

IRG WMR



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

Week of 17 August 2009 - 23 August 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 (8/21/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	1,026.11	2.2%	7.9%	13.6%	-30.1%
Dow Jones Industrial Avg.	9,505.96	2.0%	7.4%	8.3%	-28.3%
Dow Jones Tech. Index	351.64	1.1%	4.7%	39.9%	-23.4%
Dow Jones Telecom. Index	207.02	0.9%	6.5%	3.6%	-34.0%
NASDAQ Composite	2,020.90	1.8%	5.8%	28.1%	-23.8%
Japan Nikkei 225	10,238.20	-3.4%	9.0%	15.6%	-34.6%
JASDAQ	49.39	-2.1%	2.7%	2.5%	-31.6%
Japan Mothers	449.17	-3.8%	3.7%	38.9%	-42.6%
Korea KOSPI Composite	1,580.98	-0.7%	6.9%	40.6%	-16.7%
Korea Kosdaq	512.14	-3.6%	3.8%	54.2%	54.2%
Taiwan Stock Exchange	6,654.80	-5.9%	-4.1%	44.9%	-21.8%
Singapore Straight Times	2,574.04	-3.2%	3.2%	46.1%	-25.7%
Hong Kong Hang Seng	20,199.02	-3.3%	3.6%	40.4%	-27.4%
Hong Kong GEM	624.97	-3.3%	4.4%	62.1%	-53.7%
China Shanghai (A-Share)	3,107.56	-2.8%	-9.4%	62.5%	-43.7%
China Shenzhen (A-Share)	1,029.24	-4.2%	-11.3%	77.0%	-32.3%
China Shanghai (B-Share)	198.11	-2.3%	-5.2%	78.6%	-45.9%
China Shenzhen (B-Share)	499.80	-2.7%	-8.2%	84.2%	-29.6%

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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 8/21/08	% Change From Offer
8/13	NASDAQ: GSIC	Offers e-commerce solutions	US\$59	US\$17.00	US\$17.38	2.24%

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

International

Hardware

- **Asian electronics makers are forecasting a turnaround in the second half of this year, citing a pick-up in global demand.** The worst is over for a sector at the heart of emerging Asia's battered, export-reliant economies - from Thailand to Singapore, Malaysia and Taiwan. Delta Electronics of Taiwan sees dollar sales to increase 11.7 percent in 2009, a rebound from just 1 percent growth in 2008. Other electronics manufacturers offer similarly bullish forecasts. Taiwanese contract laptop PC maker Compal Electronics is revising up its forecast for total global PC shipments this year. Compal and crosstown rival Quanta Computer together manufacture more than half of the world's laptop PCs, and their forecasts are usually closely watched as an indicator to the overall health of the sector.

Japan

Hardware

- **Fujitsu Ltd. raised its full-year profit forecast almost four-fold after selling a 5 percent stake in Fanuc Ltd.** Net income will probably reach 95 billion yen (US\$1 billion) in the year ending March 2010. The company had a 112.4 billion yen (US\$1.2 billion) net loss last fiscal year. Fujitsu gained 89 billion yen (US\$942.9 million) from the sale of 12 million Fanuc shares. The sale reduced the company's holding in Fanuc to almost zero.
- **Sony Corp. cut the price of its flagship PlayStation 3 by 25 percent to narrow the gap with better-selling machines from Nintendo Co. and Microsoft Corp.** The new price is US\$299. The company will introduce a slimmer version of the PS3 at the same price in the first week of September, and replace those now in stores. The moves, greeted with cheers at the European game conference, may spur sales of the PS3 after shipments tumbled to a two-year low in the second quarter. The price cut is needed to meet sales projections of 13 million consoles worldwide in the year ending March 2010. Sales fell to 37 percent. The Networked Products & Services Group, led by Kazuo Hirai, 48, recorded the biggest loss among the company's divisions.
- **Sony Corp. plans to boost its joint parts purchases with Sony Ericsson Mobile Communications AB to cut costs and help the struggling cellular phone joint venture.** The two already jointly purchase capacitors and now plan to expand the list of products to include components used in both Sony's electronics and Sony Ericsson's cell phones. Sony, which competes with Canon in digital cameras and Samsung Electronics in flat TVs, will notify key parts suppliers of its plan as early as this month and will start joint price negotiations. By increasing their purchasing volumes, the companies plan to bolster their leverage in price negotiations with suppliers.
- **Fujitsu Ltd. announced that three models in its Primergy series of personal computer servers have been certified to run the Asianux Server 3 operating system, a multilanguage Linux platform.** Armed with this authorization, Fujitsu aims to work with vendor Asianux Corp. to push into the Asian markets for PC servers, particularly China, where the Linux server market is growing at a double-digit pace. The Asianux Consortium has five members Linux vendors from Japan, China, South Korea, Vietnam and Thailand. Each partner takes responsibility for marketing and support in their home country. This authorization puts Fujitsu in a position to take advantage of features that can

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only be realized when the server hardware and the Asianux operating system software work hand in hand.

- **Canon looks to China for one fifth of the company's global digital camera revenue in the next couple of years.** The company's confidence springs from the judgment that the global economic crisis had not impacted China's digital camera market as much as earlier estimated.

Semiconductor

- **Sanyo Electric Co. will supply Toyota with batteries from about 2011.** Lithium-ion batteries have higher output and capacity than the nickel-metal hydride type that Toyota uses in the Prius and other hybrid vehicles.
- **Orders for Japanese equipment used to make semiconductors outpaced sales for the fourth straight month in July as the chip sector inches out of its worst-ever downturn.** Back-to-school demand for PCs is helping chip sales scramble up from record low levels, nudging up spending at Intel Corp, the world's largest chipmaker, and helping outlook at memory chip giant Samsung Electronics. Orders for Japanese chip-making equipment rose for the fifth straight month in July to 50.5 billion yen (US\$533 million) outpacing sales of 36.8 billion yen (US\$389 million), calculations based on industry data showed. The orders were still down 46 percent from a year earlier.
- **The financial results for the April-June 2009 fiscal first quarter posted by Japan's four major dedicated semiconductor makers showed marked improvements over the preceding quarter.** Although there were still declines in both sales and profits on the year, the results appear to indicate that the worst was over for Japan's semiconductor industry, as a surge in demand for semiconductors used in flat-screen televisions and environmentally friendly cars like hybrid vehicles buoyed their performance. NEC Electronics' plant utilization rate increased to 51 percent in the April-June quarter, from 43 percent in the previous quarter, due to better-than-expected demand for discrete semiconductors and semiconductors used in automobiles and cell-phone cameras. It added that the figure was likely to move up to 70 percent soon.
- **Elpida Memory Inc. has entered into an agreement with Development Bank of Japan to raise 30,000 million yen (US\$314.85 million) through the issue of its Series 1 and Series 2 preferred shares.** The preferred shares, to be issued at a price of 10,000 yen (US\$104.95) per share, are convertible into 23.683 million newly issued ordinary shares of Elpida at a conversion price of 1,377 yen (US\$14.45) per Series 1 and 1,218 yen (US\$12.78) per Series 2 preferred shares. The proceeds from the offering will be used by Elpida to implement its business restructuring plan, which includes investment in research and development and in capital expenditure.

Telecommunications

- **NEC Corp. and Motorola Inc. plan to provide wireless base stations for KDDI Corp.'s next-generation mobile network.** The LTE (Long Term Evolution) standard paves the way for cellular communications speeds on a par with fiber-optic lines, enabling users to download music CD in less than one minute and a two-hour movie in about five minutes. With an eye toward commercializing the technology in December 2012, KDDI plans to spend 515 billion yen (US\$5.5 billion) on related capital investments through the end of fiscal 2014. The cellular service carrier solicited proposals from a wide range of equipment providers, including Chinese and European firms. It has already selected Hitachi Ltd. to build the network's core infrastructure.

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Korea

Telecommunications

- **SK Telecom will not invest in Vietnamese mobile operator S-Fone anymore due to low subscription growth.** SK Telecom began investing in the joint venture in 2001 and has so far injected US\$180 million in S-Fone.
- **The Korea Communications Commission (KCC) is calling on operators to cut mobile voice prices, reports the Korea Times.** The regulator plans to require operators to adopt three measures, including the introduction of non-subsidy-based phone charges, the expansion of pre-paid charge systems and the early adoption of an MVNO policy. The regulator believes that by not receiving subsidies from telecom operators, mobile users would cut their basic phone consumption, while pre-paid services could better meet the needs of low-volume users. The MVNO policy will enable operators to provide mobile services on a borrowed spectrum and thus allow the entry of new players on the market.

Hardware

- **Samsung Electronics Co. will have its global mobile handset market surpass 20 percent for the first time in the second half of the year.** Samsung is expected to sell some 117.8 million units during the July-December period, raising its global market share to 20.3 percent. The U.S. market researcher earlier said Samsung Electronics had a 19.2 percent market share in the second quarter this year, rising from 16 percent in the first quarter. Market share held by Nokia Corp. will continue to drop in the second half of the year from the same period last year. Nokia's market share is expected to fall to 37.6 percent in the third quarter and 37 percent in the fourth quarter.
- **LG Electronics has increased its focus on the Japanese market and unveiled two phones for launch with NTT Docomo.** The manufacturer has introduced two touchscreen phones, the L-06A and the L-04A, with the Japanese mobile operator. These are the first two models that were designed by LG Electronics' design centre in Tokyo, the JoongAng Daily reports citing Lee Gyu-hong, vice president of LG Electronics Japan. The company has also launched an aggressive marketing campaign which features Japanese actress Aoi Yu. LG targets sales in Japan of around 1.5 million units, three times more than last year.

Media, Gaming and Entertainment

- **Electronic Game Card, Inc. has signed a three-year license agreement with Kellof, Inc. for distribution of the Electronic GameCard, Electronic iQuizCard, and Electronic Edutainment PLAY Cards, into its South Korea clients and strategic affiliation with Borazone Co., Ltd.** Company management expects the agreement, which contains yearly minimum royalty guarantees, to begin generating sales in the current year fourth quarter. One of the key distribution channels for Kellof will be with Borazone and directly with household leading global brands from Korea.

China

Internet

- **Alibaba.com Ltd. decided to buy the business management software division from Alisoft Holding Ltd. for 208 million yuan (US\$30.5 million) to increase operational efficiency.** This is the first time Alibaba.com has acquired assets from its parent in a move to supplement its product offerings and generate new sources of revenue. The closing of the acquisition will be by Sept. 1. The

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business management software division, which has more than 250 employees, will be included with Alibaba.com's Information Technology Business Unit. The transfer of business management software division comprises application software product lines for small businesses, customer contracts and employees.

- **Alibaba's consumer-focused e-commerce site Taobao recorded transaction volume of 80.9 billion yuan (US\$11.8 billion) in the first half of 2009, climbed 97 percent year-on-year.** Taobao's gross merchandise volume was equal to 1.4 percent of China's total retail sales in the first half of the year. Taobao's registered users grew 101 percent year-on-year to 145 million as of June 30, 2009. 47 percent of Taobao users are between the ages of 26-35, while 39 percent are between the ages of 16-25. spending per order declined by 51.5 yuan (US\$7.54) from last year due to the economic slow-down, but the overall number of orders rose by 184 percent as e-commerce gained broader acceptance among China's online population. Household goods have become the top selling category in terms of total sales transaction value for the first time.
- **Baidu Inc.'s new advertising system has slightly hurt revenue since its launch but could significantly boost revenue as soon as the current quarter.** The new system more clearly differentiates paid advertisements from natural search results, and offers advertisers new tools to track the return on their investment. Baidu is in transition, using the new system for some but not all searches. Phoenix Nest began to have more criticism for not clearly differentiating ads from organic search results. Phoenix Nest has negatively affected its revenue due to incentives offered to advertisers to switch to the new system such as credit rebates to advertisers' accounts.
- **China Finance Online Co. Limited had net revenues of US\$12.28 million for the quarter, down 16 percent year-on-year but climbed 4 percent quarter-on-quarter, for the second quarter of 2009.** Individual customer subscription service fees accounted for 88 percent of net revenues in the quarter. Net loss attributable to China Finance Online was US\$2.4 million in the second quarter of 2009, compared to net income of US\$4.56 million for same period of 2008 and net loss of US\$128,000 for the previous quarter. Predicting continued influence from the economic crisis in the coming quarters, China Finance Online guided third quarter net revenues in the range of US\$12 million to US\$13 million, compared to US\$15.23 million in the year-ago period.

Mobile/ Wireless

- **China TechFaith Wireless Communication Technology Ltd. had net profit of US\$ 4.5 million in the second quarter ended June 30, 2009.** Net revenue is US\$49.8 million in the quarter, increasing by 2.4 percent quarter on quarter. Gross profit is US\$9.5 million, climbing to 7.6 percent quarter on quarter compared with US\$8.8 million in the first quarter; gross margin 19 percent. Operating expenses US\$7.3 million. The company's revenue is expected to range from US\$47 million to US\$52 million in the third quarter.

Software

- **CDC Corporation had net income of US\$3.34 million in the second quarter of 2009. Total revenues came to US\$81.65 million over the period.** CDC Corp's had subsidiary CDC Software remained the company's biggest revenue source, contributing US\$50.61 million over the quarter, while CDC's IT consulting division, Global Services, brought in US\$18.53 million. CDC Games had US\$9.46 million during the three-month period, and separately listed portal operating subsidiary China.com added US\$3.06 million.

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- **Omnix Software has appointed Beijing Sinoprof Information Technologies as its partner in China.** Sinoprof, one of the leading ERP consulting service providers in China, works with Chinese telecommunication operators including China Mobile and China Unicom. Sinoprof is in a strong position to advise operators throughout the region on their MSS/OSS solutions. Omnix Software solutions will be targeted at Sinoprof's customers to assist them with extensive nationwide 3G site deployments. The upgraded networks are already being rolled out across China, but high quality, on-time service enhancements require a collaborative workflow system that can manage the processes for deploying the new equipment in the network.

Telecommunications

- **China Mobile will likely report its first-half net profit rose 2.9 percent. Revenue for the six months ended June 30 likely rose 8.9 percent.** China Mobile added 35.87 million subscribers in the first six months of this year, bringing its total subscriber base to 493.12 million at the end of June. Earnings growth momentum for China Mobile is slowing down due to the weakening economy and increasing competition from China Unicom and China Telecom. China Telecom is expected to report its first-half net profit likely fell 34 percent.
- **China Mobile had a sharp slowdown in profit growth for the first half as competition intensified and it added low-income subscribers in rural areas.** Earnings growth momentum for China Mobile is slowing down due to the weakening economy and increasing competition from China Unicom and China Telecom. After the commercial launch of its third-generation mobile service in January, China Mobile has been striving to improve its network coverage and handset quality to add subscribers. The slowdown in its subscriber growth was due to higher mobile penetration in urban cities, but the company still sees room for growth in central and western China.
- **ZTE Corp. posted a 41.9 percent rise in second quarter net profit, boosted by huge spending on 3G networks by the country's three telecom carriers.** ZTE second quarter earnings rose. Beijing has targeted spending of US\$58.5 billion in 3G mobile network construction through 2011 after handing out long-delayed 3G licenses earlier this year. The results came after ZTE's first quarter profits rose 29 percent. The company's share price rose 72.3 percent in the first half of the year, almost doubling the 38.9 percent surge on Hong Kong's China Enterprises index over the same period.
- **China Telecom has selected Huawei Technologies and Ericsson as the winners of its second round 40-gbps wave division multiplexing network equipment tender.** Among the tender participants, which included all major WDM equipment suppliers in China, Huawei was selected to provide 87 percent of the total tender value, while Ericsson won 13 percent. The total value of the tender has not yet been revealed. The tender equipment will be used in the second phase of China Telecom's WDM network construction in the Yangtze River Delta and Zhujiang River Delta regions.
- **China Telecom said a damaged nine undersea cables caused by a major earthquake in south east of Taiwan is the cause for the disruptions to international telecom services.** Five of the cables are used by China Telecom. The cables support phone and Internet services from the Chinese mainland to Taiwan, the U.S., Japan, Korea, and Singapore. Traffic is being rerouted through operational cables as they repair the damaged cables. Time for repair work was not given. The breakdown of the FNAL/RNAL cable, a key information conduit for northeast Asia, had caused disruption to services from China to the United States and Europe.

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- **The three state-owned Chinese mobile operators, which were granted 3G licences in January, proposed to make 450 billion yuan (US\$65.9 billion) investments in 3G services in the next two-and-a-half to three years.** Each operator needs to develop at least 50 million 3G users, and try its best to reach 80 million in the next three years. With three 3G operators, the regulator expects to reach 240 million 3G users in three years, a target which is higher than the government's previous goal of 150 million in three years made in February. Analysts said the 240 million users target is much more aggressive and questioned how the government would achieve this. 3G penetration will reach 16 percent in 2012, based on a projection of a total number of mobile users of 938 million.

Information Technology

- **VanceInfo Technologies, one of the leading offshore outsourcing companies in China, is looking at fresh domestic acquisitions to boost its presence in the backroom operations of the financial industry, as firms in its key markets the U.S. and Europe begin to recover.** The company plans to buy a few Chinese banking software companies valued between US\$2-5 million. VanceInfo brought Hong Kong-based customer relationship services firm TP Corp. The acquisition enabled the company to gain access to some key accounts in Hong Kong, China and Southeast Asia. VanceInfo was also looking to close deals with potential new customers from the United States and European markets worth between US\$5-10 million each. VanceInfo may provide application software development services for those new projects.

Technology

- **AirMedia Group Inc. had net loss of US\$7.0 million for the second quarter of 2009.** Total revenues grew 23.7 percent year-on-year and 12.3 percent sequentially to US\$36.8 million, of which revenues from digital frames in airports increased 50.3 percent year-on-year and 36.7 percent quarter-on-quarter to US\$16.5 million, while revenues from airport digital TV screens fell 30.6 percent annually and 25.5 percent sequentially to US\$9.1 million. The company generated US\$3.9 million from airplane-based digital TV screens. The fees represent 77.3 percent of the quarter's net revenues, compared to 40.0 percent in the same period one year ago and 59.9 percent in the previous quarter.

Hardware

- **Dell is entering the smart phone market for the first time through a cooperation deal with China Mobile Ltd.** Dell's handset model, mini3i, supports the company's new online platform which offers music, games, videos and other entertainment applications for download to mobile phones. The two companies are working together on the development of mobile devices. Major personal-computer makers, suffering from stiff competition and pricing pressure, have been turning their attention to a new market for growth - smart phones - which are mobile devices that offer access to e-mail and support other multimedia functions.

Alternative Energy

- **Trina Solar Ltd had net income of US\$18.9 million in the second quarter of 2009, as the financing customer increases, European demand and government incentive programs pushed module shipments up 34.3 percent year-on-year and 30.9 percent sequentially to 63.9MW.** The company had net profit of US\$17.1 million in the year-ago period and a net loss of US\$10.6 million in the previous quarter. Second quarter earnings is US\$5 million accounts receivable write-off, and US\$13.7 million foreign currency exchange gain, because of the appreciation of the Euro against the U.S. dollar. Net revenues increased to 13.5 percent sequentially to US\$150 million in the second quarter, but had 26.5 percent year-on-year decline due to falling module prices. Gross margin was up by

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27.4 percent from 17.2 percent and 23.2 percent in the previous quarter and year-ago periods, respectively, as average silicon purchase prices fell.

- **Solargiga Energy Holdings had loss of 119.75 million yuan (US\$17.5 million) in the six months ended June 2009.** The company's turnover was down by 55.7 percent year-on-year. Solargiga attributed the decline in turnover to low product prices as last year's financial crisis knocked global demand. The group sees to put a new silicon ingot and wafer plant into full production in the fourth quarter of this year, bringing its annual output capacity to 4,000MT of ingot and 150 million wafers, equivalent to 400MW.
- **Zhejiang Yuhui Solar Energy Source Co Ltd plans to invest 4.8 billion yuan (US\$702.5 million) to build a 150-megawatt on-grid solar project in the Taiyangshan Development Zone in Wuzhong, Ningxia Hui Autonomous Region.** The subsidiary plans to build the 3,600-Mu solar project in four phases that will cost 640 million yuan (US\$93.7 million), 1.92 billion yuan (US\$281 million), 640 million yuan (US\$93.7 million) and 1.6 billion yuan (US\$234 million). The first phase will begin in January 2010. In addition, Zhejiang Yuhui Solar Energy Source also plans to invest 800 million yuan (US\$117 million) to increase the annual output of a polycrystalline silicon plant in Jiashan County by 120-MW.
- **ET Solar has sold a total of 4.2MW of multicrystalline modules to three large Italian commercial projects, including both ground mounted and rooftop installations.** Prato (1.3MW), Perugia (1MW) and Imola (1.9MW) are the three projects. The first two projects have already begun operation, while the third will be fully connected to the grid next month.
- **Yingli Green Energy Holding Co. Ltd. second quarter's total net revenues was 1,498.9 million yuan (US\$219.5 million) with a PV module shipment volume increase of 72.3 percent quarter over quarter.** Gross profit was 273.8 million yuan (US\$40.1 million), with a gross margin of 18.3 percent. Operating income was 106.8 million yuan (US\$15.6 million), with an operating margin of 7.1 percent. Net loss was 393.7 million yuan (US\$57.6 million) and diluted loss per ordinary share and per ADS was 3.03 yuan (US\$0.44) as a result of loss on debt extinguishment of 244.7 million yuan (US\$35.8 million) and loss on derivative liabilities of 204.2 million yuan (US\$29.9 million) in the quarter, both of which were non-recurring, non-cash charges.
- **Suntech Power Holdings booked net income of US\$10.0 million in the second quarter of 2009, climbed from US\$1.8 million in the prior quarter.** Total net revenues for the period came to US\$321.0 million, an increase of 1.7 percent sequentially. Suntech sees third quarter 2009 shipments to show 50 percent growth on a quarterly basis, while fourth quarter shipments will slide slightly quarter-on-quarter due to seasonality factors.
- **ReneSola has won the right to build a 150MW on-grid solar power project in Taiyangshan Development Zone in Wuzhong city, Ningxia Hui Autonomous Region.** The project will have to require 4.8 billion yuan (US\$706 million) in total investment and will be built in four phases over four years from 2010.

Media, Gaming and Entertainment

- **Aurora Interactive, founded by former 17Game Chief Technology Officer Fang Xiaori, received funding.** 17Game is a unit of CDC Corporation's online gaming unit CDC Games. Aurora was established nearly two years ago and recently began load testing the 3D MMO.

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- **Giant Interactive Group Inc. announced its unaudited financial results for the second quarter ended June 2009 with net revenue of 364.1 million yuan (US\$53.3 million).** Gross profit was 309.5 million yuan (US\$45.3 million). Gross profit margin for the second quarter 2009 was 85.0 percent. Net income attributable to the company's shareholders was 231.9 million yuan (US\$34.0 million). Basic and diluted earnings per AD) were 1.03 yuan (US\$0.15) and 0.99 yuan (US\$0.15). Non-GAAP net income attributable to the Company's shareholders excluding non-cash share-based compensation was 239.8 million yuan (US\$35.1 million). The margin of non-GAAP net income attributable to the Company's shareholders excluding non-cash share-based compensation was 65.9 percent. Basic and diluted non-GAAP earnings excluding non-cash share-based compensation per ADS were 1.06 yuan (US\$0.16) and 1.03 yuan (US\$0.15).

Taiwan

Telecommunications

- **Chunghwa Telecom has merged with several smartphone suppliers and publishers to offer book downloads on mobile phones in its network.** The service will allow users to download comic strips, book and magazine content on the phones including HTC's Hero and Magic phones. The service ends dependence on electronic readers, making download of e-books more convenient with a mobile phone. Industry watchers estimate the new service to bring Chunghwa more smartphone customers. The company has sold 80 percent of the island's smartphones, or around 10 percent of all types of mobile phone it has sold. Smartphone sales are projected to account for 16 percent of the company's revenue this year and 20 percent next year. The smartphone penetration in Taiwan is only 6 percent, or about 400,000 phones a year.
- **D-Link Corp. recently signed an agreement with Sojitz Corp., an affiliate of Nissho Electronics Corp. (NELCO) of Japan, to form a strategic alliance to develop markets in Japan and Southeast Asia in the next three years.** Sojitz has 570 distribution points in 95 nations. The partnership is expected to create additional business opportunities of US\$100 million. D-Link has won orders from Japanese military units, aerospace industry and FTTH (fiber to the home) industry, but currently the Japanese consumer market is too competitive to go in.

Hardware

- **Asustek set a modest 2010 shipment target of 1 million units for its newly launched smartphone, underscoring its vulnerability as a new player in the sector.** That would mean it will have a market share of less than 1 percent in the fast-growing smartphone market, which research firm Gartner expects will grow to shipments of more than 200 million units next year. Dell is working with China Unicom to develop a line of mobile devices for the Chinese telecoms operator.
- **Delta Electronics held a meeting of the Board of Directors, which announced the approved 1H 2009 financial results.** Delta's consolidated 1H 2009 sales revenues were NT\$54.8 billion (US\$ 1.7 billion) with net income after tax of NT\$5.2 billion (US\$5.2 billion). Delta had strong 2Q09 EPS of NT\$1.55 (US\$.047), on higher gross margin, non-op income, and surprising one-off tax credits. 2Q09 GM of 21.2 percent was almost at a 7-quarter high due to commodity price decline, labor cost reduction, and positive product mix.

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Media, Gaming and Entertainment

- **Next Media has applied for a Taiwanese satellite-television license to broadcast news, entertainment, sports and finance channels on the island.** The company filed the application with Taiwan's media regulator, the National Communications Commission. Next TV would team up with Chunghwa Telecom's Multimedia on Demand, which operates on the same lines as PCCW's Now TV in Hong Kong, using internet protocol television technology to deliver its service over broadband lines.
- **NewMarket Technology, Inc. said the company will have its suggested fair value target price per share of US\$1.00 to US\$2.50 to be supported by NewMarket's Chinese operation making a larger than expected contribution to net income.** NewMarket management is forecasting profitable revenue growth in 2009. The company had US\$95 million in revenue in 2008 and US\$93 million in 2007. Management anticipates accelerated revenue growth in the second half of 2009 resulting from strong offshore sales. In 2008, NewMarket had over US\$40 million in revenue from its operations in China. The company's operation in China recently signed a US\$2 million contract with a Hong Kong-based software company and a US\$30 million outsourcing services contract.

Hong Kong

Telecommunications

- **A Hong Kong appellate court denied applications from PCCW Ltd. and its parent company to make a final appeal against a court ruling that rejected a US\$2.1 billion plan to buy out PCCW's shareholders.** The Court of Appeal didn't provide reasons of why it rejected the application but plans to issue a written judgment. The appellate court ruled against the takeover. A shareholder vote was influenced as PCCW investor handed out shares to local insurance agents who then backed the buyout. The SFC had urged the court to block the deal, as it had violated the rights of minority investors who opposed the deal.
- **PCCW Ltd. said its first-half net profit edged lower from a year earlier because of a higher cost of sales and lower contributions from core telecommunications services due to the weakening Hong Kong economy.** PCCW said its net profit for the six months ended June 30 was HK\$654 million (US\$83.8 million), down 0.3 percent. The company plans to continue to control costs and aims to develop new business opportunities in the second half. Revenue climbed 12 percent due to increased contributions from the company's property unit. PCCW's revenue from core telecommunications services fell 3.6 percent due to lower revenue from its local fixed-line business. Revenue from its broadband television business, Now TV, climbed 4.8 percent because of a higher subscriber base. The company recorded a 7 percent increase in the number of Now TV subscribers to 992,000 at the end of June, from 927,000 a year earlier.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **Telstra Corp. and Australian government's vision will create a national broadband network that will deliver high-speed Internet to much of the population.** An adequate return on investment would be needed for this partnership. Telstra will prioritize its needs of its shareholders in

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considering its role in the broadband plans. The role of the government was important to drive the vision of such project but that industry is also needed to convert that vision into reality.

- **Nepal Telecom (NT) has begun to link its fiber optic network with China Telecom's network near the Nepal-China border in Tatopani, Republica reports citing a spokesperson.** NT will use the fibre optic cables along the Araniko Highway to transmit and receive voice and data traffic to China. The companies are currently in talks about prices and Nepal Telecom expects an agreement shortly.
- **Bharti Airtel Ltd. will launch a global wholesale service in Singapore which will open its approximately 200,000 kilometers of international fiber-optic cables to carriers around the world.** Carriers will use Bharti Airtel's network but market their services using their own brands. Carriers that have signed on for the new wholesale service include Saudi Telecom, PCCW of Hong Kong, and Oman Telecom. Bharti Airtel opened a similar service last year that had smaller scope. It opened the carrier's India network to overseas operators who wanted to expand their presence within the country. The new service aims to give international carriers an access to Bharti Airtel's extensive fiber-optic cable network abroad. The company has spent approximately US\$500 million in expanding its network.
- **The Indian government has deferred a proposal by Unitech Wireless Ltd. to raise the foreign holding in one of its units to 74 percent.** Unitech Wireless, a joint venture between Indian real-estate company Unitech Ltd. and Norway-based Telenor Group, plans to open its operations in some telecom service areas by the end of 2009.
- **Vietnam's four 3G licensees were formally awarded their 3G licenses, and the race is now on to bring services to market.** The Ministry of Information & Communications officially allocated the licenses at a ceremony and unveiled its investment plans for the rollout of the technology. The government granted licenses to Viettel, state-run players Mobifone and Vinaphone, and a joint venture between Hanoi Telecom and EVN Telecom. Viettel will pay 4,500 trillion dong (US\$263 million) for its license. The telco will invest 12.79 trillion (US\$750 million) in its 3G network over three years. Viettel will open services nine months after receiving its license, by which time its 3G network. It plans to increase its base stations to 15,000 to take 3G coverage to 100 percent of the population.
- **OnMobile Global Ltd. will have its annual revenue increase by 40 percent-50 percent for the next two fiscal years, driven by high mobile user additions in India and rapid growth overseas.** OnMobile provides value-added services such as caller tunes and music downloads to telecommunications operators. The company expects its India revenue to grow along with the expansion in value-added services. The company estimates will be 30 percent-40 percent annually for the next two years. Net profit was 852 million rupees (US\$17.6 million) on revenue of 4.06 billion rupees (US\$83.8 million). OnMobile's overseas expansion is likely to outpace domestic growth because there are more markets and operators to tap.
- **Datacom Solutions and Tata Teleservices have signed an infrastructure sharing deal.** Tata Teleservices will provide transmission services, while Wireless-TT Infoservices will provide passive infrastructure to the telecom unit of Videocon Industries Ltd. Infrastructure sharing will help the two companies cut operating costs, and will enable them to earn up to 100 billion rupees (US\$2.07 billion) over the next 10 years.

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- **Idea Cellular Ltd. is looking to hive off six of its service licenses into two companies, which will be later sold off.** The company has overlapping licenses in six circles after it acquired a 41 percent stake in Spice Communications last July. The licenses in Punjab and Karnataka will be hived-off to a company named Vitesse, while four licenses in Delhi, Maharashtra, Haryana and Andhra Pradesh, held by Spice, will be sold to a company named Claridges Communications. The two companies, Vitesse and Claridges Communications will finally be sold to other telecom companies looking to operate in those circles.
- **Reliance Communications (RCOM) is in talks over a deal to acquire Zain's African operations, which may have a value of US\$10 billion.** RCOM and MTN entered merger talks in May 2008, but the proposed deal was dropped because of a combination of legal and regulatory issues. MTN also discussed a potential tie-up with rival Indian operator Bharti Airtel, although the pair failed to agree on a deal structure. Exclusive talks between the two companies were revived in May 2009, and a merger will be worth US\$23 billion. If successful the combined telco would be one of the top 10 largest global operators with a subscriber base of more than 200 million.
- **MTN Group Ltd. and Bharti Airtel Ltd. may not be able to hammer out a complex US\$23 billion tie-up by the end of the month, as frustration grows among some of the Africa cellphone operator's shareholders.** MTN and Bharti have already extended an exclusive period for negotiations by one month to Aug. 31 and some MTN shareholders are looking for the Indian cellphone firm to sweeten its side of the transaction. The two companies were considering the idea of merging as they see that they could build a company with a combined customer base of more than 200 million and revenue of more than US\$20 billion a year. Bharti accumulated a 49 percent stake in MTN. The company bought a stake directly for cash and newly issued global depositary receipts as it receives MTN shares as part of the swap.
- **PT Indonesia Satellite Corp.'s first-half net profit fell 4.7 percent. The company's operating revenue rose 1.0 percent.** Number of its cellular subscribers is decreased by 11 percent to 28.9 million from 32.4 million a year earlier.
- **Telecom Corp.'s fourth-quarter profit fell 56 percent as a recession reduced sales and the company invested in new networks to lure customers.** Net income fell to NZ\$78 million (US\$53 million) in the three months ended June 30. Excluding one-time items, net income fell 60 percent. New Zealand's economy began contracting in early 2008, curbing consumer spending on mobile phones and Internet. Telecom sees profit to fall further in 2010. Fourth-quarter sales fell 7 percent, led by a decline in calling revenue and 26,000 fewer mobile connections. There was no dividend from Southern Cross Cables in the latest period.

United States/Canada

Media, Entertainment and Gaming

- **News Corp. will reorganize its broadcast operations in Asia into three units and scale back the size of its regional operations in Hong Kong.** Paul Aiello will step down from the company as part of the revamp. The heads of broadcast in India and China will report directly to James Murdoch as the 36-year-old chief of News Corp.'s Asian and European operations tightens his control over some of the company's fastest-growing markets. Star, whose content is distributed in 53 Asian countries, derives about three-quarters of its sales from India. Star will not maintain its headquarters in the city and that will lead to savings anymore. The company may cut about 150 to 200 jobs in the

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Hong Kong office over the next 12 months. Star Group had sales of about US\$435 million in India in the year ended June, compared with total revenue of US\$570 million.

- **Time Warner Inc. signed a new seven-year agreement with Nielsen Co., even as media companies, ad agencies and advertisers look for alternative ways of measuring viewing habits, which is a field Nielsen dominates.** The pact with Time Warner includes Nielsen's television, online and mobile measurement services as well as research on advertising segmentation and targeting. Nielsen plans to provide services to Time Warner's broadcast, cable, syndication business units and affiliates, including Turner Broadcasting, The CW Television Network, HBO, Warner Brothers Domestic TV Distribution, and Time Inc.
- **Metro-Goldwyn-Mayer Inc. created an office of the CEO, naming three executives to succeed Harry Sloan as chief executive officer of the studio.** The office includes Mary Parent, chairman of the Worldwide Motion Picture Group, Chief Financial Officer Bedi Singh and turnaround specialist Stephen Cooper, who was named vice chairman. The maker of the "James Bond" movies plans to release one film this year, down from eight in 2008. The studio ranks ninth at the box office, with 2009 sales of US\$42.8 million. "Valkyrie," MGM's last release, came out on Dec. 25. Parent, appointed head of MGM's motion-picture group in March 2008, held a similar post at General Electric Co.'s Universal Pictures. She is reviving past hits including the "Pink Panther" and "Robocop" films. Singh joined MGM in May 2008 from Gemstar-TV Guide International.

Telecommunications

- **Qwest Communications International will end its mobile-phone service in October to focus on its fixed-line business and a partnership with Verizon Wireless.** Qwest Wireless customers will receive notification that they have 60 days to switch to a new provider before service is terminated on Oct. 31. The company would trash that partnership but instead will sell Verizon's service to its customers. Qwest subscribers had access to handsets and data services of Verizon.

Internet

- **Google Inc. is aggressively pushing new ad formats and ramping up deals with media companies for the online video site.** YouTube plans to distribute a range of short clips from Time Warner Inc. properties such as CNN and the Cartoon Network. The agreement follows similar deals struck with Walt Disney Co.'s ABC and ESPN and a number of Hollywood studios earlier this year. Such content is one piece of YouTube's new money-making emphasis, a sweeping effort the company has tapped Google veteran Salar Kamangar to oversee. More professional shows help it attract higher ad rates. But to get the content, YouTube has had to push a range of new ad products to generate enough revenue to share with partners.
- **GSI Commerce Inc. has received net proceeds of US\$87.9 million from a common stock offering.** The company sold 5.44 million common shares, which includes 1.78 million shares bought by the underwriters in over allotments to cover additional demand. Another 8.2 million common shares were sold by shareholders, including Softbank Capital Partners and its affiliates. GSI plans to use proceeds from the offering for working capital and general corporate purposes, including possible acquisitions.
- **The board of iLike's meeting regarding a buyout offer by MySpace was suddenly canceled because of some tax implications related to the talent retention part of the deal to purchase the social music start-up.** The actual price of the social networking giant is paying for iLike, which has about US\$20 million is also unsure. Only US\$13.5 million will be paid upfront in cash, with about

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US\$8 million of that money likely going to one of its major shareholders, Ticketmaster, due to its preferred shares. Another US\$6 million has been agreed by MySpace in forward payments to retain some key employees-including iLike Co-founders and twin brothers Ali and Hadi Partovi.

Semiconductors

- **ACL Semiconductors' net sales for the second quarter ended June 30, 2009, increased 64 percent to US\$74 million and net sales for the first six months of 2009 increased to US\$135 million, from US\$98 million in the same period in 2008, due to strong demands for its products.** Gross profit climbed 58 percent to US\$2.2 million in the second quarter and US\$4.9 million for the first six months of the year. Net income for the second quarter of 2009 is US\$901,325. ACL Semiconductors distributes electronic components under the "Samsung" brand name to the Hong Kong and South China markets. The memory chips are used from everything from a mobile phone, digital camera and laptop computer to an MP3 player or Wi-Fi product.

Software

- **Microsoft and Yahoo can help the companies become more competitive in the search marketplace by chipping away at Google's customer loyalty but it will be difficult.** The two companies will have an opportunity to make market share headway, considering that nearly three-quarters of all searchers conduct at least one search on all three engines every month. Those light searchers should be targeted by the two companies, which will be easier than converting new users. Google has the highest loyalty rate of the three sites.

Hardware

- **Hewlett-Packard's fourth-quarter revenue had lower computer prices, spotlighting the effect of netbooks on the industry.** Sales this quarter will grow about 8 percent from the previous three months, suggesting revenue of about US\$29.6 billion. Sales fell 2.1 percent to US\$27.5 billion last quarter from a year earlier. The success of those devices has fueled unit sales of computers, at the expense of average selling prices. Revenue from printers and supplies, such as ink, lessened by 20 percent to US\$5.7 billion. Printer shipments dropped 23 percent. Profit from that business was US\$960 million, yielding a margin of 17 percent.

Europe

Mobile/ Wireless

- **Sony Ericsson said that President and Chief Executive Dick Komiyama will resign from the company and will be replaced by Bert Nordberg, the head of L.M. Ericsson's Silicon Valley-based broadband and internet protocol unit.** Komiyama plans to retire because of the restructuring program that he put in place to try and because of the stem losses at the handset maker. Sony Ericsson swung to a 213 million euros (US\$305.1 million) net loss in the second quarter of this year as its market share fell to 4.7 percent, from 7.5 percent, over the same period.
- **Nokia Corp. is looking to make handsets more accessible and affordable in India.** Nokia's Indian unit plans to sell handsets in some rural areas under a scheme that allows the purchasers to pay in installments. Nokia has gained popularity in emerging markets with its more affordable low-cost phones, but in recent years has been strengthening its high-end portfolio as profit margins have taken a hit. Nokia plans to roll out the installment scheme to sell its handsets in 12 Indian states after a pilot program covering more than 2,500 villages in the southern states of Andhra Pradesh and Karnataka.

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- **Russia added 2.03 million new mobile subscriptions last month to take its total customer base to 199.87 million.** The biggest winner in July was third-placed operator MegaFon, which captured 47.3 percent of net additions. Those additional users gave MegaFon a total customer base of 46.35 million and a market share of 23.2 percent. Number two player Vimpelcom added almost 600,000 new subscribers, taking its total base to 50.57 million and consolidating its position with a 25.3 percent market share. Meanwhile top dog MTS took just 24.3 percent of new additions. Its domestic customers number 67.93 million, or 34 percent of the market.
- **The number of Ukrainian mobile phone subscribers climbed 354,000 on the month in July, with most of the new users joining Russia's OAO Vimpel Communications and Turkcell-controlled Astelit.** There were 55.2 million active SIM cards in Ukraine, and penetration, or the number of SIM cars per 100 people, climbed 119.9 percent from 119.1 percent at the end of June. VimpelCom increased its subscriber base by 122,000 to 2.06 million users. Astelit added 140,00 new users

Telecommunications

- **Telekom Austria's second-quarter net profit lessened to 15 percent, but maintained its forecast for full-year core earnings.** The company reiterated its full-year target for sales of just below 5.1 billion euros (US\$7.3 billion), capital expenditures of 800 million euros (US\$1146 million) and operating free cash flow of around 1.1 billion euros (US\$1.6 billion). EBITDA fell 3.9 percent. For the first half, EBITDA fell 5.2 percent because of lower roaming fees, margin pressure in overseas operations and currency translation losses. The company sees to resume its share buyback program in 2010. It will also cancel 17 million treasury shares, or 3.7 percent of total share capital, on Aug. 24, reducing the total number of shares issued to 443 million.

Technology

- **Amino Technologies PLC reported loss its fiscal first half, as lower sales, higher costs following two acquisitions and a restructuring weighed on earnings.** Order intake is improving and orders put off in the first half by companies wary of investing in new technology during the recession are starting to come through. Amino added a cost-cutting drive, new sales personnel and a marketing push will help drive second-half sales. Amino had a pretax loss of 3.56 million pounds (US\$5.9 million) for the six months to May 31. Revenue fell to 12 percent because potential customers removed their investment while due to recession.

Semiconductors

- **ARC International PLC agreed a takeover offer by Virage Logic Corp. for 25 million pounds (US\$41.3 million).** Abigail Ltd. has agreed on terms of a recommended cash offer to pay 16.25 pence for each ARC share, a 38 percent premium. Acquiring ARC will significantly will expand its market opportunity to include microprocessor cores, the largest segment of the semiconductor IP market. ARC sales for the last fiscal year were around US\$24 million. Virage Logic's product portfolio includes memory compilers, logic libraries, non-volatile memory, test and repair solutions. Offer price is low, although a higher level will depend on whether the likes of ARM and Imagination are really bothered.

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South Africa/Middle East/Latin America

Telecommunications

- **Zain Group is in talks with the Indian company, regarding the sale of its African assets, Ibrahim Adel.** Zain is reviewing its African assets and may sell its operations there except for those in Morocco and Sudan after Vivendi SA halted talks to buy a majority stake in the African operations. Zain asked the Swiss bank UBS AG to review its general plan. The mobile operator could use the money from an Africa asset sale to pay down debt, roll out 3G networks at a faster pace in the remaining Middle Eastern countries and target other opportunities, such as in Iran. Zain has called for an extraordinary general meeting on Aug. 31 to vote on removing share ownership restrictions.
- **Jordan's Telecommunication Regulatory Commission (TRC) awarded a third generation mobile service license to Orange Jordan, a unit of France Telecom.** The license is valid for 15 years with a cost of 50 million Jordanian dinars (US\$70.5 million). Global mobile-phone operators are hoping for opportunities in the Middle East as saturated domestic markets hasten the search for new sources of revenue. Orange will be given the chance to use the third generation frequency for one year. After this period, other telecom companies can also use the frequency under the same conditions and for the same price of JOD50 million (US\$70.6 million).
- **Because of Qatar Telecom's balanced portfolio of assets across mature and emerging markets and innovative product development, it post a 59 percent rise in second-quarter earnings.** Net profit for the period increased to 1 billion Qatari riyals (US\$274.6 million). The success in innovating across new product areas, the development of synergies across the Qtel Group's operations and strong business development and strategic positioning in key markets including Qatar and Indonesia helped lift earnings despite the challenging economic environment. Second-quarter revenue was up by 30 percent, while revenue for the first six months of the year increased to 42 percent. Consolidated customer numbers rose 29 percent to 2.2 million by the end of June. However, the company will probably have increased competition from Vodafone Qatar which started operations in the gas-rich country in July.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 8/21/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	94.3400	-0.6%	0.2%	2.3%	-16.2%
Hong Kong dollar	HK\$/ US\$	7.7503	0.004%	0.01%	0.001%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8313	-0.04%	0.01%	0.1%	-6.5%
Singapore dollar	S\$/ US\$	1.4387	-0.3%	-0.1%	-1.6%	-0.5%
South Korean won	KRW/ US\$	1,244.7000	0.4%	0.1%	-5.5%	33.0%
New Taiwan dollar	NT\$/ US\$	32.8400	-0.2%	0.3%	0.2%	1.1%
Australian dollar	US\$/A\$	0.8345	0.2%	2.4%	17.5%	-4.6%
New Zealand dollar	US\$/NZ\$	0.6817	0.6%	3.7%	16.5%	-11.9%
Philippine peso	PHP/ US\$	48.1000	0.3%	0.6%	1.9%	16.7%
Euro	US\$/€	1.4337	1.0%	0.8%	3.3%	-2.6%
British pound	US\$/£	1.6487	-0.3%	-0.3%	13.5%	-17.3%

Fixed Income Prices and Yields

Note	Currency	Current (on 8/21/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	101.97	4.43%	101.31	4.47%	95.66	4.52%
Japan 30-year	¥	99.91	2.29%	100.09	2.31%	102.44	2.18%
Hong Kong 10-year	HK\$	100.30	2.57%	100.07	2.65%	99.96	2.56%
China (06/16)	US\$	110.31	3.00%	110.52	2.99%	111.57	2.90%
Singapore 10-year	S\$	99.71	2.52%	99.89	2.53%	99.45	2.56%
South Korea 20-year	KRW	10,198.36	5.60%	10,123.73	5.68%	10,082.45	5.60%
Australia 15-year	A\$	102.19	5.49%	100.67	5.67%	101.34	5.81%
New Zealand (12/17)	NZ\$	101.42	5.86%	100.48	6.01%	101.37	5.80%
Philippines 20-year	PHP	103.02	9.37%	102.83	9.39%	102.63	9.20%
India 30-year	INR	86.35	8.29%	86.70	8.17%	87.80	7.90%
UK 30-year	£	109.30	4.24%	108.69	4.27%	104.24	4.50%
Germany 30-year	€	104.59	3.99%	104.30	4.01%	101.16	4.19%

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