



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

Week of 16 March 2009 - 22 March 2009

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



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Equity Market Indicators					
Index	Closing Level (3/20/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	768.54	1.6%	-1.3%	-14.9%	-47.7%
Dow Jones Industrial Avg.	7,278.38	0.8%	-2.5%	-17.1%	-45.1%
Dow Jones Tech. Index	249.13	3.0%	5.2%	-0.9%	-45.7%
Dow Jones Telecom. Index	173.45	3.6%	2.0%	-13.2%	-44.7%
NASDAQ Composite	1,457.27	1.8%	1.0%	-7.6%	-45.1%
Japan Nikkei 225	7,945.96	5.0%	5.1%	-10.3%	-49.2%
JASDAQ	39.43	3.2%	-6.1%	-18.2%	-45.4%
Japan Mothers	290.81	1.9%	-3.8%	-10.1%	-62.9%
Korea KOSPI Composite	1,170.94	4.0%	5.8%	4.1%	-38.3%
Korea Kosdaq	400.71	2.9%	4.2%	20.7%	20.7%
Taiwan Stock Exchange	4961.62	1.3%	9.6%	8.1%	-41.7%
Singapore Straight Times	1,610.25	-2.2%	-8.4%	-8.6%	-53.5%
Hong Kong Hang Seng	12,833.51	2.5%	-1.5%	-10.8%	-53.9%
Hong Kong GEM	369.98	3.2%	-1.1%	-4.0%	-72.6%
China Shanghai (A-Share)	2,394.40	7.1%	2.4%	25.2%	-56.6%
China Shenzhen (A-Share)	792.00	8.7%	4.2%	36.2%	-47.9%
China Shanghai (B-Share)	149.13	7.7%	4.9%	34.4%	-59.2%
China Shenzhen (B-Share)	335.38	6.1%	4.8%	23.6%	-52.7%

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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

- **Sony Corp. reduced its planned dividend payment by 15 percent in order to conserve cash after the global recession forced the company to forecast a record operating loss.** Sony is eliminating 16,000 jobs worldwide and slashing its number of manufacturing sites after projecting a record 260 billion yen (US\$2.7 million) operating loss for this fiscal year.
- **Sony Corp. gained access to more than 500,000 electronic-book titles for its digital readers through an agreement with Google Inc., a partnership aimed at challenging the dominance of Amazon.com Inc.'s Kindle.** Sony will access Google's library of free titles. The agreement expands Sony's eBook store to more than 600,000 titles, compared with the Kindle Store's 245,000 books. Since the Kindle's introduction in 2007, three years after Sony's first digital reader, the popularity of the Amazon.com product has drawn comparisons to Apple's success with the iPod music player. That's prompting Sony Chief Executive Howard Stringer to seek ties with Google as the number of digital readers is projected to more than double this year.
- **Hitachi will undergo a major restructuring in an attempt to cut costs by 500 billion yen (US\$5 billion).** The company's consumer business group and its automatic systems group will be spun off into separate, 100 percent owned subsidiaries. The company hopes to expedite decision-making and hold these units accountable for generating earnings. The consumer business division will produce mobile phones, flat panel TVs and other electronic devices. Hitachi has also initiated a board shake-up, announcing its chairman and president will both stand down and appointing Takashi Kawamura to take both jobs. The company will also establish a renewable energy business, as well as a resource recycling business.
- **Toshiba Corp. said Norio Sasaki will become president in June. Toshiba is the latest Japanese electronics conglomerate to reshuffle top management betting that a change will help revive the company.** Sasaki, a 59-year-old engineering veteran in Toshiba's nuclear power business, will officially take the helm of the hard-hit firm after a shareholders' vote slated for late June. Atsutoshi Nishida, Toshiba's current president, will become chairman, while Chairman Tadashi Okamura will become an adviser to the board. Sasaki said he would pursue a recovery program "thoroughly" and aim to restore profitability in the fiscal year starting April. The company may consider raising capital, but he declined to elaborate.

Semiconductor

- **Elpida Memory, Inc. has acquired a portion of the shares of Rexchip Electronics Corporation from its strategic partner Powerchip Semiconductor Corporation (PSC).** Rexchip is a Taiwan-based manufacturing joint venture created by PSC and Elpida. As a result of the acquisition, Rexchip becomes a consolidated subsidiary of Elpida. The effect of the acquisition on Elpida's fiscal year 2008 consolidated earnings performance is expected to be minimal.

Telecommunications

- **NTT Communications Corporation announced that Global Data Services JSC (GDS), its joint venture with Vietnam Posts & Telecommunications Group (VNPT), will open a Tier 3-equivalent premium data center in Hanoi.** The Thang Long Data Center, the first in Vietnam to

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be designed and developed with advanced Japanese technology, will satisfy the needs of multinational companies by leveraging VNPT's ample domestic network and NTT Com's extensive, high-quality international network, as well as its expertise in designing and operating global data centers. The expanding business of multinationals in Vietnam has sharply raised the need for local back-up facilities, such as data centers, to retain business continuity.

Korea

Telecommunications

- **SK Telecom plans to issue 446.2 billion won (US\$300 million) of three- to seven-year bonds convertible into its own shares in May.** The company said in a regulatory filing that the bonds will be sold in Asia, Europe, and the U.S. to redeem existing exchangeable bonds that expire in May 2009, and to secure operational funds. Bondholders will be able to exercise their rights to exchange their bond holdings for company shares from 40 business days after issuance to 10 days before maturity. The pricing and interest rate on the bonds have not been set yet, but the bonds can be exchanged into about 2 million SK Telecom shares.

Internet

- **South Korea's e-learning market grew 8.3 percent on-year in 2008 to 1.87 trillion won (US\$1.27 billion), buoyed by a rise in the number of users.** Despite the economic slump, diverse and affordable learning programs helped push up the number of companies in this field to 1,145 last year for an annual gain of 51.5 percent. E-learning is gaining popularity in the country because people can use their Internet and other telecommunication equipment to study material that is provided 24 hours a day.

Hardware

- **Samsung Electronics launched a service allowing its customers to buy or rent movies and TV series to download to their mobile phones.** The breadth of Samsung's offering, which includes over 500 blockbusters from top studios Warner Bros MTWX.N, Paramount and Universal, makes it competitive with other mobile media offerings from Apple and Nokia Oyj. Samsung Movies, a dedicated virtual store for Samsung customers, launches initially in Britain and Germany and will extend to other key European markets later in the year. The service, which features films such as The Dark Knight and TV series including E.R. and Friends, will be compatible only with video-enabled Samsung phones such as its new Tocco Ultra Edition.
- **The LG Group opened in south of Seoul its largest research and development center as it strives to develop core technologies in mobile phones, digital televisions and optical storage products.** LG spent 260 billion won (US\$182.7 million) over the past three years to build the research center, which will house 3,000 staff members. LG, which has LG Electronics under its wing, has plans to invest 3.5 trillion won (US\$2.5 million) this year in research and development.
- **Global demand for South Korean liquid crystal displays (LCD) has made solid gains despite the worldwide economic slump.** Overall sales of their LCD TVs and panel displays have risen by more than 20 percent on-year in the first two months of this year, fueled by steady demand in the European and North American markets. Sales in Europe exceeded 1 million units for a gain of 50 percent, with 450,000 units being sold in North America as of the end of February. The company had originally expected to sell 460,000 units in North America in the first quarter. To meet demand, LG plants in Poland and Mexico were operating at 90 percent of full output, while its main assembly line in

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Gumi, South Korea, is running at full capacity with workers asked to put in overtime to meet production deadlines. Total monthly output topped 300,000 units from the usual 250,000.

Technology

- **South Korea plans to support Peru in setting up an e-document system designed to enhance administrative efficiency.** The memorandum of understanding signed in Lima calls for Seoul to spend 300 million won (US\$201,037) for a detailed study on establishing the system. The study will cover the production, use and effect of e-documents and will produce a basic blueprint for the Peruvian government. Because South Korean companies will play a role in writing the feasibility study, they may be in an advantageous position to win related deals if Lima decides to introduce e-documents as part of its public operations. South Korean companies that accompanied Vice Minister Kim Young-hak to the South American country will hold an information technology roadshow to highlight advances made in the sector.

China

Internet

- **Tencent Holdings Ltd. posted a better-than-expected 69 percent jump in fourth-quarter net profit on higher revenue from Internet services, but warned its performance this year will be hurt by the global slowdown.** Tencent said there will be a substantial impact on its advertising business this year, though it plans to boost its staff in China by 1,300 and that it is also looking to make acquisitions as the global crisis depresses asset values. The company is looking to buy or invest in Asian online game developers. The company's online advertising business has been facing severe pressure in the first quarter as advertisers scale down or delay their spending. The company plans to boost its staff in China as its businesses keep growing. Tencent will add positions in several areas, including online games, mobile value-added services and online advertising. As of Dec. 31, the company had 6,194 employees, mostly based in China.
- **Sina Corp.'s fourth-quarter net income rose 46 percent on surging revenue, but the company issued a weak first-quarter outlook as macroeconomic conditions hit advertisers.** The spillover from the global financial crisis into post-Olympic China has hurt the Chinese brand advertising market, and the impact was especially severe in the first quarter of 2009. Revenue increased 44 percent to US\$101.5 million, just above Sina's November target of US\$98 million to US\$101 million. The company, which owns China's largest Web portal, projected first-quarter revenue of US\$73 million to US\$77 million. Analysts had expected US\$89 million.

Alternative Energy

- **China Sunergy has entered a 10-year framework agreement with Advanced and Automotive Solar Systems for the supply of up to 480MW of Sunergy cells from 2009 to 2018.** The non-binding agreement allows China Sunergy to supply asola with 30MW of cells in 2009 and 50MW each following year. Other specific details of the negotiation have yet to be discussed in the following months. Sunergy announced earlier this month that it would supply 10-30MW of solar cells to Advanced and Automotive Solar Systems, with fixed pricing for the first half of 2009.
- **Canadian Solar Inc. recorded a net loss of US\$50.6 million, compared to the previous year's net income of US\$6 million and the previous quarter's US\$11.1 million.** Net revenues amounted to US\$73 million while quarterly shipments reached 19.6MW, for 2008 shipments of 167.5MW. For

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the full year 2008, net revenues were US\$709.2 million, up 134 percent, with a net loss of US\$10.0 million, compared to a US\$0.2 million loss in 2007. The loss included a US\$23.3 million inventory write-down and a US\$12.8 million provision for doubtful accounts. For fiscal 2009, assuming a better macro environment in the second half, the company expects net revenues to reach US\$600-800 million on shipments of 300-350MW.

Telecommunications

- **China Mobile Ltd. posted the lowest growth in profit in more than four years as the slowing economy discouraged customers from using their mobile phones.** Fourth-quarter net income rose 11 percent to 30.2 billion yuan (US\$4.4 billion) from 27.2 billion yuan a year earlier. That compared with the 30.6 billion yuan (US\$4.5 million) median estimate in a Bloomberg survey of seven analysts. Sales climbed 13 percent. Chairman Wang Jianzhou expanded networks and cut fees to add users in rural areas as the global recession slows demand in China's cities. The carrier, which had 463.9 million subscribers at the end of January, will step up discounts and roll out high-speed services nationwide this year to counter competition from China Telecom Corp. and China Unicom (Hong Kong) Ltd. The economic slump and increased spending on rural networks has contributed to the lower-than-expected earnings. EBITDA rose 12 percent but EBITDA margin narrowed to 52.5 percent from 54.3 percent last year.
- **ZTE planned to make a major smartphone push in the US market in 2009, including possibly partnering with Verizon Wireless on a dual-mode CDMA/LTE handset.** The Chinese vendor and handset maker will focus primarily on smartphones and on phones with Qwerty keyboards. ZTE has previously hopes to become one of the world's three largest handset vendors in the next five years, and a strong push into the U.S. market would definitely help it achieve that goal. Sun hinted that ZTE is in talks to forge partnerships with Verizon, AT&T Mobility and Sprint Nextel. ZTE's partnership with Verizon could include a next-generation 3G/4G dual-mode phone.
- **China Unicom will likely report its 2008 net profit more than tripled. China Unicom's earnings rose more than 50 percent last year, mainly because of the sale in October of its CDMA operations to China Telecom.** The Beijing-based operator will also restate its 2007 results to reflect its merger with fixed-line operator China Netcom Group Corp. (Hong Kong) Ltd. China Unicom's 2008 revenue likely rose 48 percent. Investors will be focusing on the company's 3G mobile strategy and guidance on provisions for its personal handyphone assets.

Media, Entertainment and Gaming

- **Shanda Online plans to jointly operate all games from Ourgame, a Beijing-based gaming firm, and will sign an official agreement at the end of March.** Ourgame will become the fourth company to join Shanda's development platform, after Kingsoft, Shanghai Storm Information and LineKong.
- **Exports of Chinese-developed online games will probably exceed US\$100 million in 2009.** The Chinese central government offered support to domestic game exports in an effort to promote Chinese culture. It plans to organize an overseas road show for domestic companies. The Ministry of Culture (MOC) will release regulations within the year to help strengthen its oversight on online game operations.

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Software

- **Baosight Software booked a revenue growth of 17.4 percent year-on-year, and net profit growth of 32.4 percent year-on-year, for the fiscal year 2008.** The company recorded revenues amounting to 1.8 billion yuan (US\$264 million) and net profit of 136.9 million yuan (US\$20 million) in 2008.

Taiwan

Mobile/ Wireless

- **HTC Corp. plans to launch more than three versions of the Google phone in 2009, including the introduction of a second generation of the smartphone in the second quarter.** Sales of the first version of the Google phone, or G1, exceeded the targeted 1 million units. The Google phone uses the android operating system, an open-standard platform for mobile phones. HTC, which is the world's largest maker of phones using Microsoft Corp.'s operating system in terms of shipments, plans to launch no more than 20 models of smartphones in 2009, including the android phones. Smartphones are higher-end devices that support Internet browsing and email. Worldwide smartphone sales grew 3.7 percent from a year earlier to 38.1 million units, research firm Gartner said earlier this month. HTC's market share rose to 4.3 percent in the three months ended Dec. 31 from 3.7 percent a year earlier. HTC said it will focus on the Chinese market this year and maintains its 2009 revenue growth forecast of 10 percent-20 percent. China accounts for around 5 percent of its total revenue. HTC hopes to double its handset sales in China in 2009, but didn't provide 2008 sales figures.

Hong Kong

Telecommunications

- **PCCW Ltd. shares were suspended from trade after a newspaper reported Hong Kong's securities regulator had widened its investigation into alleged vote-rigging in a US\$2.1 billion buyout deal.** The results of a PCCW shareholders meeting that approved the buyout on Feb. 4 have been called into question amid allegations some people received shares in exchange for voting in favor of the bid led by PCCW Chairman Richard Li. Another company controlled by Li, Pacific Century Regional Developments Ltd., which is a major PCCW shareholder, was halted from trading in Singapore. PCRD and another top PCCW shareholder, state-owned China United Network Communications Group Co., are trying to take PCCW private. After PCCW asked the High Court to approve the results of its shareholders vote, normally a routine procedure in Hong Kong, the Securities and Futures Commission intervened in the case and asked to present findings of its vote-rigging investigation to the court.

Singapore/Malaysia/Philippines/Indonesia/India/Cambodia

Telecommunications

- **Smart Mobile has become the latest entrant to Cambodia's crowded cellular market.** The company, the eighth mobile operator into the country, is offering double SIM card packages for the price of one and tariff plans offering 1 cent within-network SMSs and 4.4 cent per minute within-network calls. The plan also includes up to 10 free within-network minutes, 10 free SMSs and 1000kb of free GPRS traffic every day. Smart is offering prepaid recharge cards in US\$2, US\$5, US\$10,

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US\$20 and US\$50 denominations. The company has opened a flagship Smart Store in Phnom Penh, to accompany its distributor network in Phnom Penh and Siem Reap.

- **Malaysia telecom operator Maxis Communications Bhd plans to invest US\$5 billion more in its Indian joint venture, Aircel Ltd., to expand the mobile service provider's network.** Maxis owns 74 percent of Aircel with the rest held by India's Apollo Hospitals Enterprise Ltd. New Delhi is the 14th service area where Aircel has launched its services. The company will expand its services to across India in the next two years. Aircel is serious about bidding for radio bandwidth to offer third-generation, or 3G, mobile services in India. The government's plan to auction radio bandwidth for 20 of India's 22 telecom service areas has been delayed after the finance ministry suggested doubling of the starting bid price of 20.2 billion rupees (US\$399.8 million).
- **Tata Communications Ltd. will manage the Indian side of an undersea cable network connecting Africa.** The Tata group company's Neotel Ltd. unit will manage the network's landing point in South Africa. Another unit, Tata Communications Transformation Services Ltd., will administer, operate and maintain the entire cable system. The SEACOM cable system will help improve telecom services in East Africa, where connectivity through satellites is restricted said Byron Clatterbuck, the Indian company's senior vice president for global transmission services. The company is also a partner in two other cable networks, connecting India with other Asian countries and Europe.
- **Bharat Sanchar Nigam Ltd. (BSNL) is looking to restructure its operations to bring them more in line that that of India's private telecom service providers.** BSNL wants to separate its business segments - mobile, landline, enterprise connectivity and satellite services so as to better compete with the private companies, said S.S. Sirohi, deputy director-general for value-added services. The restructuring move comes at a time when BSNL is steadily losing market share to private players, which are adding subscribers at a much faster pace. BSNL plans to extend its third-generation mobile phone services to 700 towns in the next three months.
- **Bharat Sanchar Nigam Ltd. plans to offer broadband connectivity to users of its wired-line telecom services in India's rural areas in a bid to retain and attract more such subscribers.** India had 362.30 million mobile phone users at the end of January, the second largest in the world. But the number of wired-line users in the country has been falling due to the cheaper calling rates and convenience of mobile phones. BSNL is India's largest wired-line operator, but the number of its landline subscribers fell to 29.29 million at the end of January, from 29.5 million at the end of December. The total number of wired-line users in the country has also seen a sharp drop to 37.75 million in January from 39.25 million a year earlier, and from 37.90 million at the end of December. The company plans to reduce its broadband tariff charges for rural areas. Modems will be given free of charge to rural consumers. BSNL is in talks with computer manufacturers and vendors to offer personal computers bundled with a broadband connection, with each computer to be sold at an 4,500 rupees (US\$89.07) discount compared with the market price.
- **Telstra Corp. Ltd. has canceled its contract with India's software services provider Satyam Computer Services Ltd.** The contract, worth A\$32 million (US\$22 million) a year, has been given to Electronic Data Systems Corp. Satyam's new chief executive, A.S. Murty, flew to Australia in a last-ditch bid to retain the Telstra contract. EDS was acquired by Hewlett-Packard Co. in May 2008.
- **Telstra Corp. Chief Executive Sol Trujillo has a previously undisclosed seat on the board of a California bank that last year accepted a US\$5 million deposit from one of the phone company's biggest suppliers.** Trujillo gave an exclusive mobile phone supply contract to Miami-based Brightstar Corp., controlled by one of his business partners and longtime friends, Marcelo

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Claire. Brightstar Logistics Australia, the local subsidiary set up to serve Telstra, made a six-month, US\$5 million term deposit with Los Angeles-based Promerica Bank in March last year. The interest rate on the deposit was 2.25 percent compared with almost 8 percent the company could have earned from Australian banks at the time. Brightstar Corp. chair Maria Contreras-Sweet didn't return phone calls or answer email questions.

United States/Canada

Networking

- **Cisco Systems Inc. agreed to buy Pure Digital Technologies Inc., a maker of camcorders small enough to fit in one hand, for US\$590 million in stock.** Cisco will also pay as much as US\$15 million in equity incentives to retain Pure Digital workers. Founded eight years ago, Pure Digital is backed by venture-capital firms Sequoia Capital and Benchmark Capital and has 102 employees. Pure Digital's Flip Video camcorder, which costs US\$150 to US\$230, can record up to 60 minutes of video and plugs into personal computers' USB drives. Users can then e-mail images and upload videos to YouTube and other Web sites. San Jose, California-based Cisco aims to get into technologies that boost Internet traffic, increasing demand for network equipment. Cisco will use Flip Video's software, which automatically connects and uploads images to the Internet, as a platform for other consumer products.
- **Cisco Systems Inc. will begin making computers aimed at data centers, a widely expected move that puts the company in competition with some longtime allies in the tech industry.** Cisco has long dominated the market for networking gear that connects computers, a key component of the computer rooms that run businesses and the Internet. But Cisco's equipment represents just a fraction of the total amount spent on these data centers each year. The company's new hardware is designed to boost its status with technology buyers that outfit those centers and tap pockets of corporate budgets Cisco didn't reach before. Cisco disclosed that its offerings include a so-called blade server, based on chips from Intel Corp., which will be combined with Cisco networking hardware and come with software from VMware Inc. and BMC Software Inc. Businesses will spend about US\$100 billion on data-center software and hardware in 2009, research company IDC forecasts. Cisco estimates that the new system will allow it to address about 25 percent of that total, up from less than 10 percent currently.

Media, Entertainment and Gaming

- **Newspaper publishers may face more bankruptcies this year as advertising revenue plunges. Ad sales at newspapers may decline almost 20 percent in 2009.** Four newspaper publishers have sought protection from creditors since December, including Los Angeles Times owner Tribune Co. and the owner of the Philadelphia Inquirer. E.W. Scripps Co. closed the Rocky Mountain News last month after failing to find a buyer. Hearst Corp. ended the print edition of the Seattle Post-Intelligencer this month when it couldn't sell the daily, shifting publication to a Web-only format. The switch to online-only "is very difficult" because the Web generates just 10 percent of total revenue for most newspaper publishers.

Telecommunications

- **Nortel Networks is considering selling off some of its major businesses rather than continue trying to restructure under bankruptcy protection.** The Canadian equipment-maker, which filed for bankruptcy in mid-January and has until May to restructure, is said to be in talks with some of its

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competitors to sell its wireless network business and its enterprise communications business. The two units recorded US\$6.7 billion in sales last year. The company has held talks with Nokia Siemens Networks over the possible sale of its wireless business. Avaya and Siemens Enterprise Communications, a joint venture of Siemens and Gores Group, are interested in the company's enterprise unit. Nortel posted a US\$2.14 billion loss in the fourth quarter and a US\$5.8 billion loss for all of 2008. Its revenue declined 15 percent year-over-year in the fourth quarter, down to US\$2.72 billion.

Internet

- **Twitter's user base grew 33 percent last month.** The site has nearly 8 million users in the U.S. alone, said Compete, with U.S. visitors growing 964.5 percent in the past 12 months. Social Times founder Nick O'Neill estimates Twitter's global customer base to be around 10 million. At this rate of growth Twitter could top 100 million before 2010, O'Neil said, but added that a more realistic estimate will be 50 million users by the end of the year. The average Twitter user spends more than nine hours on the site per month, and accesses 12.7 pages per visit. Late last year, Twitter rejected a buy-out offer from Facebook, turning up its nose at the US\$500 million stock offer despite the fact that it had yet to develop a revenue-generating business model. Last month, Twitter raised US\$35 million in a third funding round.
- **Social networking Web site Bebo has announced the launch of five new European-language versions, its first major expansion outside the English-speaking world.** Owned by America Online, Bebo claims to have more than 22 million users worldwide, almost half of them in the U.K. Until now Bebo was available only in English and in Polish, compared to the 40 language versions offered by market leader Facebook. Users will also be able to choose French, German, Italian, Spanish and Dutch. Once a niche for teenagers and technophiles, social networking has exploded into the mainstream, with industry research suggesting more people logged on to membership community Web sites than e-mail services in December. Bebo slipped from third to eighth position in the global social networking market.
- **Google will begin tracking users' interests and shopping in an effort to allow its AdSense customers to provide targeted advertising.** But the privacy implications of the new system look set to draw the interest of privacy advocates and legislators. The new feature, which Google calls interest-based advertising, will track users' web browsing and shopping habits and build a group categories of interests based on this history. To assuage the privacy concerns, Google offers the ability to opt out. The opt out information is stored on a cookie which will be cleared if the cookie is deleted. Users also will be able to edit the categories of interest associated with their browsers via the new ads preferences manager.

Mobile/ Wireless

- **The number of Americans using mobile devices to surf the Internet daily more than doubled to 22 million in January from a year earlier.** This underscores the mobile Web's potential for companies like Google Inc. and Yahoo Inc. More than 63 million people used mobile devices, such as Apple's iPhone and Research in Motion's BlackBerry, as well as other smart phones, to access news and information on the Internet in January 2009. Among the total audience, some 22.4 million used the mobile Internet daily. Social networking and blogging were popular activities among mobile Internet users. Young males were the most frequent mobile Internet users, with half of the key 18- to 34-year-old male demographic engaging in the activity. Some 40 percent of females of the same age group used their phones to surf the Internet at least once in January. While still a fraction of the

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roughly 200 million total U.S. Internet users, the rapid growth in daily mobile Internet usage highlights the medium's tremendous advertising potential.

- **Venture capitalists have raised the bar for investing in companies creating new applications for smart phones.** Kleiner Perkins Caufield & Byers unveiled its US\$100 million iFund for developers working on features for Apple Inc.'s iPhone. A month later, Canadian investors JLA Ventures teamed up with the Royal Bank of Canada and Research in Motion Ltd. to raise a US\$150 million fund for BlackBerry developers. Instantly, the two funds received hundreds of pitches from entrepreneurs; Kleiner got about 1,500 in the first month alone. Since that time, consumer spending has slowed as the world's economy reels from a severe downturn. Both JLA and Kleiner say their investment pace has slowed down considerably. The sentiment is similar at the BlackBerry Partners Fund, which recently closed its fifth app-company investment. New investor Granite Ventures led the round, joined by previous backers Bessemer Venture Partners, Maples Investments and company executives.

Hardware

- **IBM's purchase of smaller rival Sun Microsystems Inc. would spur competition in the US\$50 billion-plus server industry as new entrants such as Cisco Systems Inc. crowd the market.** IBM is in talks to buy Sun for about US\$10 for each share. The purchase would give IBM almost half of global server sales, lending it the scale to lure customers from rivals HP and Dell. All are vying for a shrinking pool of business as clients trim technology budgets to cope with the worst economic slump in more than a quarter-century. Cisco entered the fray this week with its own server system. Global server sales fell 14 percent, the most since the aftermath of the dot-com bust. Servers, computers that run networks and Web sites, account for almost half of Sun's total sales. Sun's customers include AT&T Inc. and China Mobile Ltd.

Europe

Mobile/ Wireless

- **Vodafone and O2 plan to pool their networks in what the Guardian calls biggest shake-up of the U.K.'s mobile phone industry since the introduction of mobile broadband services.** Orange, which had an infrastructure agreement in place with Vodafone, now wants to join T-Mobile and 3 for permission to join their MBNL infrastructure sharing joint venture. So the U.K. industry splits into its old camps with the two original licensees, Vodafone and what was then BT Cellnet (O2) closing ranks against the newer, smaller entrants. The plan is to cut costs, improve coverage in rural areas and drastically reduce the number of base stations deployed, which Terry Flanagan MD of the logistics, lifting and associated management services company Commhoist estimates at 70,000.
- **Nokia announced further job cuts as it continues to drive its cost reduction plan to cope with the deteriorating economy.** The cuts will be made at its devices and markets units, its R&D organisation, as well as in its corporate development office and global support functions. The handset vendor also plans to scale back its sales, marketing and management in light of waning consumer demand, and streamline non-essential activities relating to its acquisition of Symbian. Nokia announced plans to reduce costs by 700 million euros (US\$950.6 million), with the majority of savings to be made in 2009. The company launched a voluntary redundancy package in a bid to cut 1,000 jobs worldwide. Nokia also announced plans to close its research and development site in Jyväskylä,

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Finland, and to scale down production at its mobile phone plant after forecasting a 10 percent drop in device volumes in 2009.

- **Ericsson has signed a seven-year deal with Vodafone to manage the operator's 2G and 3G radio access networks (RAN).** The Swedish vendor has been tasked with providing network optimisation and field maintenance expertise which will help Vodafone to lower costs and focus on providing services to its users. The agreement also sees 350 Vodafone staff transferred to Ericsson. Five of the eight contracts Ericsson has won - T-Mobile, 3UK, as well as two managed services agreements with the aforementioned mobile operators' network sharing venture Mobile Broadband Network Ltd. (MBNL), and now Vodafone, have seen staff transferred to the equipment maker.
- **Nokia Siemens Networks is seeking to join projects to upgrade existing mobile phone networks in Vietnam to provide 3G services.** Nokia Siemens Networks will bring its experience and knowledge to support operators in Vietnam to develop 3G networks. Seven mobile carriers in Vietnam have submitted applications to the government for 3G licenses and four of them are expected to be approved. The applicants include Vinaphone, VMS, Viettel, EVN Telecom, Hanoi Telecom, Saigon Postel and GTel. The Vietnamese government is expected to announce the four winning 3G licensees in April.

Telecommunications

- **Alcatel-Lucent plans to return to profitability by the second half of 2010.** The company, which announced plans in December to cut costs by US\$978 million in 2009 would maintain its market share, despite weak macroeconomic conditions. Alca-Lu scored a major win when Verizon Wireless selected the company last month, among other vendors, to supply infrastructure for its Long Term Evolution (LTE) network. Alcatel-Lucent would slice 1,000 management positions and 5,000 contract jobs on top of the 16,500 jobs the company would cut by the end of 2009.
- **Telecom consultancy firm Magenta netLogic is suing BT for up to 88 million pounds (US\$123 million) in damages, alleging that BT failed to implement a cost-cutting plan for its Global Services division.** The suit alleges that the U.K. operator has failed to pay Magenta invoices totaling 8.1 million pounds (US\$11.7 million). These invoices include work renting network infrastructure in Germany and the US. It claims that BT has yet to incorporate any of Magenta's cost-saving measures, including one which would have reduced BT Global's spending on capacity by US\$78.8 million. BT had agreed to pay Magenta between 10 percent-20 percent of any cost savings achieved. The suit is yet another embarrassment for BT's global services division. The unit has dragged down group net profit by 81 percent after discovering that costs on its global IT and communications services contracts were higher than expected.
- **Belgacom is taking 40 percent stake in Belgian mobile payments specialist Tunz.** Tunz holds a European e-money license, offering a range of mobile payment solutions. Belgacom is taking a stake in Tunz because the activities tie in with Belgacom's aim to invest in developing mobile micro-payment services which anticipate customers' needs. Both parties also signed a partnership for the joint development of new mobile micro-payments services.
- **Tiscali SpA said its board will examine any requests to nominate Renato Soru, the company's founder, as a new board member.** Soru, who is Tiscali's founder and controlling shareholder, wants to return to running the company. He stepped down from a management role in the company in 2004 to enter politics, and was recently defeated in a bid to be elected as governor of Sardinia.

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- **Hungary is unlikely to award a planned fourth mobile telecommunications frequency tender.** Hungary's telecom market authority NHH is unwilling to undertake the risk that the fourth provider could eventually flop due to the current credit crunch and thus provide no revenues for the state budget. The NHH is also worried about the opaque nature of some of the bidder companies' ownership. The NHH had received four bids for a set of frequencies bundled together for full mobile services to provide competition to the existing providers. Hungary currently has three mobile operators, T-Mobile Hungary Zrt. Pannon Zrt. and Vodafone Hungary Zrt., owned partly or wholly by Deutsche Telekom AG; Norway's Telenor ASA and U.K. mobile operator Vodafone Group PLC. Hungary is offering another bundle of telecom frequencies, including the 450 MHz frequency. The sale of this license will likely be successful.

South America/Middle East/South Africa

Telecommunications

- **America Movil SAB will ask shareholders to approve a dividend and an additional 20 billion pesos (US\$1.42 billion) for its share buyback fund.** The company said its board of directors has approved a cash dividend of 0.30 pesos (US\$.02) a share as well as an increase in the share buyback fund. The proposals will be put to a vote at the company's annual general shareholders meeting. America Movil returned 51.9 billion pesos (US\$3.7 billion) to shareholders last year through dividends and share buybacks. The company had 182.7 million wireless subscribers and 3.8 million fixed lines in 16 countries in the Americas at the end of last year.
- **Africa's telecommunications sector will undergo a wave of consolidation in the next year or two as new arrivals and established players alike struggle to maintain their margins in increasingly crowded markets.** Telecommunications investment has poured into a continent where mobile penetration, at 35 percent, is far lower than in all other regions. All but the earliest arrivals in most countries have struggled to make inroads, despite often having to build infrastructure from scratch.
- **Egypt may not open the bidding for a second fixed-line license for another two years.** The Egyptian government postponed the bidding for a second fixed-line phone license for a year. The decision was taken after talks with the 12 companies that had purchased the bidding booklets - which include Orascom Telecom, Atheeb (Saudi Arabia), Alcan, Giza Systems, Emirates Telecommunications Corp., or Etisalat, France Telecom, Ericsson and Alcatel-Lucent led to the conclusion that a postponement was best in light of the turbulence in the telecommunications markets globally due to rising inflation. The Egyptian government had been approached over the possible offer of a Wimax, or wireless broadband license, but that this was likely to face the same delays as the second fixed-line license bidding process.
- **Telecom Egypt said its fourth quarter net profit plunged 27.7 percent to 601 million Egyptian pounds (US\$106.1 million).** Earnings per share fell 45 percent. Telecom Egypt's full year 2008 net profit grew 10 percent while full year 2008 earnings per share rose 8.5 percent. The company's revenue for the fourth quarter grew slightly by 4.3 percent while revenue for the year jumped 1.2 percent. The company's net additions of fixed line subscribers during the fourth quarter reached 377,000, bringing the number of total subscribers to 11.7 million.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 3/20/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	95.9000	-2.1%	1.7%	4.0%	-14.8%
Hong Kong dollar	HK\$/ US\$	7.7495	-0.03%	-0.1%	0.0%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8277	-0.2%	-0.1%	0.1%	-6.5%
Singapore dollar	S\$/ US\$	1.5150	-1.6%	-0.8%	3.7%	4.8%
South Korean won	KRW/ US\$	1,396.5000	-5.7%	-5.7%	6.1%	49.2%
New Taiwan dollar	NT\$/ US\$	33.8000	-2.0%	-2.3%	3.1%	4.0%
Australian dollar	US\$/A\$	0.6865	4.5%	6.7%	-3.3%	-21.5%
New Zealand dollar	US\$/NZ\$	0.5585	6.5%	9.5%	-4.5%	-27.8%
Philippine peso	PHP/ US\$	48.1700	-0.4%	0.7%	2.1%	16.9%
Euro	US\$/€	1.3578	5.0%	7.2%	-2.1%	-7.7%
British pound	US\$/£	1.4466	3.3%	1.3%	-0.4%	-27.4%

Fixed Income Prices and Yields

Note	Currency	Current (on 3/20/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	97.22	3.69%	96.80	3.71%	96.78	3.68%
Japan 30-year	¥	107.02	2.09%	107.82	2.06%	109.26	1.92%
Hong Kong 10-year	HK\$	96.08	2.07%	95.83	2.10%	98.158	1.74%
China (06/16)	US\$	111.49	2.97%	111.49	2.97%	111.49	2.97%
Singapore 10-year	S\$	116.35	2.09%	116.10	2.12%	118.55	1.87%
South Korea 20-year	KRW	10,741.72	4.97%	10,835.33	4.89%	10,050.47	5.67%
Australia 15-year	A\$	112.80	4.38%	111.84	4.48%	113.28	4.34%
New Zealand (12/17)	NZ\$	108.84	4.81%	108.56	4.85%	110.04	4.61%
Philippines 20-year	PHP	98.50	9.90%	97.87	9.98%	89.98	10.73%
India 30-year	INR	105.15	8.02%	103.25	8.19%	109.08	3.77%
UK 30-year	£	111.52	4.13%	114.05	3.98%	110.40	4.13%
Germany 30-year	€	106.55	3.86%	106.06	3.95%	108.79	3.77%

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