the regional wireless providers have formed the Bridge Mobile Alliance (BMA), under which SKT subscribers can rent handsets from BMA Concierge Counters if they lose their handsets while traveling abroad.

- **Qualcomm Incorporated, a leading developer and innovator of advanced wireless technologies and mobile data solutions, and KTF, a leading wireless service operator in South Korea, announced that the first commercially available Wireless Internet Platform for Interoperability (WIPI) on BREW handsets will be made available in late June to KTF subscribers from LG Electronics.** The two companies described the launch of KTF's first WIPI on BREW handsets as marking an important step for the operator as it deploys its BREW-powered Downloadpack wireless data service. The service is offered over its new WCDMA (HSDPA) network and works to provide subscribers with some of the most comprehensive and compelling wireless data services available in the Korean market, including downloadable applications, games and ringtones. Qualcomm Incorporated is a leader in developing and delivering innovative digital wireless communications products and services based on CDMA and other advanced technologies.
- **Danal, Inc., the U.S. subsidiary of South Korea-based Danal Co., Ltd., the largest mobile payment service company in the world, announced that it has received US\$9.5 million in venture financing led by Morgenthaler Ventures.** The South Korean parent company also contributed to the funding. Danal Co., a public entity in South Korea with 2006 revenues of around US\$75 million, pioneered the mobile payment industry in South Korea in 2000. Danal allows consumers to purchase goods and services online by charging their regular mobile phone bills. In 2006, South Koreans alone charged more than US\$1 billion worth of transactions, which stand for 70 percent of all digital content purchased online to their mobile phone bills. Danal Co., the global market leader, currently holds close to 50 percent market share in South Korea. Danal Co. is the only company to have integrated 14 mobile carriers across CDMA, GSM, and TDMA-based platforms in South Korea, Taiwan, and China and is the global market leader in this space. Danal said it will use the US\$9.5 million in venture financing to add to its team, commercialize its mobile payment service in the U.S. and strengthen its relationships with mobile carriers and merchants. Morgenthaler is a leading U.S. venture-capital firm with offices in California, Massachusetts, New Jersey, Colorado and Ohio.

Hardware

- **LG Electronics Inc. disclosed that it will file a counter-lawsuit against Hitachi Ltd., its U.S. unit and a flat-panel joint venture, with the suit stating that the Japanese company has infringed on patents related to LG's plasma displays.** LG said its complaint specifically states that Hitachi, its U.S. unit, and Fujitsu Hitachi Plasma Display Ltd., a joint venture with Japan's Fujitsu Ltd., have infringed on seven LG patents. Earlier, Hitachi of Japan filed a similar suit against LG Electronics and its U.S. unit in the same court in Texas where LG has filed the suit. No comments were available from Hitachi officials. In the complaint, Hitachi is asking for monetary compensation and a permanent injunction prohibiting the sale of LG's plasma display products in the U.S. Since 2005, industry observers note that LG and Hitachi have been trying to reach a settlement regarding patents related to plasma display technologies.

Semiconductors

- **Hynix Semiconductor predicts that the world chip market will see stronger sales next year. With the forecast, the company's president also stated that the company aims to increase its**

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sales by more than 20 percent this year. The world's number two maker of DRAM chips also disclosed that it has just issued US\$500 million in global bonds to pay back maturing debts.

China

Internet

- **9you.com, an online gaming portal, announced that it secured an approval for listing on the Osaka Stock Exchange Market.** Under the plan, 9you.com said it is aiming to issue 97,000 shares of stock in Japan, including 46,000 for IPO, and 51,000 for the second offering. Earlier, 9you.com said it was targeting to get a NASDAQ listing until it shifted its focus to Japan. Observers note that many Chinese companies appear to favor UK or Japan for listing as the said destinations provide lower barriers.
- **According to sources close to deal, Google.com has won its bid to secure a coveted Internet Content Provider license in China.** The license is given by the country's Ministry of Information Industry, which is seen as adding legitimacy to Google's presence in China and gives it more opportunity to get bigger advertising contracts. Google lags behind Baidu, which remains the top search engine in China.

Media, Entertainment and Gaming

- **CDC Games, a business unit of CDC Corporation, announced the launching of Special Force, the first free-to-play, pay-for-merchandise FPS (first person shooter) game in China for general commercial availability.** The company, a pioneer of the free-to-play, pay for merchandise model for online games in the country, said the launch follows a highly successful open beta in which 1.6 million users registered to play the game during this testing phase. Special Force, which was developed by Dragonfly, was recently ranked as the top online game in South Korean Internet cafes for more than 50 consecutive weeks and provides CDC Games with first-mover advantage in the FPS category of online gaming in China. CDC Games is one of the market leaders of online and mobile games in China with 50 million registered users. In March 2007, the company announced the formation of CDC Games Studio, funded by up to US\$100 million, to establish strategic relationships with selected games development partners to accelerate the development of new, original online games for China and other targeted global geographies. The CDC family of companies includes CDC Software focused on enterprise software applications and services, CDC Mobile focused on mobile applications, CDC Games focused on online games, and China.com focused on portals for the greater China markets.
- **Shanghai Media Group (SMG) announced entering into a strategic cooperation agreement with Microsoft on entertainment applications for PCs, television and mobile phones.** Under the agreement, SMG would be an entertainment content and service provider and Microsoft, a technology and platform supplier, would integrate their content, technology and electronic products to offer more entertainment service for the consumers. Back in 2000, Microsoft and SMG also worked jointly on Windows Media, MSN and other digital media technologies.

Mobile/Wireless

- **Linktone, the wireless value-added services firm, announced that it has entered into an agreement with eChinaCash to acquire a 49 percent equity stake in its subsidiary eChinaMobile.** With Linktone and eChinaCash becoming joint owners of eChinaMobile, the two

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companies will work in cross-selling promotional opportunities by leveraging each company's extensive customer resources. eChinaCash manages customer loyalty affinity programs and payment card programs for large corporations and financial institutions which include Chinese blue chip companies such as Sinopec and Air China.

- **Sony Ericsson announced setting up of a new factory in Beijing, a move that the company described as part of the plan to make the Chinese capital its global manufacturing base.** The company said the factory will be used for manufacturing mobile phones and printed circuit boards. For Sony Ericsson, China remains the only country where it maintains a whole range of services that cover production, outsourcing, development to design, sales and market promotion.
- **Glu Mobile, a mobile games publisher, announced the opening of its development studio in Beijing.** According to its CEO, establishing a local presence in these key regions is critical to its strategy as it will allow the company to “deepen relationships within each market.” For Glu Mobile, establishing Glu's third development studio in Beijing will allow the company to boost its internal development and porting capabilities and create content for both the western and Asian markets. The Beijing studio will be headed by Kim Daniel Arthur, formerly the head of Glu's studio in London.

Software

- **Industry sources indicated that Shanghai-based software website Runsn has been selected by Microsoft as its first partner and dealer in China for its Groove 2007.** Microsoft's Groove 2007 is described as a kind of P2P-based coordination software designed to provide more flexible coordination for smaller enterprises. The Office Groove platform includes both decentralized client software for information worker productivity and centralized services for traversing network boundaries efficiently. According to Microsoft, it has plans to make Groove one of its key products and is working on the software's integration with the other Office products.

Hardware

- **Industry sources said Avnet's Asian subsidiary and Chinese electronics company ASUS have inked an agreement to distribute ASUS' AMD-based motherboards in China.** Under the deal, Avnet will market and distribute ASUS's AMD-based motherboards in Mainland China, concentrating on specific customer segments including value-added resellers, system builders and PC assemblers.
- **Suning, an electronics retailer, announced that it has entered into a strategic partnership with IBM, with the two companies working together to create what was dubbed the Dark Blue Program.** Under the agreement, Suning will invest some 300 million yuan (US\$39.3 million) in the next five years to work with IBM on enterprise management, work flow reforms, application system development and IT management.

Information Technology

- **Euronet, a global electronic payments provider, disclosed the widening of its ATM outsourcing agreement with China Postal Savings Bank.** Under the agreement, Euronet will set up an additional 721 ATMs for China Postal Bank in Beijing, Shanghai and the Guangdong province. Euronet China expects to complete the deployment of the new ATMs for China Postal within the next 12 to 18 months. China Postal Savings Bank is the fifth largest financial institution in China and maintains a network of 7,780 ATMs, which includes the 90 ATMs deployed by Euronet over the last year.

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Telecommunications

- **Ericsson announced entering into an agreement with China Unicom to assist the telecom upgrade of its GSM network in 6 Chinese provinces.** Earlier, Ericsson signed a GSM deal valued at US\$1 billion with China Mobile for upgrading the GSM network of the telecom's operations in 19 Chinese provinces. Under the agreement, Ericsson will provide solutions for the network deployment mobile exchange in Jilin, Henan, Jiangsu, Yunnan, Hainan and Liaoning Provinces, a move that is expected to bring in over 4 million in user capacity to China Unicom. The financial details of the deal were not disclosed.
- **Media sources said Datang Telecom is a recipient of a loan worth 30 billion yuan (US\$4 billion) following its signing of a cooperation agreement with China Development Bank.** Industry analysts see the loan grant as helping solve the fund shortage that Datang is currently experiencing. Under the deal, the two sides will combine each of their advantages, with China Development Bank providing a full range of financial services to Datang Telecom to support the company's scaled TD-SCDMA construction over the long term.

Ventures/Investments

- **Industry sources indicated that Microsoft has acquired a “small stake” in the country’s Sichuan Changhong Electric Company, a move that analysts see as the software giant’s move to make its presence bigger in China.** Sources said the companies have signed a letter of intent for Microsoft to acquire 15 million Changhong shares in a deal valued at 94 million yuan (US\$12.3 million). Changhong's stock is currently traded on the Shanghai Stock Exchange. Microsoft's purchase corresponds to less than one percent of the total outstanding shares for Changhong. Under the deal, the two companies will initiate a project dubbed Media Galaxy, under which they will focus on tapping the power of the Internet to boost consumer electronics.
- **Yangtze Telecom announced that it will acquire a 50 percent equity interest in Beijing Haidian Cable Television Network Information Company (HDCTV) in a deal valued at 42.8 million yuan (US\$5.6 million).** According to the president of Yangtze, HDCTV presents “an unprecedented opportunity for Yangtze to enter this digital TV business in China, a market usually with few openings because of its high barrier to entry and tremendous growth potential.” Industry information shows HDCTV to be the owner of all the requisite licenses for the broadband ISP business, digital cable TV and broadcasting in Haidian district of Beijing. The area is noted for being the site of universities, research institutes as well as Zhongguancun, considered the Silicon Valley area of China. Yangtze Telecom also disclosed that it is set to putting up additional funds for capital expenditures of about US\$10 million in the twenty-four months following the completion of the acquisition.
- **China Telecom Corp Ltd. announced that it has agreed to buy telecom-related assets from its State-owned parent in a bid to boost its stock appeal.** Under the deal, the company said it would pay 1.4 billion yuan (US\$183.6 million) in cash for a 100 percent stake in China Telecom (Hong Kong) International Ltd., China Telecom System Integration Co Ltd., and China Telecom (USA) Corp., all of which are fully owned subsidiaries of China Telecommunications Corp. China Telecom said it has been lobbying the government to secure a license to offer mobile phone services to counter the slowdown of its fixed-line business.

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Taiwan

Mobile/Wireless

- **According to media sources, the WiMAX Forum has chosen Taiwan-based Advance Data Technology (ADT) as the first Asian certification test lab to offer both fixed and mobile WiMAX certification services starting October this year.** ADT will be authorized to offer WiMAX member companies certification testing to certify conformity and interoperability of WiMAX products. The test will be considered at the same levels as those conducted by WiMAX Forums' lead certification testing partner, AT4 Wireless, in Spain. ADT provides comprehensive testing and certification services covering a wide range of industrial standards. The company said it also delivers technical consultation in product design and test system integration. Market sources said the WiMAX Forum is in talks with Taiwan-based testing companies as it aims to set up two certification test labs in Taiwan.
- **Taiwan Mobile (TWM) announced its formation of a strategic alliance with Yahoo! Kimo (Yahoo! Taiwan) to become the latter's exclusive partner in launching the Chinese-language Yahoo! oneSearch mobile online service in the Taiwan market in the third quarter of 2007.** The company said Yahoo! oneSearch will be offered on Catch, TWM's platform of mobile value-added services. With a user interface and functions specifically designed for handset users, the Chinese-language Yahoo! oneSearch will display, in addition to the result of a search, various information related to the subject keywords. According to TWM, Taiwan will be the eighth Asian country to introduce Yahoo! oneSearch, next to Indonesia, India, Malaysia, the Philippines, Singapore, Thailand and Vietnam.
- **After some changes, BenQ said its official English name will be Qisda, which stands for "quality innovation speed driving and achievements."** The company said the new names Chinese and English will be effective by the month of September in 2007. The announcement also said that Qisda is expected to turn profitable in 2008. The company will mainly focus on LCD monitors, projectors, MFPs (multi-function peripherals) and handset ODM/OEM businesses, with the LCD monitor segment seen as initially the sales driver and account for 30-40 percent of the company's revenues. BenQ will be a wholly owned subsidiary of Qisda and will keep BenQ as its brand name. The own-brand product lines will remain the same as now, covering wireless communication products, mobile phones, LCD monitors, LCD TVs, Joybook notebooks, optical storage products, MFPs and scanners. BenQ revealed that it also plans to reduce capital by 40 percent to NT\$15.4 billion (US\$465.2 million) in the future.

Internet

- **Google announced the launch of the Taiwan version of iGoogle, a service enabling users to make personalized home pages.** The launch also marks the release of the first country-specific version of the iGoogle platform. The Taiwan version of iGoogle was developed by the Taiwan Engineering Research Center based on thorough consideration of local users' preferences and needs in terms of news sources, popular search keywords, frequently used web portals, movies and photos the research center indicated.

Hardware

- **Market rumors are circulating pointing Shuttle as having plans to sell itself to another PC company. With the speculations, two companies have been identified as interested in acquiring Shuttle.** One of these is Elitegroup Computer Systems (ECS) singled out for having a

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good relationship with Shuttle, with Acer as the other company rumored to be interested in the deal. Acer has reportedly refused to issue any comment on the news.

Semiconductors

- **Wafer Works revealed its plans to expand its number of semiconductor wafer furnaces in Taiwan even as it boosts the solar wafer production capacity in China.** Wafer Works currently houses a 6-inch silicon wafer capacity of 300,000 per month in Taiwan. The company is seeking a new site for additional furnaces but a concrete location has not yet been decided. Wafer Works said an 8-inch wafer polishing production line with a monthly capacity of 100,000 wafers is also planned. After it has completed its consolidation with China-based Solargiga Energy Holdings, a solar wafer maker, Wafer Works will have its annual solar wafer capacity expand from 20MWp to 100MWp in late 2007 and to 200MWp in 2008.

Ventures/Investments

- **According to the company CEO, High Tech Computer (HTC) plans to optimize its capital by carrying out a series of strategic investment projects in order to sustain long-term growth.** The official also disclosed that HTC currently holds as much as NT\$34.4 billion (US\$1 billion) in cash that will enable HTC to implement additional investment projects. For the company, the new investment projects should complement HTC's long-term development or create added value for the company. The company forecasts its revenues for June as posting a 5 percent growth from the NT\$10 billion (305.3 million) it recorded in the same month of 2006.

Hong Kong

Information Technology

- **Global Pay Solutions announced its formation of a joint venture company with Universal Resources for the development, manufacture, marketing, sale and distribution of the Trio Card in China.** The joint venture is called Universal Global Pay Solutions and will be based in Hong Kong. It is expected to boost the presence of Global Pay Solutions in the global value card market and help set up a new cost effective manufacturing location to support the Global Pay Solutions International card business. Sources said the joint venture is aimed at the general consumer and employer payroll markets.

Telecommunications

- **Hutchison Whampoa announced its acquisition of 12 million shares in Hutchison Telecom International Group (HTIL), provider of mobile and fixed telecommunications services, in the open market through the Hong Kong Stock Exchange.** The shares were acquired through investment holding subsidiary HTIL. HTIL has fixed and mobile operations in Hong Kong, and mobile operations in Macau, Israel, Thailand, Sri Lanka, Ghana, Indonesia and Vietnam. Hutchison Whampoa and its subsidiaries control just over 50 percent of HTIL shares in issue form as of June, up from 49.7 percent previously. Following the acquisition, HTIL will now be accounted for as a subsidiary of Hutchison Whampoa. Market sources place the value of the deal at HK\$124 million (US\$15.8 million).

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Mobile/Wireless

- **Qualcomm announced its alliance with PCCW to conduct a technology trial of its MediaFLO Mobile TV Technology.** The technical trial, expected to run until November, is aimed at testing handsets and to allow PCCW to assess the business model of a mobile TV service utilizing Qualcomm's technology. In a separate development, Qualcomm and British Sky Broadcasting (BSkyB) completed a second technical trial of the mobile TV technology in the UK. The technology is one of those widely considered means to be used for the deployment of mobile TV.

Software

- **Titanium Group Limited, a leading global facial recognition technology company, announced a co-marketing bundled program with Lenovo HK, one of the world's leading personal computer manufacturers.** The bundled program includes a Lenovo ThinkCentre A55 small form factor (SFF) computer with Titanium's award-winning logical access control system, FaceOK software, which is sold at a special price. The offer also includes Microsoft Windows Vista Business, the latest version of Windows for the business sector. Titanium Group Limited, through its wholly owned subsidiary, Titanium Technology, is a leading biometric and security solutions provider featuring its proprietary and patented Automated Face Recognition Systems (AFRS). The company's clients include: ESPN, IBM and the People's Bank of China.
- **StayinFront, Inc., a leading global provider of enterprise-wide customer relationship management (CRM) applications, decision support tools, data services and eBusiness systems, announced it has won a new multi-year contract with Pernod Ricard Hong Kong Limited, the company's regional office that supports markets across Asia, from the Gulf States and India to Japan.** Pernod Ricard is the second largest wine and spirits company in the world and number one in Asia and a leading international manufacturer and distributor of premium brand liquors with a presence in more than 70 countries. Pernod Ricard selected StayinFront CRM following a rigorous selection process that lasted more than 18 months. The company said the first market rollout will occur in China with 300 users, where StayinFront CRM is replacing an existing in-house solution.

Singapore/Malaysia/Philippines/Indonesia

Mobile/Wireless

- **Media sources said a local technology firm in Singapore, Nex-G Systems, has joined the ranks of a handful of companies worldwide capable of developing a new wireless technology called mobile WiMax.** The company, a homegrown wireless hardware maker, entered into an agreement with IBM to develop base stations for mobile WiMax. The technology will enable cellphone and laptop users to go online at speeds of up to 70Mbps, or about 20 times faster than what is offered on mobile Internet services now. Currently, mobile WiMax services are already available in South Korea; they are expected to roll out in countries like Singapore within the next five years. Under the agreement, Nex-G will design and manufacture the high-end base stations that telecom operators use to connect users wirelessly. It will use IBM's PowerPC chips in its base stations, with Nu Horizons Electronics Asia doing the marketing. The company said it has also plans to license the technology to other manufacturers, when its first base stations are completed within a year's time. According to

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research firm In-Stat, the market for WiMax is valued at about US\$8 billion in 2012 in the areas covered by the Asia-Pacific region.

Information Technology

- **A project called the Indonesian Information Community Kiosk or Warmasif will soon introduce to Indonesian communities local post offices featuring at least four desktop computer stations, a scanner, a printer and a digital camera.** The project jointly developed by the country's Communication and Information Ministry and state-owned PT Pos Indonesia. According to the director general for Information and Telecommunication Technology, Warmasif will serve as "an outlet for people in a particular area to communicate, access global information, market their products, make online deals and access a virtual community library." The kiosks will also make available comprehensive electronic health and medical resources will also be made available, which will include access to health insurance companies, hospitals, and clinics, the Indonesian Red Cross, medical experts and specialists. The government source said open-source operating system Linux will be installed on all kiosk computers in an effort to provide the system with better protection against viruses. The project also in line with the policies of the Indonesia Go Open Source (IGOS) program, which is a national scheme in which state institutions use license-free, open-source software rather than proprietary products developed by major global software companies.

United States/Canada

Internet

- **Media sources said the Business.com Internet domain and search engine is for sale, with observers stating that the deal could bring in between US\$300 million and US\$400 million.** Sources close to the deal said the closely held business is expected to attract interest from companies like Dow Jones & Co. and New York Times Co. Back in 1999, two entrepreneurs acquired the domain name for US\$7.5 million, a record sale at the time. None of the companies mentioned in the report was immediately available to comment. The U.S.-based Business.com runs a search engine, directory, and pay-per-click advertising network claiming more than 6 million monthly unique visitors. No comment was available from any of the companies mentioned.
- **Yahoo Inc. announced its decision to acquire Rivals.com, a site for fans of college and high school teams.** Industry observers see the acquisition as boosting Yahoo's place as the top U.S. sports site in audience terms. Rivals.com is seen as adding to Yahoo a base of 2 million to 2.5 million fans of high school and college football and basketball. The deal is also seen as an indicator of Yahoo's commitment to its media business. Financial details of the deals were not disclosed. Under the deal, Rivals.com will function as an independent unit in Yahoo Sports, a media site which attracts a monthly audience of 15 million visitors, which recently surpassed the audience of its biggest competitor, ESPN.com, which has about 12.7 million users.

Mobile/Wireless

- **According to its top official, Mobile Content Networks Inc. (MCN) is positive it will maintain its market niche in mobile search, even as global players like Google and Yahoo are making their forays into wireless space.** The official said the new market, which derives its revenues from placing advertisements to search results pages, is forecast to post a massive growth of up to US\$3 billion by 2010. The company ascribes this growth to the increase in the consumption of wireless data and mobile content. MCN said it has generated some US\$16 million from venture firms for its

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technology employed by telecom operators. MCN said its different data-collecting technology, based on the splintered nature of information on the wireless Internet, is seen as helping MCN keep its niche next to search engines of major rivals, which are suited better to traditional Internet. The company maintains a strong position in the first major mobile search market in Japan, where NTT DoCoMo uses its technology. In terms of statistics, more than 90 percent of cell phone users in Japan have tried mobile search, compared with less than 10 percent in most of the world. MCN is the leading provider of real-time mobile search services, supporting operators and content providers worldwide, with offices in the U.S., Finland and Japan.

Media, Entertainment and Gaming

- **According to a survey done by NPD Group, Apple Inc.'s digital music store iTunes has now overtaken Amazon.com in the first quarter, a performance that makes it the third-largest music retailer in the U.S with 10 percent market share.** The NPD Group report highlights the growing strength of digital music in the U.S. market as physical sales of CDs continue to slide. Apple's iTunes ranks No. 3 behind market leader Wal-Mart Stores Inc. with a 15.8 percent share, and Best Buy Co Inc. with a 13.8 percent share. The survey covered 40,000 people aged 13 and older. Both of those retailers mostly sell music in the CD format. Online store bestbuy.com has a 1.1 percent market share with sales of both CDs and digital music. Amazon.com Inc., which sells music mainly in the CD format, dropped to fourth with a 6.7 percent share. Last month Amazon also sells music mainly in the CD format. Last month, Amazon started selling digital music but without copy protection software such as that used by iTunes. The NPD report indicated that the iTunes digital music store had benefited from sales of Apple's iPod digital music player during the holiday season. According to an NPD analyst, iTunes had also benefited from the slowdown in CD sales, the dominant format for recorded music sales. According to sales data from Nielsen SoundScan, first quarter sales of music CDs dropped by more than 20 percent year-on-year, a trend that analysts said is not expected to change.

Hardware

- **Best Buy Co., the largest consumer electronics retailer in the U.S., announced its decision to bring down its 2008 profit estimate, with the company attributing its decision to the economy that pushes consumers away from high-margin items like flat-screen TVs.** The company also reported an 18 percent decline in its first-quarter earnings, partly ascribing the drop to the inclusion of the company's new lower-margin business in China. The company said a great amount of its sales comes from items like notebook computers and gaming hardware, which do not bring as much profit. Best Buy posted for the quarter ended June 2 a decline in its profit to US\$192 million from US\$234 million in the same period a year ago. Its revenue went up 14 percent to US\$7.9 billion from US\$6.9 billion last year, with the revenue growth brought about greatly by the addition of 230 new stores, including 131 through acquisitions. Best Buy sells consumer electronics and related products through about 1,200 retail stores throughout the U.S. and Canada. It also owns stores in China.
- **Tivoli Audio, which makes the iconic Model One tabletop radio, announced that it will begin shipping two versions of a tabletop radio for web radio in the latter part of this year.** The two versions are: the NetWorks, a tabletop version, and the NetWorksGo, a travel radio. To use the devices, which are described as low-fuss, the users will need broadband access, preferably Wi-Fi although one can also use Ethernet. The NetWorks will stream thousands of Web radio stations out

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of the box. If Tivoli missed a station, the users will just need to e-mail the company and the station will be added.

Software

- **Adobe announced the release of Adobe Premiere Express, its online video editing software for users of YouTube and MTV.com.** The company said the software is a free, web-based video remix and editing technology that is designed to be easy and fun to use. Media sources described the application's user interface as all drag-and-drop and designed for even new web users. With Adobe Premiere Express, users can quickly create and edit mash-up style web videos by bringing in or fusing video clips, music, photos, effects, transitions and titles.
- **Nuance Communications Inc. announced that it has agreed to acquire the developer of the T9 predictive text input software for mobile phones from current owner AOL LLC.** Tegic Communications Inc. developed the T9 interface to simplify the typing of text messages on mobile phones, with the T9 software already embedded in 2.5 billion phones. Nuance said it plans to integrate Tegic's software with its Nuance Voice Control software, obtained through the acquisition of MobileVoiceControl Inc. in January. The voice control interface is intended to simplify text input and menu navigation, and is available for smartphones running operating systems from Microsoft Corp., Palm Inc. and Research In Motion Ltd. Nuance, in Burlington, Massachusetts, also owns a number of famous names in voice input, including Dictaphone Corp. and the voice-recognition software Dragon Naturally Speaking. AOL acquired Tegic in December 1999 but is selling it now in order to focus on its core business. Under the deal, Nuance will pay around US\$265 million in cash and looks to closing the deal by the end of September. The deal is subject to regulatory approval.

Ventures/Investments

- **IBM unveiled a web site and IT security software application, a move that is seen as part of the company's effort to compete with Hewlett-Packard and Sun for customers in the fast-growing SMB sector.** The web site, which acts as an online community for users, system integrators, software vendors, and academic institutions, is expected to allow new customers to share tips on how to migrate from servers to mainframes. Existing customers can use the enhanced z/VM virtualization software to support more virtualized memory or use the new Tivoli zSecure V1.8.1 suite to monitor threats and enforce compliance. IBM created the new version of zSecure with technology from its first-quarter acquisition of Consul Risk Management, which is part of IBM's strategy to spend US\$100 million to simplify its mainframe platform by 2011. The company is looking to convince businesses to buy its System z9 mainframe computers instead of high-end servers. IBM sells an enterprise-class version of its z9 for large corporations and a business-class version for SMBs. In the first quarter of 2007, strong growth in the company's software and system z sectors resulted in the 8 percent increase in its net income to US\$1.8 billion and a 6.6 percent increase in revenue to US\$22 billion.

Europe

Ventures/Investments

- **Trading Technologies International, Inc. (TT) and BNP Paribas Commodity Futures announced that they have entered into a global software licensing and TTNET distribution agreement.** BNP Paribas initially plans to focus deployment on its major energy trading hubs in Houston, New York, London and Singapore. BNP Paribas is a European leader in banking and

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financial services, and ranks among the world's top 15 banks by market capitalization. Present throughout Europe, in all its business lines, France and Italy are its two domestic markets in retail banking. BNP Paribas enjoys a significant and growing presence in the U.S. and leading positions in Asia and in emerging markets. TTNET, TT's fully managed hosting solution, accelerates customer access time to international futures markets and increases trading platform stability through its mirrored redundant data centers located close to the major exchanges in Chicago, New Jersey, London, Frankfurt, Singapore and Tokyo. Trading Technologies develops high-performance trading software for derivatives professionals, including the world's premier exchanges, money-center banks, proprietary traders, securities brokers, Futures Commission Merchants (FCMs), hedge funds and other trading institutions. Headquartered in Chicago, Trading Technologies maintains a worldwide presence with offices in New York, Houston, London, Geneva, Frankfurt, Singapore, Hong Kong, Tokyo and Sydney.

Mobile/Wireless

- **According to the new Strategy Analytics Report, about half of the mobile operators in Western Europe recorded annual decline in voice revenues in the first quarter of 2007 as revenue growth in the region as a whole stalled.** The report indicated that revenues per minute from wireless voice posted a 12 percent drop last quarter as regulatory pressure and competition continue to affect the industry. This Strategy Analytics quarterly report provides a health check for the wireless operator community, tracking the operational and financial performance of 125 individual operators, accounting for 75 percent of the world's cellular users. The report found that voice revenues fell by a massive 9 percent at Vodafone Germany, with operators in many other West European markets experiencing more modest declines. Operators in Spain performed best in the region, with voice revenue growth ranging from 6 percent at Orange to 11 percent at Vodafone. Strategy Analytics focuses on market opportunities and disruptive forces in the areas of Automotive Electronics and Entertainment, Broadband Connected Home, Mobile & Wireless and Intelligent Systems Implementation Strategies. It is headquartered in Boston, with offices in the UK, France, Germany, Japan, South Korea and China.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 6/22/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	124.0350	0.5%	4.2%	5.3%	7.3%
Hong Kong dollar	HK\$/ US\$	7.8155	-0.1%	0.5%	0.8%	0.6%
Chinese renmenbi	RMB/ US\$	7.6209	0.0%	-2.4%	-5.6%	-4.7%
Singapore dollar	S\$/ US\$	1.5389	-0.2%	0.1%	-7.5%	-3.4%
South Korean won	KRW/ US\$	927.7000	-0.1%	-0.2%	-8.1%	-2.9%
New Taiwan dollar	NT\$/ US\$	32.7200	-1.3%	0.4%	-0.3%	0.3%
Australian dollar	US\$/A\$	0.8481	1.4%	7.5%	15.7%	15.1%
New Zealand dollar	US\$/NZ\$	0.7663	1.9%	8.9%	12.1%	23.9%
Philippine peso	PHP/ US\$	46.0500	-1.0%	-6.0%	-13.3%	-13.4%
Euro	US\$/€	1.3427	0.9%	1.7%	13.3%	6.4%
British pound	US\$/£	1.9960	1.3%	1.9%	15.8%	8.4%

Fixed Income Prices and Yields

Note	Currency	Current (on 6/22/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	92.4688	5.31%	91.6250	5.30%	96.0405	5.00%
Japan 30-year	¥	100.2680	2.51%	99.6660	2.49%	103.2860	2.31%
Hong Kong 10-year	HK\$	100.5382	4.36%	100.5141	4.36%	103.6900	4.38%
China (06/16)	US\$	103.1537	4.21%	104.7607	4.05%	106.8300	3.70%
Singapore 10-year	S\$	102.1330	3.09%	101.6330	3.13%	104.6910	2.82%
South Korea 20-year	US\$	102.5494	5.71%	103.6154	5.53%	106.0330	5.34%
Australia 15-year	A\$	149.3435	2.78%	148.9570	2.77%	151.7200	2.61%
New Zealand (12/17)	NZ\$	94.3238	6.78%	93.7692	6.83%	97.8450	6.28%
Philippines 20-year	PHP	121.5449	n/a	131.0760	8.24%	131.0200	8.25%
India 30-year	INR	88.4777	8.54%	86.8198	8.65%	88.0600	8.52%
UK 30-year	£	90.4120	4.86%	90.2200	4.85%	94.0549	4.63%
Germany 30-year	€	87.4870	4.79%	86.8700	4.80%	91.6450	4.52%

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