

IRG WMR



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

Week of 30 June - 6 July, 2008

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Equity Market Indicators					
Index	Closing Level (7/4/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	1,262.90	-1.2%	-1.3%	-14.0%	-11.0%
Dow Jones Industrial Avg.	11,288.54	-0.5%	-0.5%	-14.9%	-9.4%
Dow Jones Tech. Index	391.49	-2.5%	-1.6%	-14.7%	-5.1%
Dow Jones Telecom. Index	260.22	1.5%	-0.6%	-17.0%	0.1%
NASDAQ Composite	2,245.38	-3.0%	-2.1%	-15.3%	-7.0%
The Street.com Net	253.51	-0.8%	0.1%	-10.0%	2.5%
Japan Nikkei 225	13,237.89	-2.3%	-1.8%	-13.5%	-23.2%
JASDAQ	60.80	-1.5%	-0.2%	-15.8%	-29.5%
Japan Mothers	540.29	-1.2%	0.0%	-31.0%	-51.4%
Korea KOSPI Composite	1,577.94	-6.3%	-5.8%	-16.8%	10.0%
Korea Kosdaq	538.30	-9.5%	-8.8%	-23.6%	-11.2%
Taiwan Stock Exchange	7,228.41	-4.2%	-3.9%	-15.0%	-7.6%
Singapore Straight Times	2,892.54	-2.1%	-1.9%	-16.5%	-3.1%
Hong Kong Hang Seng	21,423.82	-2.8%	-3.1%	-23.0%	7.3%
Hong Kong GEM	760.69	-3.4%	-4.6%	-43.6%	-37.9%
China Shanghai (A-Share)	2,800.11	-2.9%	-2.4%	-49.3%	-0.5%
China Shenzhen (A-Share)	845.62	1.5%	1.9%	-44.4%	48.5%
China Shanghai (B-Share)	209.93	0.4%	0.3%	-42.6%	61.3%
China Shenzhen (B-Share)	466.17	-1.1%	-1.9%	-34.3%	7.6%

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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
N/A						

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

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
N/A						

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Weekly Highlights

Japan

Hardware

- **Pioneer Corp., which is ending unprofitable plasma-screen operations, reported that the company will sell its display factory.** The company is in talks to sell the factory in Kagoshima prefecture, Kyushu island, to Field Emission Technologies Inc. for as much as 30 billion yen (US\$283 million).
- **NEC Corp. would acquire NetCracker Technology Corp. to add to its offerings for the communications industry and expand its international software business.** Though no terms were disclosed in a press release announcing the deal, Reuters put the price at about US\$300 million. NEC said adding NetCracker, whose business in so-called operations support system, or OSS, products and services for communications service providers, will help it achieve new international growth and it expects to generate nearly 200 billion yen (US\$1.9 billion) over five years. NEC tries to seek opportunities outside its saturated home market and aims to achieve a leading position in global IT-network business.
- **NEC Corp. said the company and Sumitomo Electric Industries Ltd. will buy undersea-cable maker OCC Corp.** for as much as 9 billion yen (US\$85 million) according to media report NEC will acquire 75 percent and Sumitomo Electric, which makes electrical cables and optical fibers, will buy the remainder from investment company Longreach Group. OCC has about 20 percent of the global market for undersea cables.
- **Hitachi Ltd. and Canon Inc. have agreed to jointly develop and manufacture small and midsize organic electroluminescence (EL) displays for digital cameras within two years.** The two firms will transfer a total of about 100 engineers to a new organization they plan to set up in early July to handle the project. They also intend to build a new production line at an existing plant in Chiba Prefecture to turn out organic EL displays on a trial basis. Based on the results, the two partners expect to build a system to mass-produce the EL displays at relatively low cost, taking advantage of Canon's materials coating technology and production control know-how. Small and midsize organic EL displays are currently supplied by Samsung SDI Co. and Toshiba Matsushita Display Technology Co. mainly to makers of cellular phones and portable music players.

Telecommunications

- **NTT DoCoMo Inc. will be flexible in negotiations with Apple Inc. to offer the iPhone.** NTT faces a shrinking market share whose lineup of mobile phones and services offers little distinction from that of Softbank Corp. and KDDI Corp. NTT, which includes its trademark i-mode Web-browsing software in all handsets, lost out to Softbank for the right to sell the iPhone from July 11. Softbank may sell about 1 million of the handsets in six months to a year.

Semiconductor

- **Sanyo Electric Co. will build a new lithium-ion battery plant to meet demand from makers of laptop computers and other devices.** The factory, located in Minamiawaji city near Osaka, will start operations in spring of 2009. Sanyo will spend about 20 billion yen (US\$189 million) on the plant. Together with a facility Sanyo is building in Osaka prefecture, the plants will increase its output capacity of rechargeable batteries by 30 percent to 90 million units a month. The company and rival

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Samsung SDI Co. are increasing output of rechargeable batteries to meet demand for portable electronics.

Korea

Telecommunications

- **SK Telecom has agreed to sell off its ailing U.S. unit to Virgin Mobile.** SK Telecom launched Helio, its U.S. communications service, in 2006 as a joint venture with U.S. Internet service provider Earthlink. It has been in the red since its launch, prompting some observers to speculate that EarthLink might not make additional investments in the venture. Virgin Mobile agreed to buy Helio from SK Telecom and EarthLink for about US\$39 million and Virgin Mobile, also a joint venture between the Virgin Group and Sprint Nextel Corp. will gain about 170,000 customers from the purchase.
- **SK Telecom gained more customers than its rivals in June to maintain its lead in the country's nearly saturated telecom market.** SK Telecom reported that it attracted a net 142,849 customers last month, with its total subscription base increasing to 22.74 million. No. 2 player KTF Co. ranked second, luring a net 85,191 users, while its customer base rose to 14.17 million. The smallest company, LG Telecom Ltd., attracted an additional 17,043 customers, with its total number of customers reaching 8.07 million. Based on the figures, South Korea had 44.98 million mobile service users out of a population of 49 million as of the end of June.
- **KT Corp. has signed a tentative deal with NTT Corp. of Japan aimed at securing cooperation in joint business projects in the future.** The companies signed a memorandum of understanding (MOU) in a meeting participated in by leading venture tech firms in the region. Under the MOU, KT and NTT will jointly seek new business models utilizing next-generation broadband communications technologies, initially focusing on overseas venture capital-related areas.

Media, Gaming and Entertainment

- **Global gaming giant Electronic Arts is planning a string of mobile gaming launches on the back of its US\$29 million cash purchase of a South Korean mobile gaming studio.** EA recently announced it had secured all the assets of developer and publisher Hands-On Mobile Korea, a subsidiary of San Francisco-based Hands-On Mobile. Hands-On Mobile develops and distributes mobile content to mobile operators in 60 countries. The purchase does not affect the remainder of the organization and the Korean studio will be renamed EA Mobile Korea. The studio is perhaps best known for Korean role-play game Hero's Lore, the market's number one mobile game in sales and users.

Semiconductors

- **Samsung Electronics and Hynix Semiconductor forged an alliance to develop next-generation semiconductors so South Korea can stay ahead of foreign rivals.** Both companies will jointly develop spin torque transfer magnetic random access memory (STT-MRAM) chips under a state-backed program starting in September. The new type of memory chip is expected to play a significant role in flash memory development, by helping researchers overcome current capacity limits. The rare tie-up was part of a research and development agreement signed by the heads of all local semiconductor firms and research laboratories as well as Knowledge Economy Minister Lee Young-Ho.

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Hardware

- **South Korean display maker Samsung SDI Co. would boost production of next-generation organic displays to six times the current level by mid-2009, spending US\$529 million.** The move comes as leading panel makers try to grab a piece of the fast-growing market for active-matrix organic light-emitting diode (AM-OLED) displays, which make better-quality, slimmer and more energy-efficient screens than liquid crystal displays. But makers need to clear hurdles such as cutting production costs and maximizing screen size in order to see an adoption in a wider range of applications. Samsung SDI, which produces small-sized AM-OLED screens used in handheld devices, said in a filing with the local exchange that it would invest 551.8 billion won (US\$528.6 million) until mid-2009 to expand its AM-OLED output.
- **The Samsung Group will give its affiliates independent managerial control.** The company dissolved its Strategy and Planning Office, sending 100 staffers to subsidiaries. Former Samsung Chairman Lee Kun-hee will no longer hold any executive position within the group, retaining only his rights as a major shareholder. Vice Chairman Lee Hak-soo and President Kim In-joo, who helped Lee consolidate ownership management within the group, will be retained as advisers for Samsung Electronics. Samsung will coordinate key business matters through a consultative body of top company executives, which will oversee committees on investment and brand management.
- **Samsung and LG of Korea together sold US\$3.88 billion worth of LCDs in May 2008, securing the top two positions in the global LCD market.** A report released by Display Search on 26 June showed in May, Samsung sold US\$1.9 billion worth of LCDs and secured a global market share of 24.9 percent. LG ranked second in LCD sales with sales value of US\$1.48 billion. AUO of Taiwan sold US\$1.44 billion worth of LCDs and ranked third. In May, a total of 4.2 million LCDs were sold in the world, up year-on-year by 27 percent. Samsung's research and development of better and larger high-end LCDs has produced stellar sales growth. Samsung is able to price its LCDs US\$30 higher than those of competitors. On average, each Samsung LCD is priced at US\$200.
- **Samsung Electronics Co., Ltd. will build its second liquid crystal display (LCD) plant in China after it succeeded in producing 82-inch LCD at the Tianjin Display Plant.** China Securities Journal reported that Samsung is selecting a place for the construction of the project with scheduled investment of US\$500 million. The first batch of 82-inch LCD is expected to service airports and bourses. To meet the increasing market demand, Samsung has released a package of 40-inch, 46-inch, 57-inch, 70-inch and 82-inch LCD in succession. Qu Jingdong, VP of marketing for Samsung Electronics' Greater China division said that the company decided to build another LCD manufactory in China to satisfy the robust market requirement.

China

Internet

- **Baidu Inc. has entered into a mobile search tie-up with Nokia Corp.** Baidu will provide a China mobile search platform for Nokia's new "Widsets" service, and the product will be pre-loaded in Nokia handsets. Financial details of the tie-up were not provided. The report quoted an analyst as saying that the Widsets service has over 4 million subscribers in China, with the partnership bringing Baidu more mobile customers.
- **Telstra announced its acquisition of 55 percent stakes in two Chinese online companies, in a move that extends its online business in China.** Telstra acquired the stakes in Norstar Media and

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Autohome/PCPop. Norstar Media operates the popular Chinese automobile device portal Che168.com, while Autohome/PCPop operates an automobile portal, Autohome.com.cn, and a digital devices portal, PCPop.com. All three sites offer information to prospective consumers, including price comparisons, new product reviews and industry news, and each derives its revenue from advertising. Telstra now owns majority interests in three of the leading Chinese companies operating in the three key online advertising industry segments: real estate, auto and digital devices.

- **Oak Pacific Interactive Corp., China's second-largest operator of social networking Web sites, may buy more Internet companies before seeking an initial share sale in about two years.** Oak Pacific plans to use the US\$100 million it received from Japan's Softbank Corp. for acquisitions. Oak may target publicly traded Chinese Web companies that have underperformed and generate annual revenue of about US\$50 million to US\$100 million. Chen aims to take advantage of a stock market rout that wiped out about US\$6 trillion in value worldwide last month to expand in a country that the Chinese government estimates to have the world's largest number of Internet users.

Telecommunications

- **China Mobile will likely expand its TD-SCDMA network coverage to 20 cities before the end of this year, and to 90 percent of the population within three years.** The remainder of the population in remote and undeveloped areas will likely use China Mobile's existing GSM network, he said. TD-SCDMA subscribers traveling to these areas can have uninterrupted services by using TD-SCDMA/GSM dual-mode phones. It is currently rumored that China Mobile is expected to launch a new TD-SCDMA equipment tender worth 30 billion yuan (US\$4.37 billion) in October this year. China Mobile has already spent 14.2 billion yuan (US\$2.07 billion) building TD-SCDMA trial networks in eight major cities. It is also set to acquire TD-SCDMA trial networks set up by China Telecom and China Network in Baoding and Qingdao.
- **China Mobile has applied for membership in the TD-SCDMA Industry Alliance.** China Mobile, which is dealing with related procedures, will become the first telecoms operator in the nation to take part in the alliance if its application wins approval. However, the news has not been confirmed by China Mobile yet. As a TD-SCDMA network operator, China Mobile will be able to familiarize with the upper stream of the TD-SCDMA industry and straighten out R&D, manufacture and operation, said market observers. China Mobile has been working on the scheme of building a nationwide TD-SCDMA coverage.
- **According to statistics released by the Ministry of Information Industry, China had more than 950 million telephone users as of the end of May, with the mobile and fixed-line telephone users accounting for 592 million and 358 million respectively.** As a result of the cut in communications fees, China posted a new high in the volume of mobile phone users since the beginning of 2008. In the first five months, its mobile phone users increased by 44.8 million, with the average monthly addition at 9 million, setting a new record. However, the volume of fixed-line telephone users continued to drop in the period, with the reduction at 6.5 million and the average monthly decline at 1.3 million.
- **China Unicom will transfer 30,000 base stations, which were built in the name of CDMA, and sell another 10,000 ones to China Telecom.** The sales, which were included in the final price of the transaction, would be valued at 4.5 billion yuan (US\$657 million). Upon merger of China Unicom and China Netcom, China Unicom will continue to be the investment holding company of the China Unicom Group, and the stake it holds then will be diluted to around 33 percent. The only asset of China Unicom is a 82.1 percent equity in China Unicom (BVI) Ltd., and China Unicom (BVI) Ltd.

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holds a 71.18 percent equity in Hong Kong listed China Unicom. After the merger, China Unicom (BVI) Ltd.'s equity in new China Unicom will lessen to around 40 percent.

- **China Unicom will delay the release of documents relating to its planned merger with China Netcom and the transfer of its CDMA business to China Telecom, marking complications in the industry's current restructuring.** Under Hong Kong Stock Exchange regulations, China Unicom was required to send out documents on the merger to China Unicom and China Netcom shareholders by July 7, 35 days after the companies jointly announced their merger in accordance with the government's telecom restructure plan. China Unicom has applied to the Hong Kong Stock Exchange to postpone the release of the documents until Sept. 16.
- **Beijing Telecom announced that it will be incorporated into China Telecom's Hong Kong-listed company China Telecom Corp. and also released its 2007 financial report.** The report shows that Beijing Telecom generated 2.5 billion yuan (US\$364.6 million) in business income in 2007 and 470 million yuan in net profits. China Telecom previously announced that its extraordinary shareholders meeting voted and approved the proposal to acquire Beijing Telecom, which will be injected in the Hong Kong company.

Software

- **Hurray Group announced the launch of its own entertainment agency, marking further inroads by the company into the entertainment industry.** Hurray plans to sign up several Chinese stars to the agency under a plan to develop itself into a digital entertainment company with rich original content, multiple integrated distribution channels and advanced core software technologies. The agency arm will mainly focus on music production and promoting Chinese artists.

Taiwan

Hardware

- **Hon Hai Precision Industry will continue expanding in Taiwan, China and other places worldwide despite recent minor adjustments to its production lines.** The company will continue expansion globally to meet client demand and the location of production lines will facilitate serving clients. It has moved three production lines for connectors back to Taiwan from China. The company recently announced plans to hire 2,000-3,000 software engineers to develop digital content and other software segments in the southern Taiwan city of Kaohsiung. The company and group members own 20-30 manufacturing plants in China, while the three connector production lines account only to a marginal part of the group's operations on the mainland.
- **A total of 558,389 personal computers (PCs), including desktop and notebook models, were shipped in Taiwan in the first quarter, down 19 percent from the same period last year.** IDC attributed the sales decline to relatively-weak government, enterprise, and consumer purchase willingness caused by political uncertainty; as well as weak consumer confidence due to highflying fuel prices and the sagging U.S. economy etc. Workdays in the first quarter were lesser than other quarters due to the Chinese New Year holidays. In Taiwan, the first quarter is a traditional off season for PC products. Dickie Chang, market analyst, personal computing solution of IDC Taiwan, pointed out that with the demonstration of ultra low-cost PC by different vendors on the island, Taiwan has become the pioneer market-test lab for global notebook PC sales.
- **Hon Hai Precision Industry have invested US\$25 million to set up a Hungarian subsidiary which would facilitate the purchase of assets from Sanmina-SCI Corp.** In February, Foxteq

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Holdings, a unit of Hon Hai Precision, agreed to buy some of Sanmina-SCI's personal-computing operations and logistics businesses in Hungary, Mexico and the US. Sanmina-SCI has expects proceeds from the Foxteq transaction, along with funds raised from the sale of some related assets not included in the deal, to be US\$80-90 million.

Semiconductor

- **Taiwan Semiconductor Manufacturing Co. will not conduct share buybacks this month as recent disposals by shareholder Royal Philips Electronics NV have come to an end.** In addition, the company has selected an ex-dividend date of July 16. Between May 14 and June 30, TSMC bought back 216.67 million shares, or 0.85 percent of its issued shares. The original plan was to buy back up to 500 million shares, or 1.95 percent of its shares outstanding, between May 14 and July 13, 2008.

Hong Kong

Telecommunications

- **PCCW said it has hired UBS AG to advise it on the possible sale of up to 45 percent of its newly-incorporated subsidiary, HKT Group.** PCCW said it is inviting potential investors to tender proposals. PCCW plans to consolidate its telecom services, media and IT services into a newly-established entity, HKT Group, and then seek to divest a stake of up to 45 percent in it to third parties. All of PCCW's subsidiaries with the exception of its property and U.K. broadband units are to be consolidated into HKT, which will focused on the group's "quadruple play" (fixed-line, broadband, mobile & TV) strategy.

Singapore/Malaysia/Philippines/Indonesia/India/Australia

Mobile/ Wireless

- **Reliance Communications declined to comment on a newspaper report that it may raise** as much as US\$6 billion from banks to help fund its proposed acquisition of Africa's MTN Group. Lenders including Deutsche Bank AG, HSBC Holdings Plc, and Barclays Plc will probably provide short-term financing for the purchase which values MTN at US\$35 billion. The Indian wireless operator has been in discussions with a Middle East-based sovereign wealth fund and private equity funds to take stakes in a special purpose vehicle for the MTN acquisition. The special purpose unit may take a 35 percent stake in MTN, worth as much as US\$12 billion, of which Reliance Communications would pay about US\$7 billion to US\$8 billion.

Telecommunications

- **PT Telekomunikasi Indonesia has commissioned Global WaveNET as its technology partner to introduce mobile advertising to the Indonesian market through their subscribers earlier on this year.** The MOU was signed last week at Communicasia in Singapore and they will focus on sponsored SMS services in the immediate time frame. The ad spend in Indonesia is very high reaching around US\$5 billion annually. The currently available media for advertising is static and impersonal, hence advertisers are constantly looking for new media for their messages to be properly personalized and targeted. This opens an immense opportunity for advertising in the mobile domain in Indonesia.
- **Maxis Communications Bhd is rumored to sell its 74 percent stake in India's Aircel to top U.S. phone company AT&T Inc.** The unlisted, Kuala Lumpur-based Maxis denied the report and

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reiterated its commitment to build Aircel's mobile business in India, the world's fastest-growing cellular market. In May, Maxis would spend US\$4 - \$5 billion in India by 2009/10 to expand its network. It has in the past denied newspaper reports that it planned to exit its Aircel unit. Unlisted Aircel, which has 7,000 telecom towers, has nearly 11 million subscribers in India. AT&T, which has applied for licences in India in partnership with the Mahindra Group, was reported last year to be eyeing a wireless acquisition in the fast-growing market. This year the company would invest US\$1 billion worldwide for expansion.

- **Idea Cellular Limited and Telekom Malaysia Berhad have agreed to make an open offer to acquire an additional 20 percent stake in Spice Communications Limited, a wireless communication services company, at a price of INR77.3 (US\$1.8) per share.** The transaction is valued at approximately INR10,666.2 million (US\$248.3 million). Idea Cellular has agreed to acquire a 40.8 percent stake in Spice Communications from McorpGlobal Communications Pvt., at a price of INR77.3 (US\$1.8) per share. The transaction is valued at approximately INR21.8 billion (US\$506.6 million). Idea will also make a payment of approximately INR5.4 billion (US\$126.7 million) to the Spice Group as a non-compete fee.
- **Telekom Malaysia's investment arm TM International has announced the US\$1.7 billion acquisition of a 15 percent stake in Indian mobile operator Idea Cellular, which in turn has acquired a 40.8 percent stake in Spice Telecom for US\$508 million.** TMI, which already has 39.2 percent stake in Spice, will convert its stake into Idea shares for a preferential allotment of 14.99 percent. Telekom Malaysia will not go above 20 percent and will remain a minority partner with one board seat. Their 3G expertise and investment will support our aggressive growth plans and planned capex of US\$2.3bn in the next two years. India is the world's second-largest mobile market after China.
- **Asiaspace Sdn Bhd is all set to roll out its WiMAX service in third quarter of this year.** The target was to cover 25 percent of the population in Peninsular Malaysia by year-end. The company, one of the four awarded the 2.3 GHz WiMAX spectrum in Malaysia, expects its coverage to increase to 30 percent next year before hitting 40 percent in 2010. The roll-out would start in the Klang Valley and then expand to cities, urban and suburban areas to the north and south of the West Coast of the peninsula. The company plans to invest 500 million yuan (US\$73 million) over the next three to five years to roll out its wireless broadband service.
- **Pacnet announced its strategic expansion into China through the launch of Pacnet Business Solutions Limited, an equity joint venture (EJV) with China-based Internet Service Provider (ISP) Zhong Ren Telecom.** Under the terms of the agreement, Pacnet and Zhong Ren Telecom will each hold 50 percent of the equity interest of Pacnet Business Solutions Limited. The strategic alliance will enable both companies to leverage each other's strengths to offer advanced telecommunications services to small, medium and large enterprises in China. China, which already boasts the second largest Internet population in the world with 210 million people online, continues to see significant growth in the consumption of international bandwidth.
- **Qatar Telecom QSC will be restricted to buying as much as 49 percent of PT Indosat.** Qatar Telecom agreed to pay US\$1.76 billion to buy a 40.8 percent stake in Indosat held by Asia Mobile Holdings Pte, the Qatari company's venture with a wholly owned unit of Temasek Holdings.. The 49 percent limit was set for foreign ownership of fixed-line phone companies last year, and 65 percent for mobile-phone operators. The cap limits the number of shares investors can sell at the 13.7 percent. Q-Tel would have to spend about 3.3 trillion rupiahs (US\$358 million) to increase its stake to 49 percent.

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Indonesia revised its takeover code last week, raising the holding-threshold that would trigger a mandatory offer to 50 percent from 25 percent.

- **Total Access Communication (TAC)said Chief Executive Officer Sigve Brekke will resign effective Sept. 1, 2008.** The company named Tore Johnsen as his replacement. Johnsen, 60, is chief executive officer of Telenor Pakistan Pvt, and former head of Malaysia's Digi.Com Bhd. All three companies are controlled by Norway's Telenor ASA. TAC tripled its profit since 2002 when Brekke, 48, was named joint CEO before assuming sole responsibility in 2005. He helped turn the Bangkok-based mobile-phone company into a presence in the Thai wireless market with more than 16 million subscribers now. Brekke will serve as CEO at Telenor Asia, overseeing mobile businesses in Malaysia, Bangladesh, Pakistan and Thailand. He will also become senior executive vice president of Telenor Group. Brekke will lead Telenor expansion in Asia, looking for opportunities in Vietnam, Indonesia and the Philippines.

United States/Canada

Mobile/Wireless

- **AT&T offers the iPhone to U.S. consumers without the two-year contract with the company for an extra US\$400.** The new iPhone will go on sale July 11 at US\$199 for the model with 8 gigabytes of storage and US\$299 for the 16-gigabyte version. These prices apply to customers signing up for a two-year AT&T contract. Those who don't want to be locked into such a contract, or do not have adequate credit, can buy the iPhone for US\$599 or US\$699 as long as they sign up for some kind of AT&T wireless subscription.

Media, Entertainment and Gaming

- **Clear Channel Communications Inc. will start offering advertisers more slots during times of peak demand and cut commercial time when it has fewer listeners.** The strategy, being introduced this month, will use two years of audience data to rearrange ad slots. The move refines an earlier plan that made across-the-board cuts to ad time at the radio stations. The plan would place more ads on popular radio shows ahead of events such as the U.S. presidential election and the Boston Marathon to capture a temporary spike in demand from advertisers. Slots will be cut during the middle of the night and other periods with lower audiences. The "Less Is More" plan, started in 2004, allowed Clear Channel to charge higher prices for shorter commercials.
- **The makers of video game "Rock Band 2" said the sequel to last year's best-selling predecessor "Rock Band" will be released for the Xbox in September, months ahead of key rival "Guitar Hero."** Both games allow players to simulate being in a rock band by playing musical instruments. "Rock Band 2" makers Harmonix Music Systems Inc, Electronic Arts Inc and MTV games. The new version would include more instruments, a new soundtrack and an online community. Music downloads for the first "Rock Band" will be compatible with "Rock Band 2." The game will be available initially for Microsoft Corp's Xbox, with versions for other game consoles released later in the year.

Telecommunications

- **Shaw Communications Inc., a diversified Canadian communications company, said third-quarter profit rose 40 percent after it raised prices and won more cable, telephone and Internet customers.** Net income rose to C\$128.1 million (US\$127.3 million), or 30 cents a share, from C\$91.6 million (US\$90.2 million), or 21 cents, a year earlier. Customer additions and rate increases that started

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in April helped boost revenue 13 percent to US\$792.1 million. Shaw, which competes with Telus Corp. and Manitoba Telecom Services Inc., has expanded its digital phone service to 90 percent of its customer base in the past three years to fuel growth. Shaw advanced 46 cents, or 2.4 percent. Revenue for the quarter ended May 31 exceeded analysts' estimate of C\$783 million (US\$770 million). The company added 57,700 phone customers and 23,185 high-speed Internet customers.

- **Verizon will make available to more than 10 million homes and businesses what it claims to be the nation's fastest consumer broadband connections.** Download speeds of up to 50 megabits per second (Mbps) and upload speeds of up to 20 Mbps are to be offered. Verizon said it is expanding its FiOS Internet connections of 50/20, 20/20, 20/5 and 10/2 Mbps across all of Verizon's FiOS Internet service footprint in 16 states. Although the network already reaches 10 million homes and business, it will reach more than 18 million by 2010.

Internet

- **Yahoo unveiled the third phase of an extended reorganization as the company hones its independent strategy after rebuffing Microsoft Corp.** The changes centralize the management of once-separately run consumer services into a new audience organization. The move, following similar changes over the past year to Yahoo's advertising business and the elevation of Decker and CEO Jerry Yang to power, is aimed at expanding Yahoo's audience and better capitalizing on the growth of Web advertising.
- **Vodafone and MySpace announced the launch of an online global interactive platform, "Vodafone Music Reporter", which will expand Vodafone's music activity.** The interactive profile, hosted on MySpace, builds on the collaboration of both companies which began in 2007 with the launch of MySpace on Vodafone mobile internet. Vodafone will use the profile to share its existing music initiatives, including summer festivals such as Music Unlimited Cologne in Germany and Vodafone TBAs in the U.K. The "Vodafone Music Reporter" profile will also feature user generated content to help create communities for all music fans initially in Germany, Spain and the U.K. with Italy to follow in the next few days.
- **Google Inc. may be exposed to heightened privacy complaints from Internet users after a U.S. judge ordered it to give Viacom Inc. a database about online viewers.** Google was ordered to turn over records of videos viewed on YouTube, the login name of viewers and their computer's Internet address. Google already faces scrutiny over its storage of user data in the U.S. and Europe. Viacom, owner of Comedy Central and MTV television networks, wants the information to find out if YouTube viewers watch copyrighted shows in an effort to bolster its US\$1 billion infringement lawsuit against Google. The ruling may lead some Web surfers to avoid using Google, which makes money based on traffic to and from its Web sites.

Semiconductors

- **Nvidia Corp. cut its second-quarter sales forecast because of a drop in demand and increased competition.** Nvidia provides visual computing technologies designed to generate interactive graphics on consumer and professional computing devices. Sales this quarter will fall to US\$875 million to US\$975 million. Revenue would decline 5 percent from the previous period's US\$1.15 billion, or to about US\$1.1 billion. Nvidia will also incur expenses of as much as US\$200 million because of a defect in some laptop chips. Chief Executive Officer Jen-Hsun Huang has been forced to cut prices to keep up with competitors. He lost some laptop sales in the first three months of the year to Advanced Micro Devices Inc., which introduced new low-end chips.

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- **Intel Corp.'s CEO Paul Otellini is trying to change the rules as he takes on Qualcomm Inc. and Texas Instruments Inc. in handheld devices, betting computing power will help him win over customers.** Intel is shrinking personal-computer chips to give pocket- sized gadgets the power of PCs. A new product is the first step in Otellini's latest attempt to enter a business Intel fled in 2006, when it abandoned plans to make chips for mobile phones after spending six years and an estimated US\$5 billion. Consumers will spend as much as US\$10 billion by 2011 on handhelds, successors to advanced handsets that will operate like mini-computers. Qualcomm and Texas Instruments, already bulking up their phone chips to handle more Web traffic, may prove just as formidable as last time.

Software

- **Adobe Systems is giving technology to the top Internet search companies to help their users find online videos more easily.** Google will be the first to incorporate the software while Yahoo hasn't indicated when it may use it but already has the software. The program can find and index videos created in Flash that have text associated with the images. Search engines currently have difficulty recognizing the content of videos as they crawl through websites. About 98 percent of personal computers use Flash to display videos and animation, and the software helps run sites such as Google's YouTube.
- **Microsoft agreed to buy Powerset, a start-up that is working on a new class of Web search that relies on insights from linguistics rather than simple keyword strings.** Powerset's technology breaks down the meaning of words into related concepts, freeing users from having to type the exact words they want to find. This emerging approach to Web search, known as semantic search, has fascinated researchers for decades but proved frustratingly difficult to commercialize. The start-up, with several-dozen staff including academic experts in the field of natural language processing, is one of a handful of Web search acquisitions by Microsoft, even as it has been frustrated in its pursuit of Yahoo Inc .

Hardware

- **Palm Inc. reported a wider fourth-quarter loss than analysts had estimated. The loss was US\$43.4 million compared with a profit a year earlier.** Excluding stock-based compensation expenses, the company lost 22 cents a share. Palm's main product, the seven-year-old Treo, lost ground to Research In Motion Ltd.'s BlackBerry and Apple Inc.'s iPhone, contributing to the company's fourth straight quarterly loss. While Palm's newer Centro device made gains, its US\$99 price tag doesn't generate the same profit margins as the Treo.

Europe

Mobile/ Wireless

- **Sony Ericsson Mobile Communications Ltd. said declining sales of higher-priced handsets and delays to new products wiped out second-quarter earnings.** Sony Ericsson, the London-based venture owned by Sony Corp. and Ericsson AB, will break even before taxes in the quarter after margins and shipments fell. Ericsson fell the most in three months in Stockholm trading and dragged down shares of Nokia Oyj, the largest mobile-phone company. Sony Ericsson, which said for the second time this year that profit would fall, lost its ranking as the fourth-biggest handset maker to LG Electronics Co. in 2008 as higher living costs prompted European consumers to buy cheaper models.
- **Ericsson has signed a five-year IT outsourcing contract with HP for HP to supply infrastructure services, application hosting platform, helpdesk, desktop support and output**

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services. The new contract, which is an extension of a contract signed in 2003, will update Ericsson's IT services to cater better for the future needs of the company's employees and ensure flexible support for the global business. Ericsson chooses to outsource its IT operations as it says to help lower overall IT spending, reduce total cost of ownership and make its IS/IT structure more efficient.

- **European mobile operators face a 70 percent cut in the fees they charge each other for passing on calls from competing networks under draft guidelines published by the European Commission.** The development led to sharp criticism from the industry. European Union telecoms commissioner Viviane Reding argues that so-called termination fees, which account for around 20 percent of operators' revenue, don't reflect the cost of providing the service and are nine times higher than equivalent fixed-line charges. Commission's latest proposals faced strong opposition from the industry and some national telecommunications regulators, who may seek to block it. The commission's plans are too drastic. Richard Feasey, director of public policy at Vodafone Group, said the commission's proposal fundamentally changes the way mobile operators cover the cost of operating a network in Europe.
- **Nokia and InterDigital agreed to drop patent cases in the British courts against each other, sending the wireless technology firm's stock up as much as 7 percent.** The lawsuits relate to certain 3G mobile phone technology patents owned by the companies and whether they were essential to the UMTS 3G telephony standard. The companies, which had been locked in the patents battle in the English courts for the past few years, are, however, still slugging it out in the U.S. InterDigital filed a complaint with the U.S. International Trade Commission in August 2007, saying that Nokia was engaged in unfair trade practice involving two InterDigital patents related to certain 3G handsets and components.

Media, Gaming and Entertainment

- **Zon Multimedia SGPS SA, Portugal's biggest cable-television company, will miss its operating profit and revenue targets this year because of spending to win clients and increased competition.** The company, spun off from Portugal Telecom SGPS SA in November, has gained customers by selling packages of phone, Internet and television services, while facing increasing competition from its former parent company, which started a television service of its own. Zon anticipates it will continue to win a third of Portugal's new broadband Internet users, in line with the first quarter. It has reached 200,000 clients this month for its phone service, slightly above its forecast. Zon added 15,700 Internet clients and 55,100 phone customers in the first quarter. The company expects this will be "a difficult year" competing against Portugal Telecom's Meo television service.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 7/4/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	106.8100	0.7%	0.7%	-5.1%	-10.3%
Hong Kong dollar	HK\$/ US\$	7.7992	-0.04%	0.02%	-0.1%	0.3%
Chinese renmenbi	RMB/ US\$	6.8589	-0.04%	0.1%	-6.1%	-12.1%
Singapore dollar	S\$/ US\$	1.3614	-0.1%	0.1%	-5.8%	-11.5%
South Korean won	KRW/ US\$	1,048.6000	0.5%	-0.2%	12.1%	12.8%
New Taiwan dollar	NT\$/ US\$	30.3940	0.1%	0.1%	-6.5%	-6.7%
Australian dollar	US\$/A\$	0.9631	0.2%	0.6%	10.1%	22.1%
New Zealand dollar	US\$/NZ\$	0.7597	-0.04%	-0.2%	-1.8%	7.9%
Philippine peso	PHP/ US\$	45.3600	1.3%	1.3%	10.1%	-7.4%
Euro	US\$/€	1.5704	-0.6%	-0.3%	6.7%	19.0%
British pound	US\$/£	1.9827	-0.6%	-0.5%	-0.5%	1.2%

Fixed Income Prices and Yields

Note	Currency	Current (on 7/4/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	97.50	4.53%	97.49	4.53%	95.61	4.65%
Japan 30-year	¥	101.59	2.41%	101.61	2.41%	99.20	2.55%
Hong Kong 10-year	HK\$	99.63	3.64%	100.14	3.58%	101.28	3.39%
China (06/16)	US\$	109.06	3.38%	109.12	3.37%	110.71	3.17%
Singapore 10-year	S\$	104.95	3.42%	103.28	3.61%	103.30	3.61%
South Korea 20-year	KRW	9,669.37	5.94%	9,709.78	5.89%	9,822.11	5.76%
Australia 15-year	A\$	94.23	6.41%	93.92	6.45%	92.38	6.64%
New Zealand (12/17)	NZ\$	97.26	6.39%	97.23	6.39%	96.77	6.46%
Philippines 20-year	PHP	83.12	10.72%	83.00	10.70%	87.10	10.24%
India 30-year	INR	89.99	9.34%	91.67	9.16%	96.68	8.65%
UK 30-year	£	102.31	4.61%	102.97	4.57%	102.01	4.63%
Germany 30-year	€	87.38	4.82%	87.46	4.82%	88.97	4.71%

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