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

Week of 28 July -3 August, 2008

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Equity Market Indicators					
Index	Closing Level (8/1/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	1,260.31	0.2%	-0.6%	-14.2%	-11.1%
Dow Jones Industrial Avg.	11,326.32	-0.4%	-0.5%	-14.6%	-9.1%
Dow Jones Tech. Index	389.65	-1.0%	-0.8%	-15.1%	-5.6%
Dow Jones Telecom. Index	250.95	-0.05%	-0.7%	-19.9%	-3.5%
NASDAQ Composite	2,310.96	0.02%	-0.6%	-12.9%	-4.3%
The Street.com Net	250.49	-0.4%	0.1%	-11.1%	1.3%
Japan Nikkei 225	13,094.59	-1.8%	-2.1%	-14.5%	-24.0%
JASDAQ	58.49	-1.4%	-2.1%	-19.0%	-32.1%
Japan Mothers	496.32	-4.2%	-2.7%	-36.6%	-55.3%
Korea KOSPI Composite	1,573.77	-1.5%	-1.3%	-17.0%	9.7%
Korea Kosdaq	535.76	-1.4%	-0.7%	-23.9%	-11.6%
Taiwan Stock Exchange	7,002.54	-3.2%	-0.3%	-17.7%	-10.5%
Singapore Straight Times	2,906.07	-0.6%	-0.8%	-16.1%	-2.7%
Hong Kong Hang Seng	22,862.60	0.5%	0.6%	-17.8%	14.5%
Hong Kong GEM	766.69	0.3%	0.2%	-43.2%	-37.4%
China Shanghai (A-Share)	2,939.04	-2.2%	0.9%	-46.8%	4.4%
China Shenzhen (A-Share)	876.46	-2.9%	1.0%	-42.4%	53.9%
China Shanghai (B-Share)	211.89	-1.1%	0.9%	-42.1%	62.8%
China Shenzhen (B-Share)	457.61	-1.5%	0.7%	-35.5%	5.6%

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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

- **Mitsubishi Electric Corp. said fiscal first-quarter profit rose 19 percent, helped by sales of audio-visual products.** Net income increased to 55.3 billion yen (US\$512 million) in the three months ended June 30, from 46.5 billion yen (US\$432 million) a year earlier. Sales gained 0.7 percent to 879 billion yen (US\$8.2 billion).
- **Sharp posted a 14 percent fall in quarterly profit, hit by slower mobile phone sales, but it stood by its annual outlook that falls slightly short of market expectations.** Operating profit came to 36.4 billion yen (US\$337.5 million), down from 42.3 billion yen (US\$390 million) a year earlier. Sharp suffered from a slowdown in demand for its mobile phones, one of its key growth drivers a year ago, although it enjoyed strong shipments of LCD panels to other TV makers as flat TVs continued to sell well worldwide. For the full year to March next year, the supplier of Aquos brand LCD TVs kept its operating profit forecast of 195 billion yen (US\$1.8 billion), up 6.2 per cent on the year and narrowly missing a consensus of 197.3 billion yen (US\$1.8 billion) in a poll of 18 analysts by Reuters Estimates.
- **Sony issued a profit warning after its earnings almost halved while Toshiba plunged into the red as both companies felt the pain from a price war, a stronger yen and an economic slowdown.** This year is shaping up to be a tougher one for Japan's consumer electronics makers compared with last year, when many leading companies enjoyed double or even triple digit growth in earnings. Sony Corp.'s net profit fell 47.4 percent to 35 billion yen (US\$326 million) in the three months to June as operating profit fell 39.5 percent to 73.4 billion yen (US\$682 million). Sony has endured a difficult few years in the face of tough competition from rival products such as Apple's iPod and Nintendo's Wii.
- **Sony posted a bigger-than-expected 47 percent fall in quarterly profit and cut its outlook, hurt by its struggling mobile phone joint venture with Sweden's Ericsson.** Rival Matsushita nearly doubled its profit on rising flat TV sales. Sony lowered its group net profit forecast for the year to March by 17 percent, citing the slump at Sony Ericsson and weakening prospects for its electronics division as rivals try to undercut its Cyber-shot digital cameras and Vaio PCs on price. Matsushita Electric Industrial, the maker of Panasonic products, in contrast, kept its outlook above market expectations as it cashes in on strong demand for its Viera flat TVs.
- **Toshiba Corp expects prices for NAND flash memory chips to fall 15 percent in the second quarter to September from the previous quarter.** Toshiba, the world's No. 2 maker of NAND behind South Korea's Samsung Electronics, is battling chronic price falls that have taken its share price down 29 percent since a peak in early June. NAND is used in digital music players, cameras and mobile phones.
- **NEC Electronics Corp. said it aims for an operating profit of more than 3 billion yen (US\$27.8 million) in April-September, and that it aims to attain a net profit for the full year.** NEC Electronics, which is 70 percent owned by electronics group NEC Corp. kept its official six-month operating profit forecast unchanged at 3 billion yen, from 1.9 billion yen the previous year. The company, which makes chips for Nintendo's game console Wii and for Toyota Motor's Lexus luxury car, kept its full-year forecast for zero net profit and a 10 billion yen operating profit, which are both above market estimates.

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- **Matsushita Electric Industrial Co. reported a 48 percent gain in quarterly profit on brisk flat television sales, and stood by its annual outlook that exceeds market expectations.** Operating profit at Matsushita, the world's No.1 plasma TV maker ahead of Samsung Electronics Co Ltd and LG Electronics Inc totaled 109.6 billion yen (US\$1.02 billion) in April-June, up from 73.9 billion yen a year earlier. Its newly launched 46-inch high-definition plasma TVs drew strong demand ahead of the Beijing Olympic Games, helping Matsushita overcome the negative effects of a firmer yen and soaring raw materials prices. Matsushita, which offers Viera flat TVs and Lumix digital cameras, kept unchanged its operating profit forecast of 560 billion yen (US\$5.2 billion) for the year to March, which is above a consensus of 548.1 billion yen (US\$5.1 billion).

Telecommunications

- **New installment scheme for handset purchases enabled Japanese mobile operator to maintain profitability, despite competition.** NTT DoCoMo Inc. said its group net profit in the April-June quarter soared 41 percent on year as operating expenses and cancellation rates fell. The reduction in costs resulting from a new installment scheme for handset purchases allowed the company to maintain profitability even as it struggles to maintain market share against nimble competitors. Japan's top mobile communication carrier said its group net profit climbed to 173.5 billion yen (US\$2 billion) from 122.8 billion yen (US\$1.2 billion) a year earlier, beating the 170.9 billion yen (US\$2 billion) consensus of 16 analysts' forecasts surveyed by Thomson Reuters' data arm, Thomson Financial. Group revenue fell 1.1 percent to 1.2 trillion yen (US\$11 billion).
- **KDDI Corp. will terminate its seven-decades-old operator-assisted international call service on March 31, 2010.** KDDI has decided to end the service as the number of users has plunged as more people opt to direct dial numbers. When the service commenced in 1934, people could only make overseas calls through operators. The number of users reached a peak of 11.83 million in fiscal 1987 but fell to 10,000 in fiscal 2007.

Media, Entertainment and Gaming

- **Nintendo's quarterly profit rose 31.5 percent on the runaway success of its Wii game console, but the Japanese video game maker kept its annual outlook that falls well short of market expectations.** April-June operating profit at Nintendo, which is waging a three-way battle with Microsoft and Sony in the global video game industry, rose to 119.2 billion yen (US\$1.10 billion) from 90.63 billion yen (US\$842 million) a year earlier. Nintendo's Wii, competing with Sony's PlayStation 3 and Microsoft's Xbox 360, has enjoyed brisk demand thanks to its easy-to-learn motion-sensing controller, low price and innovative titles such as the "Wii Fit" exercise game.
- **Nintendo Co. and 54 game software makers filed a lawsuit against distributors of devices that allow unauthorized copies of games to be played on the DS portable game console.** The lawsuit, filed with the Tokyo District Court, seeks an injunction on the importation and sale of R4 Revolution For DS and similar products by five foreign-affiliated firms operating in Tokyo. Known colloquially as "majicon," the devices are essentially adapters that connect to the DS, enabling memory cards containing pirated games to be loaded. Besides Nintendo, plaintiffs include such game industry heavyweights as Capcom Co. and Square Enix Co.

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Korea

Telecommunications

- **KT announced that it signed Strategic Alliance Agreement with Convergys, one of outsourcers of KT contact and its plan to expand its Network IT Service through joint marketing campaign with Convergys.** KT and Convergys will provide comprehensive contact center related solutions, such as network operation system, integration system, and personnel and customer relationship management programs to promote mutual beneficial between corporations. The two companies also plan to expand collaboration gradually through detailed consultations.
- **LG Telecom launches 3 “OZ free airtime rate” packages to promote 3G OZ service, enabling subscribers to surf the internet via their handsets.** The new rate packages allow subscribers to connect to the internet without additional charges and provide discount from 140,000 up to 240,000 based on each tariff regime. The basic rate of “6 hour Free OZ service” is 510,000 won (US\$501.9) per month, but subscribers only pay 37,000 won (US\$36.4) with 14,000 won (US\$13.8) price cut. Subscribers to 8 hour OZ free and the 13 hour tariff regimes get 19,000 won (US\$18.7) and 24,000 won (US\$23.62 discount from 61,000 won (US\$60.0) and 81,000 won (US\$79.7) respectively.
- **SK Telecom gained more customers than its rivals in July to maintain its lead in the country's nearly saturated telecom market.** SK Telecom reported that it attracted a net 26,040 customers last month, with its total subscription base increasing to 22.77 million. KTF Co. ranked second, luring a net 20,906 users, while its customer base rose to 14.18 million. The smallest company, LG Telecom, attracted an additional 20,404 customers, with its total number of customers reaching 8.09 million. Based on the figures, South Korea had 45.04 million mobile service users out of a population of 49 million as of the end of last month.

Internet

- **Korea Communications Commissions released a report on the number of the Internet subscribers in Korea.** According to the report, 155 percent or 1,002,645 subscribers out of the total 6,687,147 subscribers of KT broadband service users are subscribed to the FTTH service. The number of the KT FTTH subscribers increased from 603,173 at the end of the last December to 6,687,147 in the first half of the year.

Semiconductors

- **Hynix Semiconductor Inc. said it expected the average price of dynamic random access memory (DRAM) chips to fall 40 percent in 2008, and NAND flash memory chip prices to decline by 50 percent.** Hynix also said during an investor meeting that the company was not willing to issue convertible bonds on "overly unfavorable terms," but added other financing methods such as a bridge loan were being considered. Hynix plans a convertible bond sale to redeem an earlier bond issue and to fund its operations.
- **Samsung Electronics plans to launch a flash-memory-based solid-state disk (SSD) drive this year that has a 256GB capacity and a high-speed SATA II interface.** The drive's dimensions match those of a standard 2.5-inch (and 9.5-millimeter-thick) hard-disk drive; it's designed to be a drop-in replacement for a laptop hard drive. Samsung's is the second recently announced 256GB SSD drive. The other, from U.S.-based Super Talent, is thicker than Samsung's, at 12.5 millimeters. That drive has a SATA I interface with read speeds of 65 megabits per second and write speeds of 50 mbps. Samsung's SSD drive has a read speed of 200 mbps and a sequential write speed of 160 mbps,

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according to the company. Solid-state disk drives use flash memory chips in place of the spinning magnetic disks that hard-disk drives use. The chips make the drives sturdier and (typically) faster, but the per-gigabyte cost is much higher, too. The Samsung drive should appear by the end of the year.

China

Internet

- **Social networking website 51.com plans to list in the U.S. by the end of next year, creating a company worth between US\$2 billion and US\$3 billion.** One of the largest social networking sites on the mainland, 51.com has 120 million registered users, of whom 50 million log in at least once a month. Co-founded by Zhang Jiangfu in 2003 in Fujian as 10770.com, the site changed its name to 51.com after chief executive and co-founder Pang Shengdong bought it in 2005. The headquarters were moved to Shanghai. The company uses 50 gigabytes of bandwidth to support its site and plans to increase that to 60 gigabytes by year-end.
- **Sohu.com says it will list its games business in the U.S. after reporting a sevenfold increase in second-quarter profit.** With sales of online games and advertising soaring, Beijing-based Sohu is taking advantage of growing investor appetite for the mainland internet industry. Boasting 253 million internet users, the mainland has passed the U.S. as the largest Web market in the world. Sohu reported net income of US\$40.2 million in the second quarter, compared with US\$5.7 million a year earlier.
- **Online education provider China Distance Education Holdings raised US\$61.25 million through an initial public offering, lower than its planned US\$115 million offering. Share prices closed its first day of trading at US\$6.63, below its US\$7.0 offering price.** Citigroup and Merrill Lynch were the joint bookrunning managers. The Company runs a network of 14 websites that offer professional certification training and test preparation courses in many industries including law, accounting, and healthcare as well as websites for online language learning.

Investments

- **Nokia is more than doubling the size of its direct venture investment fund with an injection of \$150 million, with a view to putting some of the money to use in China and India.** Menlo Park, California-based Nokia Growth Partners was set up in 2004 to directly manage \$100 million of Nokia's money. Its investments have included Bitboys, a Finnish developer of graphics chips that was bought by ATI in 2006 for US\$44.5 million, and Global Locate, a U.S. maker of GPS chips that was bought by Broadcom Corp. for at least US\$146 million last year. Qualcomm has a venture fund with a broad portfolio, much like Nokia Growth Partners. Research in Motion, which makes the BlackBerry, announced in May that it had set up a \$150 million fund with outside partners to invest in companies creating software for BlackBerrys and other mobile devices. In March, Apple said it would set up a \$100 million "iFund" for the development of iPhone and iPod Touch applications.

Mobile/Wireless

- **Telegent Systems announced that it has been selected by Shenzhen ZTE Mobile Telecom to provide its free-to-air mobile TV solution for selected ZTE mobile handsets sold worldwide.** Under the agreement, Telegent will be the exclusive supplier for the free-to-air mobile TV feature for a period of two years. Solution enables consumers worldwide to receive local TV broadcasts. Telegent's mobile TV solution enables consumers to receive all local broadcast channels no matter

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where they are, providing consumers with a compelling, free and easy-to-use method of watching the same news, sports and other programming that they receive on their TV sets at home.

Telecommunications

- **The state parent of China Telecom plans to invest up to 80 billion yuan (US\$12 billion) to expand and upgrade a newly acquired mobile network over the next three years, the listed firm's president, Shang Bing.** China Telecom's parent agreed in June to pay 66.2 billion yuan (US\$10 billion) for the Unicom group's CDMA web, a long-underperforming network once regarded as a cheaper alternative to China Mobile's Global System for Mobile Communications. The company also agreed to fork over 43.8 billion yuan (US\$6.4 billion) for Unicom's CDMA customers and business, as part of a government-led shake-up of the world's largest telecoms industry.
- **China Mobile has recently won regulatory approval from the Ministry of Industry and Information Technology of China for its second-phase TD-SCDMA construction solution.** The solution is aimed at 28 major Chinese cities except the previous eight cities. China Mobile has been in contact with telecommunications equipment providers. A telecoms equipment provider disclosed that the solution included about 30,000 base stations. However, a top China Mobile executive did not confirm the number. China Mobile actually invested 15 billion yuan (US\$2.2 billion) in the eight-city TD-SCDMA solution, Wang Jianyu, president of China Mobile, said in an interview. By now it has built 14,688 base stations, and it plans to add to 18,000 at the end of 2008. The new solution is predicted to have a total investment of more than 30 billion yuan (US\$4.4 billion).
- **China Mobile is to squeeze the number of mobile phone console games on its telecoms platform by about 66%, citing a report.** In early July 2008, the biggest mobile telecoms operator in China sent an announcement to its game providers, saying that from August 1, the number of A- B- and C-class console games on its mobile console game platform called Mybox would be decreased to 40, 30 and 20 at most, compared to 130, 100 and 80 presently. The number of ordinary games and games of low credit would be pressed from 60 and 30 to not more than six and two. The plan was made after China Mobile executives' visit to Europe, where they found many telecoms operators offer a small quantity of high-quality games for players to download.
- **Chinese telecoms ordered to freeze network construction work to avoid traffic disruption during games.** Chinese telecommunications operators have been ordered not to install new phone lines during the Olympics to avoid disrupting network traffic. The paper said the operators aren't allowed to carry out network construction work, upgrades and new connections from July 20 to Sept. 20 in the cities hosting Olympic events. A similar ban applies to other Chinese cities that aren't hosting the Games, during the period from Aug. 1 to 25. The arrangement will affect major operators such as China Mobile, China Unicom, China Telecom, and China Netcom.

Media, Entertainment and Gaming

- **Giant Interactive is reportedly talking about acquiring a domestic online game operator for US\$500 million.** The person in the know reveals that Giant Interactive is likely to become China's largest online game services provider after the acquisition. Currently, there are a few online game operators in China that are worth USD 500 million each. Most of them have debuted on the stock market. Thus, 9you Information Technology (Shanghai) Co., Ltd., which has put off its listing in Japan due to a lawsuit with T3 Entertainment, a major South Korean MMO developer and publisher, is the most likely target of Shi Yuzhu, boss of Giant Interactive. Though 9you has nearly 50 million yuan (US\$7.3 million) of cash flow each month, VCs are anxious to cash in and quit because its IPO is

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delayed sine die. They may be interested in Giant Interactive's offer. On the other hand, Giant Interactive hopes to enrich its product range, so that it is able to resist larger risks. Giant Interactive remarked on July 30, 2008, that there was no such an acquisition, while 9you has no response to the news.

- **Beijing Gehua CATV Network announced that it is considering setting up a new subsidiary in charge of data business.** According to Beijing Gehua's filing, the new data business subsidiary will also be in charge of a broadband joint venture, in which the new data subsidiary will have a 51 percent stake. Industry sources say the broadband JV, with a registered capital of 30 million yuan (US\$4.4 million), will be jointly established by LGI China Holdings, BV (Beijing Gehua's joint venture with the world's biggest international cable group Liberty Global Inc) and PRCVP Beijing Broadband L.P. The three sides have signed the relevant contracts on the cooperation. The move is seen as the company's efforts to reduce risks in broadband investment, which is not the company's core business.

Hardware

- **China Security & Surveillance Technology (CSST), a provider of digital surveillance technology in China, has announced its intention to acquire three Chinese security and surveillance companies.** Letters of intent have been signed with Shenzhen Coson Electronic (Coson), DIT Digital (DIT) and Shenzhen Skyrise Technology (Skyrise) for 100 percent ownership of each business. The total amount of consideration payable for all three acquisitions will be approximately 268 million yuan (US\$39.1 million), with consideration to be paid in cash and restricted common stock. The number of China Security's shares to be included in the equity portion of the purchase price for each acquisition will be subject to the achievement of certain net income performance targets over a three-year period. All three transactions are expected to be accretive to earnings upon closing and are expected to close within 2008.

Semiconductor

- **Semiconductor Manufacturing International Corp. says its second-quarter loss widened sharply as it has yet to fully convert its dynamic random access memory (DRAM) manufacturing capacity into higher-margin logic wafer production.** Its net loss totaled US\$45.62 million for the June quarter, compared with a US\$2.1 million loss in the year-earlier period. Sales declined 8.5 percent to US\$342.9 million. Gross margin was 6.1 percent. The Shanghai-based company has reached an agreement with customers to exit the low-margin dram business in the first quarter, leading to an impairment loss of US\$105.8 million.

Taiwan

Hardware

- **Acer Inc. said its unaudited net profit fell 23.1 percent to NT\$5.9 billion (US\$192.8 million) in the first half of the year from a year earlier.** Earnings per share declined to NT\$2.42 (US\$0.08) from NT\$3.23 (US\$0.11), it said in a brief statement. Consolidated sales rose 30.6 percent to NT\$252.19 billion (US\$8.24 billion).
- **Asustek Computer expects its shipment of notebook PCs, excluding its hottest low-price laptop Eee PC, to surge 50% in the third quarter of this year from a quarter earlier, according to Jerry Shen, CEO of the company.** Although world's major contract suppliers of notebook PCs, like Compal Electronics and Quanta Computer, are cautious toward the market prospect in the second

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half of the year, Shen, however, remains confident of his firm's annual shipment to hit 11.6 million units, including 6.6 million notebook PCs and 5 million Eee PCs, with 60% to be sold in the span.

Semiconductor

- **With Apple Inc. focusing on operation in the global handset market, Taiwan is expected to ship some 120 million handsets worth US\$15 billion worldwide this year, estimated by Taiwan's government-funded MIC (Market Intelligence Center).** MIC projected Taiwan's shipment of smartphones to sharply double to 13.49 million and 14.8 million units in the third quarter and fourth quarter of this year, respectively, from a year earlier, because Apple has placed OEM orders with Hon Hai Precision while Taiwan High Tech Computer Corp. has seen its sales of own branded smartphones keep growing. Taiwan is expected to see its third-quarter shipment of basic and low-end models to drop 4.1% from a year earlier, or 6.4% from a year earlier, to only 18.3 million units, due partly to Motorola's lackluster handset sales in the world and partly to stalling growth in orders from Samsung and LG.

Hong Kong

Telecommunications

- **Citic 1616 Holdings, a telecommunications wholesale service provider, says net profit rose 11 percent in the first half of the year, thanks to rising demand on the mainland.** Net profit rose to HK\$151.1 million (US\$19.4 million) from HK\$136 million (US\$17.4 million) in the same period last year. Turnover rose 63 per cent to HK\$1.1 billion (US\$144.8 million) from HK\$692.2 million (US\$88.7 million). The company doubled its interim dividend to HK\$0.02 (US\$0.003) per share up from HK\$0.01 a year earlier. Excluding interest income from its initial public offering in the first half of last year, net profit would have increased 58.2 percent. The firm handled 2.91 billion voice minutes, inbound and outbound from the mainland, up 63 per cent. It linked up 31 international customers for voice business in the half.

Technology

- ASM Pacific Technology said it would set up its first research and development centre on the mainland within the year, aiming to improve the company's product design and boost sales. The size of the Chengdu centre would be bigger than the Hong Kong complex which employs about 300 engineers. At present, ASM Pacific has two research and development centres in Hong Kong and Singapore, which support the production lines of its mainland and Malaysian plants. It has allotted HK\$320 million (US\$41 million) for capital expenditure this year. The company said its sales grew 23.3 per cent to HK\$2.93 billion (US\$380 million) for the six months to June compared with a year earlier.
- **Out-of-home advertiser Clear Media's net profit was up 55% year-on-year, for the six months ended 30 June.** Driven by core bus shelter advertising, the Hong Kong-based Mainland advertiser saw turnover grow 36% year-on-year to HK\$600 million and net profit of HK\$68 million during the period. As part of turnover, bus shelter advertising increased 33% annually to HK\$539 million, while Shenzhen bus body advertising brought in HK\$40 million, up 63% from the year-ago period. In Beijing, the advertiser saw a 1% and 57% drop in average available inventory and occupancy rate, respectively, due to Olympic-related regulations. Beijing sales brought in revenue of HK\$141 million during the period.

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Singapore/Malaysia/Philippines/Indonesia/India

Semiconductor

- **Intel Atom, the ultra-mobile PC (UMPC) processor, is about to test the waters in the Philippines, where a majority of portable PC buyers would want to spend as little as possible.** It was expected that the Atom, a low-power chip for basic computer requirements, will supply the budget-conscious PC market with low-cost computers. So far, two brands have introduced Atom-powered notebook computers in the Philippines: MSI with its Wind and Acer's Aspire One. Both are currently being distributed and both are priced much lower than their larger, more powerful counterparts. Being low-energy devices mean that these cannot match the power of notebooks based on Intel's other processors, including the Celeron and the recently-revived Pentium branded Dual Core processors.

Media, Gaming and Entertainment

- **GPlayon, a startup game publishing firm, however, hopes to ride the online gaming wave in the Philippines through a partnership with Amped Games.** GPlayon has been operating since last year and has conducted a very early closed and open beta test of N-Age, long before it partnered with Amped Games sometime this year. Under the partnership, Amped Games will do the marketing and distribution part for N-Age, while GPlayon will host and maintain the game servers. Amped's top-up cards can also be used to buy in-game items in N-Age, which will be free-to-play with item selling. The company is also looking at extending their operations outside the Philippines and is looking for other partners.
- **Level Up! has partnered with Shanda Interactive China to bring its latest online game in the country, Crazy Kart.** Crazy Kart is a racing game using the Philippine jeep called "Jeepney" with several features to can improve a player's racing abilities.

Internet

- **Yahoo wants to take advantage of its user base in the Philippines while making its core e-mail and instant messaging tools more "social" and relevant for both users and advertisers.** Yahoo executives discussed new versions of Yahoo Mail and Yahoo Messenger in a media briefing during a visit to Manila. Yahoo last month opened a local office to bolster its goal of taking advantage of its large user base in the Philippines. Yahoo claims that more than 80 percent of the 22 million estimated Internet users in the country use its web applications. In response to changing user habits, particularly the popularity of social networking, Yahoo is introducing new features in Mail and Messenger designed to allow users to share and communicate better.

Telecommunications

- **SingTel group CFO Francis Heng has resigned from the post, just 11 days ahead of the company's second quarter results.** Heng, 48, who has been in the post for 17 months, will leave the company on September 1, SingTel said in a statement. He will be replaced by Optus CFO Jeann Low, 47, who will continue in the Optus post as well. The company gave no reason for Heng's unexpected departure. For the year ended March 31 SingTel posted a 4.8% gain in net profit to S\$3.96 billion (\$2.89 billion). It gave a cautious forecast for the 2008-09 financial year, but said it expected growth in both revenue and EBITDA from its two largest operations in Singapore and Australia.

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- **Philippine President Gloria Macapagal-Arroyo announced that telecommunication networks have lowered their charge for short message service (SMS).** In her State of the Nation Address, the President said telecommunications firms have responded to her call to lower their SMS charges. The Philippines is the text capital of the world. Filipinos send and receive about a billion messages daily. This figure is more than the total daily text messages sent in the US and Europe combined.
- **PT Telekomunikasi Indonesia expects double-digit growth in revenue this year despite a recent cut in its cellular tariffs.** Telkom's Finance Director Sudiro Asno told reporters that revenue growth is expected to come from the addition of 12 million cellular subscribers this year. Asno said that the number of its cellular subscribers rose during the first half of the year to 52.49 million, up 23 percent from 42.81 million a year before.

Business Process Outsourcing

- **Citibank Philippines is ramping up its business process outsourcing (BPO) operations in the country in response to demand for customer support services worldwide.** Philippine subsidiary provides support services to Citibank's overseas operations including consumer banking and wealth management segments. Citigroup BPS currently employs around 1,200 workers. The company announced a partnership with training school Excel Asia to provide agent-staffing services starting last January. The company did not disclose specific numbers on how much workers it will need to add, noting that demand varies depending on client projects that come up different parts of the year.

United States/Canada

Mobile/Wireless

- **Sprint Nextel Corp. was dealt a major blow in its early-termination-fee case when a California judge ruled it would have to pay US\$73 million.** The decision could bode poorly for the various trials that are taking place throughout the country, as well as the Federal Communications Commission's attempts to make wireless carriers exempt from these state court cases. Early termination fees are incurred when a customer breaks their wireless contract before it ends, and is an issue debated in state courts and with Federal Communications Commission.
- **Motorola Inc. is reorganizing its second-largest business unit, home and networks mobility, into three distinct businesses, a step that could make it easier for Motorola to sell some of the businesses in the future.** The changes, outlined in a memo to employees last week, come ahead of Motorola's quarterly report. The company is expected to report on plans to split itself into two companies, separating its troubled cellphone unit from the rest of Motorola, the home and networks mobility unit and its public-safety radios division.

Media, Entertainment and Gaming

- **Comcast Corp. said second-quarter profit rose 7.5 percent as it won more telephone and Internet customers.** The stock gained the most in three months. Net income increased to US\$632 million, from US\$588 million, or 19 cents, a year earlier, Philadelphia-based Comcast said in a statement. Free cash flow, or funds available after capital spending, more than tripled to US\$1.16 billion, topping analysts' estimates. The rise in free cash flow resulted from reduced capital spending and more cash from operations. That means the company has more to spend on dividends and share repurchases, said Sanford C. Bernstein & Co. analyst Craig Moffett in New York. Comcast began a 6.25-cent quarterly dividend in April.

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- **Video game publisher Activision Blizzard said quarterly profit at its Activision unit more than doubled on sales of Kung Fu Panda and Guitar Hero: On Tour, and it raised its next year forecast for the newly merged company.** The company's best-selling Guitar Hero franchise, where players pound out tunes on a guitar-shaped controller, continued to drive sales. Guitar Hero: On Tour for Nintendo's DS platform ranked as the second-best-selling game in the U.S. in June and the franchise remained the best-selling franchise in the country for the first half of this year, according to market researcher NPD. Activision earlier this month closed its merger with Blizzard, the games unit of France's Vivendi SA, which makes the popular World of Warcraft game. That puts it head to head with Electronic Arts Inc in the battle for the title of biggest video game publisher.
- **Activision Blizzard raised its next year operating profit forecast to US\$1.2 billion from US\$1.1 billion.** However according to Sterne, Agee & Leach, the company's guidance is quite conservative and they think that number could be almost 15 percent higher. Excluding results from Blizzard, Activision said net income in the June-ending quarter rose to US\$59 million, or 18 cents per share, from US\$27.8 million, or 9 cents per share, in the same period a year ago. Not including compensation and merger costs, Activision had a profit of 23 cents per share. Revenue rose 32 per cent to US\$654.2 million, beating the average Wall Street expectation of US\$651.4 million. For the current quarter, Activision Blizzard expects revenues of US\$636 million. The outlook excludes US\$50 million in sales while Activision was an independent company from July 1 through July 9. The company forecast a net loss of 26 cents per share, and a profit of 8 cents per share, excluding items. For the December quarter, Activision Blizzard expects net income of 11 cents per share on revenue of US\$1.85 billion. Excluding charges, the company sees quarterly earnings of 64 cents per share.

Telecommunications

- **EarthLink Inc. said it wants to facilitate consolidation in the Internet dial-up access market, fueling speculation that it may be eyeing a deal with Time Warner Inc.'s AOL.** Internet-access dial-up services like EarthLink and AOL have seen sharp subscriber declines in recent years as consumers switch to faster Internet offerings from phone and cable companies. Merging AOL's dial-up business with EarthLink's would create cost savings and better service, benefiting customers as well as shareholders of both companies. AOL has indicated that it is eager to focus on its faster-growing advertising business and potentially shed its dial-up unit.

Internet

- **A startup founded by engineers from Google Inc. and other tech giants is launching a search engine that claims to cover three times as many Web pages as Google.** The startup, Cuil Inc., plans to launch its product and aims to deliver better results than other major search engines by searching across more Web pages and studying them more accurately. The site's results page resembles an online magazine a different look and feel from search juggernaut Google's. Cuil, based in Menlo Park, Calif., is the most recent in a long string of search-engine startups to try to take on Google in an industry that has been difficult for even giants like Microsoft Corp. to crack.

Software

- **Microsoft Corp will expand its gaming and mobile phone-related initiatives on the mainland, backed by its growing network of domestic partners and hefty investments in research and development.** Expansion activities on gaming software will include increased development of new titles for personal computers, Xbox 360 consoles and mobile phone platforms. Although the mainland authorities continue to restrict domestic sales of Microsoft's Xbox 360, Microsoft Greater China has

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converted various titles for its game console to Windows-based personal computers. Microsoft Greater China's new efforts on the Windows Mobile operating system will include developing applications that make advanced Windows-based smartphones more capable of running programs originally made for personal computers.

Technology

- **Juniper Networks Inc.'s second-quarter net income jumped 40 percent on strong sales, especially those of infrastructure products, and higher margins.** The company also raised its full year 2008 revenue and earnings guidance. The networking-equipment maker named Kevin Johnson as its new chief executive. Starting in September, the Microsoft Corp. executive will replace Kriens, who will remain chairman. Johnson was part of the small team of Microsoft executives that led the effort in January to bid for Yahoo Inc., which would have been a deal valued at about US\$47.5 billion and Microsoft's largest acquisition. He previously served as group vice president of Microsoft's worldwide sales, marketing and services.

Europe

Mobile/ Wireless

- **Siemens AG said third quarter net profit fell 31 percent due to a one-time gain a year earlier, but order intake and revenue rose, beating expectations and showing the company's resilience so far to the economic downturn.** Siemens' Chief Executive Peter Loescher said he expects order intake growth to slow amid a weaker global economy in fiscal 2009, but the company aims to grow at twice the rate of global GDP this fiscal year and next. The company said net profit in the period ending June 30 fell 31 percent to 1.42 billion euros (US\$2.2 billion) compared with 2.07 billion euros (US\$3.2 billion) a year earlier when the figure was boosted by a 1.7 billion euros (US\$3 billion) non-cash gain related to the Nokia Siemens Networks joint venture with Nokia Corp.
- **GyPSii announced an agreement to provide Samsung with its suite of location-based mobile social networking applications.** The multi-year revenue-sharing agreement will ultimately see GyPSii's software bundled with a number of Samsung's mobile devices, but initially it will be embedded in the firm's SGH-i900 and SGH-i780 models. GyPSii is also providing Samsung with access to its international network of data centres. Indeed, agreement with Samsung follows on from a similar deal in June to integrate GyPSii's suite of applications with Garmin products. The navigation device maker also intends to enter the mobile market with its Nuvifone handset later in the year.
- **Siemens plans to sue two former CEOs and nine other ex-executives for alleged supervisory failings in a corruption scandal that has cost the company millions in fines and damaged its reputation.** Siemens' supervisory board decided to seek damages from former chief executive Heinrich von Pierer and his successor, Klaus Kleinfeld, now the chief executive of U.S.-based Alcoa, and others, the industrial conglomerate said in a statement. Siemens said based its claim for damages on "breaches of their organizational and supervisory duties" relating to illegal business practices and payments between 2003 and 2006, practices now placing a substantial financial burden on the company. The company said the 11 former board members will be given an opportunity to state their positions on the accusations before legal action for damages is taken.

Information Technology

- **BT announced it has acquired Ribbit Corporation, a Silicon Valley-based "Telco 2.0" platform company, for US\$105 million in cash, on a cash-free, debt-free basis.** The acquisition

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will accelerate BT's strategy to transform itself into a next-generation, platform-based, software-driven services company. "Silicon Valley's First Phone Company" provides an open platform which enables developers to create new and innovative voice applications and services by combining telephony and internet technologies in new ways. Silicon Valley is emerging as a hotbed of telecommunications innovation. With Ribbit, not only the company extends its presence in the Valley, but it also gain a groundbreaking platform, a growing community of developers and a world-class team that share a common vision.

Telecommunications

- **Alcatel-Lucent SA may report a narrower second-quarter loss compared with the year-earlier period, when it wrote down wireless assets.** The net loss may be 135 million euros (US\$212 million). Alcatel-Lucent posted a loss in all five of the full quarters since Alcatel SA bought Lucent Technologies Inc. The merger and a plan to cut 16,500 jobs have failed to make up for falling prices and orders. In April, Alcatel-Lucent forecast 2008 sales will fall 2 percent to 5 percent because of the dollar's drop against the euro and possible spending delays by some clients. The dollar slipped 14 percent against the euro in the year to June 30.
- **Telecom Italia SpA has proposed creating a new entity as part of previously-announced commitments to guarantee its competitors easier access to its network.** Telecom Italia has proposed creating an entity, which would be made up of members of both the telecom company and Italy's telecommunications regulator, to act as a guarantor to companies seeking access to Telecom's network. In June, Telecom Italia submitted a series of commitments to the telecoms regulator for increasing access to its network. These remain essentially unchanged, *Il Sole* writes.
- **Alcatel-Lucent announced that CEO Pat Russo and chairman Serge Tchuruk will step down, after the vendor's second-quarter net loss increased by 45 percent.** Tchuruk, who as Alcatel's CEO oversaw its merger with U.S.-based Lucent in 2006, will leave the company on 1 October. Meanwhile Russo will stay on as CEO while the board searches for a replacement, leaving no later than the end of the year. One analyst suggested that this means that Alcatel-Lucent is looking to recruit from outside the organization. The announcement that Tchuruk and Russo were stepping down was not wholly surprising.
- **Telecom Italia's SpA plans to open up its access network to competitors. AGCOM said public consultations could now begin, and set a deadline for their conclusion at end-September.** Among the commitments submitted by Italy's former monopoly there is the creation of an independent board - which would be made up of members indicated by the company and AGCOM - to act as a guarantor to competitors seeking access to Telecom Italia network. AGCOM's chairman praised commitments made by Telecom Italia in June. Telecom Italia's proposal could still be modified after the public consultation with alternative operators.
- **Alcatel-Lucent has been battered by eroding profit and intensifying competition in its core business, but its services division's business gained the highest growth.** The services division business is building specialized communications systems for hospitals, police departments, utilities and others. The services unit nearly doubled in size last year to provide 3.2 billion euros (US\$5.02 billion) of the company's 17.8 billion euros (US\$28 billion) in annual revenue. The majority of Alcatel-Lucent's services business comes from managing networks for telecom operators, but Alcatel-Lucent is branching out to serve new kinds of clients, governments, transportation and security agencies to help them build private communication networks in highly specialized environments.

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- **Maroc Telecom, the Moroccan operator first-half net profit rose 18 percent, helped by a strong domestic performance.** Maroc Telecom said net profit for the first half totaled MAD4.5 billion (US\$0.62 billion). Operating profit rose 11 percent to MAD6.67 billion (US\$906 million), with a 1-percentage-point improvement in operating margin to 47 percent. Maroc Telecom raised its forecasts full-year 2008 growth to above 8 percent for revenue and above 11 percent for operating profit. The
- **Turkcell Iletisim Hizmetleri AS had agreed to pay US\$500 million to acquire 80 percent of state-owned Belorussian mobile operator BeST.** Turkcell will pay the government US\$300 million within 30 days after striking the deal and US\$100 million a year in 2009 and 2010 for BeST. Turkcell agreed to pay another US\$100 million if BeST shows a net profit in 2008. Belarus government has promised not to sell the remaining 20 percent stake within the next five years. BeST is the third-largest mobile operator in Belarus. Four mobile phone operators compete in the county, which has a population of 9.72 million.

Software

- **IBM agreed to buy French business software designer ILOG SA for 215 million euros (US\$337 million).** ILOG's software will allow IBM to help customers deliver business information in real-time so they can make better business decisions faster, according to the company. ILOG is based in Gentilly near Paris.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 8/1/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	107.6600	-0.2%	-0.1%	-4.3%	-9.6%
Hong Kong dollar	HK\$/ US\$	7.8047	0.1%	0.04%	-0.003%	0.3%
Chinese renmenbi	RMB/ US\$	6.8420	0.4%	0.2%	-6.3%	-12.3%
Singapore dollar	S\$/ US\$	1.3715	0.8%	0.3%	-5.1%	-10.8%
South Korean won	KRW/ US\$	1,015.7500	0.8%	0.4%	8.6%	9.2%
New Taiwan dollar	NT\$/ US\$	30.7000	1.0%	0.2%	-5.5%	-5.8%
Australian dollar	US\$/A\$	0.9290	-2.8%	-1.3%	6.2%	17.8%
New Zealand dollar	US\$/NZ\$	0.7268	-1.9%	-0.9%	-6.1%	3.3%
Philippine peso	PHP/ US\$	44.2600	0.6%	0.1%	7.4%	-9.7%
Euro	US\$/€	1.5564	-0.9%	-0.2%	5.8%	17.9%
British pound	US\$/£	1.9752	-0.8%	-0.4%	-0.9%	0.8%

Fixed Income Prices and Yields							
Note	Currency	Current (on 8/1/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	96.94	4.56%	96.33	4.60%	97.50	4.53%
Japan 30-year	¥	101.58	2.41%	101.09	2.44%	101.59	2.41%
Hong Kong 10-year	HK\$	99.90	3.61%	99.31	3.68%	99.63	3.64%
China (06/16)	US\$	109.06	3.38%	109.06	3.38%	109.06	3.38%
Singapore 10-year	S\$	107.41	3.14%	105.25	3.38%	104.95	3.42%
South Korea 20-year	KRW	9,836.89	5.83%	9,791.25	5.86%	9,669.37	5.94%
Australia 15-year	A\$	96.72	6.12%	95.69	6.24%	94.23	6.41%
New Zealand (12/17)	NZ\$	98.73	6.18%	99.39	6.09%	97.26	6.39%
Philippines 20-year	PHP	80.07	11.21%	80.76	11.05%	83.12	10.72%
India 30-year	INR	86.20	9.78%	87.00	9.68%	89.99	9.34%
UK 30-year	£	102.99	4.57%	101.89	4.63%	102.31	4.61%
Germany 30-year	€	93.23	4.67%	90.89	4.82%	87.38	4.82%

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