



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

Week of 19 October 2009 - 25 October 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 (10/23/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	1,079.60	-0.7%	0.7%	19.5%	-26.5%
Dow Jones Industrial Avg.	9,972.18	-0.2%	1.4%	13.6%	-24.8%
Dow Jones Tech. Index	378.56	0.3%	0.7%	50.6%	-17.6%
Dow Jones Telecom. Index	214.55	0.5%	-1.2%	7.4%	-31.5%
NASDAQ Composite	2,154.47	-0.1%	0.4%	36.6%	-18.8%
Japan Nikkei 225	10,282.99	0.2%	-2.5%	16.1%	-34.3%
JASDAQ	49.01	0.5%	-1.9%	1.7%	-32.1%
Japan Mothers	448.62	2.5%	-3.8%	38.7%	-42.7%
Korea KOSPI Composite	1,640.17	-0.01%	-4.6%	45.9%	-13.5%
Korea Kosdaq	503.91	-0.9%	-6.2%	51.8%	51.8%
Taiwan Stock Exchange	7,649.28	-0.9%	2.4%	66.6%	-10.1%
Singapore Straight Times	2,700.13	-0.7%	0.8%	53.3%	-22.1%
Hong Kong Hang Seng	22,589.73	3.0%	4.1%	57.0%	-18.8%
Hong Kong GEM	699.18	3.6%	5.7%	81.4%	-48.2%
China Shanghai (A-Share)	3,261.63	4.4%	7.3%	70.6%	-40.9%
China Shenzhen (A-Share)	1,140.25	5.6%	6.8%	96.1%	-25.0%
China Shanghai (B-Share)	212.42	4.3%	5.4%	91.5%	-42.0%
China Shenzhen (B-Share)	546.96	4.1%	5.8%	101.6%	-22.9%

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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

International

Hardware

- **Sales of personal computers in the Asia-Pacific region rose 17 percent from a year earlier to 23.4 million units in the third quarter.** Major government contracts in China and Taiwan boosted the July-September sales, which were up 18 percent from the previous quarter. The IDC data, which doesn't include Japan, covers 16 markets including India, South Korea, Australia, Singapore, Malaysia, the Philippines and New Zealand. China's Lenovo Group retained its ranking as the region's number one PC vendor with a market share of almost 20 percent during the September quarter, followed by U.S. based Hewlett-Packard at 18.3 percent.

Information Technology

- **Global IT spending will decline 5.2 percent from a year ago to US\$3.3 trillion.** Gartner had anticipated a 4 percent decline earlier. Gartner expects healthcare, utilities and government IT spending to drive the recovery. Spending won't return to 2008 levels until 2012. IT is recovering rapidly in China due to its own stimulus program. Recovery is not expected in the U.S. anytime soon. Spending in emerging markets might prop the industry next year.

Japan

Media, Entertainment and Gaming

- **Nintendo Co. might reduce its earnings forecast. Annual profit will lessen for the first time in six years due to the fall of Wii console sales and stronger yen.** Net income at Nintendo might lessen 11 percent to 249.3 billion yen (US\$2.7 billion) this fiscal year, the first drop since the 12 months ended March 2004. The company lowered the price of Wii's in September. Nintendo had 300 billion yen (US\$3.3 billion) net income this year. Global sales of the Wii fell for the first time. Sony Corp. sold the fewest number of PlayStation 3 machines in two years.
- **Sony Corp.'s PlayStation 3 outsold Nintendo Co.'s Wii console for the first time following a US\$100 price cut, helping the U.S. video-game market end six consecutive months of declining revenue.** Hardware, software and accessory sales in the world's largest video-game market increased 1 percent to US\$1.28 billion last month. Sales of PS3 are more than doubled to 491,800, while those of the Wii declined 33 percent to 462,800. Microsoft Corp.'s Xbox 360 sales gained 1.6 percent to 352,600. Sony's reduction of the PS3 price on August helped reverse an industry slump that had been exacerbated by the absence of new hit games. Industry revenue declined 13 percent through September. Microsoft reduced the price of the Xbox 360 Elite by US\$100 to US\$300 and Nintendo had 20 percent price cut for the Wii.

Korea

Telecommunications

- **LG Telecom Co. said its third-quarter net profit fell 6.7 percent from a year earlier, largely because of higher marketing costs.** Net profit in the three months ended Sept. 30 fell to 92.7

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billion won (US\$78.6 million). Its operating profit lessened 9.7 percent. Sales climbed 5.6 percent due to the increase in the number of subscribers for its mobile Internet services. The mobile carrier's marketing expenses in the third quarter rose 25 percent because of the fierce competition among telecom firms. South Korean telecom firms have aggressively stepped up marketing activity in the past few quarters, seeking various ways to boost profits in one of the world's most saturated and fiercely competitive markets, by developing products bundling fixed-line, mobile and Internet services.

- **LG Powercom Corp. said its third-quarter net profit declined 54 percent from a year earlier on a rise in marketing fees.** Net profit stood at 8.44 billion won (US\$7.16 million) in the July-September period, down 54 percent from 18.34 billion won (US\$15.4 million) a year earlier. Its bottom line rose 17.8 percent on quarter. The third-quarter bottom line was slightly above a market consensus of 8 billion won (US\$6.7 million). Sales climbed 16 percent on-year to 374.6 billion won (US\$316.5 million) but operating profit sank 51 percent. The smaller-than-expected decline in Q3 earnings and the on-year rise in revenues were attributed to the increased number of subscribers to the company's broadband Internet and Internet phone services. LG Powercom registered the highest net increase of new subscribers among broadband Internet providers during the July-September period. As of end-September, it secured 2.46 million subscribers compared to 2.38 million in the previous quarter.
- **LG Dacom Corp, South Korea's No. 2 fixed-line carrier, said that its third-quarter earnings rose 3.2 percent from a year earlier on strong Internet-based business.** Net profit recorded at 42.4 billion won (US\$36 million) in the July-September period. Its bottom line lessened 7.4 percent on-quarter. Sales increased 17.2 percent on-year to a quarterly record, with operating profit gaining 2.6 percent. The increase in Q3 earnings was attributed to the growth in Internet-based telephone and Internet-protocol television (IPTV) services, as well as its online business units. LG Dacom's Internet-based services division saw the largest annual increase in revenues among its business segments, with sales from Internet phone services and IPTV soaring 76 percent.
- **LG Telecom Ltd. said its third-quarter earnings fell less than expected from a year earlier on decreased marketing expenses.** Net profit was 92.7 billion won (US\$78.7 million) in the July-September period, down 6.75 percent. Its bottom line, however, rose 141.75 percent from the second quarter. The third-quarter bottom line was above a market consensus of 90.4 billion won (US\$76.4 million). Sales climbed 5.64 percent on-year but operating profit dropped 9.61 percent. The smaller-than-expected decline in Q3 earnings was attributed to reduce marketing costs and handset subsidies. LG Telecom said that its third-quarter spending was down 14.1 percent from three months earlier.
- **SK Telecom has signed an agreement with Bell Laboratories Inc. to jointly develop post-fourth generation (4G) communication technologies.** The company said the memorandum of understanding (MOU) calls for merging communication networks with information technology. The tie-up will allow SK to develop key technologies in smart communications networks, expected to lead the next phase in mobile telecommunications. Such an arrangement can lead to greater efficiency and lower costs in services. South Korean companies have led growth in the current fourth-generation wireless technologies and have engaged in aggressive efforts to maintain their edge in the future.

Semiconductors

- **Samsung SDI Co. had its biggest profit in five years due to the record shipments and sales of the product and gains from its mobile-display unit.** Third-quarter net income increased 48 percent to 87 billion won (US\$75 million). Sales declined 9 percent. Profit from rechargeable batteries might still climb in the next two years. The company might also expand its market share until at least 2011.

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Bayerische Motoren Werke AG selected SB LiMotive Co. to make car batteries for its electric vehicles for eight years starting in 2013. SDI had profit of 82.9 billion won (US\$7 million) on sales of 1.31 trillion won (US\$1.1 billion).

- **Samsung SDI posted a better-than-expected quarterly operating profit, helped by robust growth in rechargeable battery sales and narrowing losses from its plasma panel business.** While the short-term profit momentum is limited due to its unprofitable plasma business and competition in lithium-ion batteries, the South Korean company is set to become a key beneficiary of future growth in electric car batteries and new organic displays for smartphones. Samsung SDI expected demand for lithium ion batteries, used in mobile phones and notebook PCs, to grow 12 percent in the fourth quarter from the third, led by seasonal strength in notebook computers. Global plasma panel demand is likely to increase 13 percent in the October-December period.

Investments/ Venture

- **Lotte Shopping will have to acquire Chinese supermarket operator Times Ltd. in order to expand its business in mainland China, reports qq.com citing unspecified Korean media.** Lotte announced in a notice on the South Korean Stock Exchange that it will invest US\$635 million in a Hong Kong subsidiary for its China business.

China

Internet

- **Baidu Inc. and China Unicom signed a strategic cooperative agreement on wireless search.** Baidu will offer a full range of wireless search technologies, including WAP search and webpage search to China Unicom, and the mobile search service, which is operated by the two sides, will be available on the latter's mobile homepage. Meanwhile, the two firms will launch deep cooperation in wireless search technology, product innovation, brand promotion, and research and development of industrial standard. Since China Unicom boasts great advantages in the field of wireless communication, and Baidu has rich experiences in research and development of search products, the cooperation will bring search services of higher quality and more convenience to wireless service users.
- **Sina will receive 30 percent of the future profit generated by China Real Estate Information Corporation (CRIC), a subsidiary of Shanghai-based real estate services company E-House that is also partially owned by Sina.** 30 percent of CRIC's profits will greatly exceed the profit from Sina's independent real estate service. E-House and SINA will hold 51.01 percent and 33.99 percent of CRIC's outstanding ordinary shares following the deal. Following the listing, E-House Executive Chairman of the Board Zhou Xin and Sina CEO Charles Chao will serve as CRIC's joint chairman. Sina will inject its online real estate business into its majority-owned subsidiary China Online Housing Technology Corporation and transfer its interest in the subsidiary to CRIC in exchange for a 39 percent stake in CRIC. The deal was conditional upon CRIC completing an initial public offering on a major U.S. stock exchange.

Mobile/Wireless

- **China had seen a 3G mobile phone sales volume of more than 1 million sets as of October 2009 and its 3G mobile phone sales volume surged 150 percent year on year outpacing its 2G mobile phone sales volume.** The nation totally sold 220,000 3G mobile phones in the first half of 2009, and China Mobile and China Unicom separately captured 30 percent and 16 percent market

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shares, with selling their TD-SCDMA mobile phones and WCDMA mobile phones. Notably, China Telecom took a 54 percent slice. The nation aggregately sold 2.87 million CDMA mobile phones in September, accounting for 20 percent of the Chinese 3G cellphone sales market, and the figure increased nine percentage points compared with 11 percent in December 2008, said SINO Market Research Co., Ltd.

- **China Telecom Corp. achieved an about 56 percent surge in its CDMA user base during just ten months after it took over the CDMA service network from China Unicom when the CDMA user base was less than 28 million.** China Telecom reached a CDMA user increase of 2.08 million, compared with 2.45 million in July; and its CDMA user base grew to 43.81 million. E surfing, its CDMA service brand, made a big progress in China. China Mobile Ltd. had bred a TD-SCDMA user base of 959,000, China Telecom an EV-DO user base of 1.3 million, and China Unicom a WCDMA user base of 350,000.
- **China's Personal Handy-phone System (PHS) user base had reduced to 53.245 million by the end of September, accounting for 20.2 percent of the total fixed-line phone user base compared with 16.4 percent at the end of 2008.** The number of fixed-line phone users declined 16.608 million in the first nine months. And 15.686 million of them were PHS users, with an average user loss of 1.743 million monthly.
- **China TechFaith Wireless Communication Technology announced that its wholly owned gaming subsidiary 798 Entertainment will provide game content to Chinese mobile phone branding companies aigo, Doov, AMT, QiGi and Flyfot.** Mobile phone customers can play built-in and other downloaded games free of charge, and will be charged for purchases of accessories for the games.

Telecommunications

- **Cheah Co Ltd, which is controlled by Cheah Cheng Hye, the co-founder of Value Partners, reduced its H-share holding in ZTE Corp to 4.98 percent from the previous 5.08 percent, sources reported.** Cheah sold 289,200 shares of ZTE for HK\$12.95 million (US\$1.6 million) on Oct. 12. The average price of the share transaction was approximately HK\$44.79 (US\$5.8) apiece. ZTE's controlling shareholder Shenzhen Zhongxingxin Telecommunications Equipment Co Ltd had bought 7.65 million of its A shares as of Oct. 9, 2009, accounting for about 0.42 percent of ZTE's total share capital.
- **China Mobile Ltd. had a sharp slowdown in profit growth for January-September period as competition intensified, while rival China Telecom Corp. said its net profit in the same period fell 34 percent due to higher marketing expenses.** Competition is intensifying for China's major telecom operators as the government granted three third-generation mobile licenses to three nationwide full services providers in January. Since then, all of them have been striving to ramp up their new 3G services with lower tariffs and higher handset subsidies. China Mobile's earnings will continue to be pressured by falling average revenue per user and growing handset subsidies due to increasing competition from China Unicom and China Telecom. China Mobile posted a net profit of 83.94 billion yuan (US\$12.31 billion) for the nine months ended Sept. 30, up 1.8 percent. Revenue rose 8.9 percent.
- **China Mobile Ltd. became the world's first phone company with more than half a billion subscribers as price cuts lured users, helping the carrier's profit rebound from its only profit drop in a decade.** Third-quarter net income rose 2.6 percent to 28.6 billion yuan (US\$4.2 billion).

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Sales increased 9 percent. China Mobile cut call fees and raised handset subsidies to attract 15.24 million users in the quarter as Chairman Wang Jianzhou expands in lower-income rural areas to fend off mounting competition from China Telecom and China Unicom. The stock fell in Hong Kong trading as earnings missed some analysts' estimates, underscoring the slowing subscriber growth in the world's largest phone market.

- **Chinese broker Guotai & Junan Securities released the monthly report for the telecom industry, saying that the industry's revenue keeps increasing and the mobile business sector is still the major force in driving the growth.** In the first eight months of this year, China's telecom industry registered revenue was up 3.1 percent on year, and the revenue gained in August was up 6.5 percent. The mobile business sector contributed 62.6 percent share to the revenue. The revenue of fixed-line business slid 3.5 percent month on month. The growth of mobile business made up losses from fixed-line business and maintained a growing trend in general, and the broker believes that driving up by the revival of mobile business, China's telecom industry has left a space of slowing growth triggered by the international financial crisis.
- **China's telecom industry generated revenues of 1.88 trillion yuan (US\$275 billion) in the first nine months of 2009, up 13.4 percent year-on-year and including 76.97 billion yuan (US\$11.3 billion) in September.** China added 9.33 million mobile phone users to reach a total of 719.83 million in September. The number of Chinese fixed-line subscribers fell by 2.23 million in September to 323.75 million, while broadband subscribers rose by 2.1 million to total 99.33 million in September.

Media, Entertainment and Gaming

- **Giant Interactive Group Inc.'s board chairman and CEO Shi Yuzhu will take charge of the R&D of a next-generation online game project, in which gamers will play an important role in deciding the billing of games.** The project has an R&D cycle of three years and has been developed for about one year. The project will bring a revolution to the billing of online games and change the micropayment way. Giant Interactive previously spent much in getting a stake in social networking service provider 51.com. The next-generation online game project has something to do with the integration of online games and communities. Shanda Interactive Entertainment Ltd. and Kingsoft Corp. have readopted time billing due to the disadvantages of micropayment games.

Technology

- **Focus Media Holding Ltd. purchased a 51 percent stake in the 12580 information service of China Mobile Ltd., but was denied by the leading mobile carrier. Focus Media will return to the wireless service field through the acquisition.** 80 percent of China's spam messages came from Focus Media, forcing the digital media operator to withdraw from the mobile advertising and wireless service fields. The 12580 information service is managed by the data division of China Mobile Communications Corporation. Its supporting service is provided by Beijing Umessage Co., Ltd. Everywhere around China, mobile phone users are able to check information relating to restaurants, entertainment, tourism, weather and traffic, and to book hotel rooms and air tickets by telephoning the 12580 service hotline.
- **Focus Media expects to complete restructuring of its non-core businesses, involving at least five or six subsidiaries, in the fourth quarter.** Focus Media upcoming third quarter will depend on the effects of restructuring. Focus Media will have its net revenue from continued operations, including Internet, movie theater and traditional outdoor advertising channels, lessen by about 40-50 percent in the third quarter. Focus Media now has about 10,000 to 20,000 fewer advertising frames compared

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with last quarter due to network optimization. Focus Media plans to maintain 70-75 percent overall market share and about 80-90 percent market share in excellent media resources, or media channels like high-rent office buildings.

Alternative Energy

- **JA Solar Holdings Co., Ltd., appointed Mr. Yuwen Zhao as an independent member of its board of directors.** The company's board of directors has accepted Mr. Huaijin Yang's resignation as vice chairman and board member.
- **LDK Solar announced organizational changes to its management team.** Mr. Xingxue Tong, President and Chief Operating Officer will temporarily take over all manufacturing operation functions, including polysilicon and wafer production, as a result of the resignation of Mr. Nicola Sarno, Senior Vice President of Manufacturing. Mr. Sarno will leave the Company on October 16, 2009 to pursue personal interests.
- **ENN Solar Energy will have to invest 200 million yuan (US\$29.3 million) to establish photovoltaic power stations in Qinghai and Gansu provinces with installed capacity of 2-5MW.** ENN Solar will have to list in 2011 at the latest and has not yet chosen a location for the offering. ENN Solar will kick off a Hong Kong IPO as early as mid-2010.
- **Comtec Solar Technology began offer subscriptions for an initial public offering on the Hong Kong Exchange.** The company's global offering is no more than 250 million shares, including 25 million shares for the Hong Kong market priced between 2.1 yuan (US\$.3) and 3.1 yuan (US\$.4). Comtec had decided to reduce its issue by 17 percent.
- **China Sunergy has appointed Siegfried Yi Chou Hsu as company Chief Financial Officer, effective immediately, the company said.** Dr. Shiliang Guo concurrently resigned from his position as acting CFO, but will remain a company director. The company's previous CFO, Kenneth Luk, resigned effective March 31, 2009. Hsu most recently worked as vice president of structured finance and a chief advisor of the investment committee for China investment strategy at China Development Industry Bank in Taipei.

Semiconductor

- **Intel Corp. will add US\$75 million in its plant in Chengdu, the provincial capital of southwest China's Sichuan province, boosting the company's total investment to US\$600 million.** Intel will move the assembly and test plant from Shanghai to Chengdu, and finish the transfer by the end of November. The investment of Intel in Chengdu facilitated the settlement of related enterprises here as well, hence formed a comparatively complete industrial chain. Most of the enterprises the plant needs for operational procurement have settled their branches in Chengdu and west China. The plant expects to attract downstream manufacturers of computer and consumer electronics products to Chengdu as well.

Taiwan

Telecommunications

- **Chunghwa Telecom will spend around NT\$30 billion (US\$929 million) annually over the next two to three years to expand its fiber-optic network.** The company expansion of network aims to meet the increase in demand. The telecom operator will have to add 10 million fiber-optic network subscribers through the expansion. Its current subscriber base is 15.1 million. Mobile broadband

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business will boom this year, with the number of subscribers expected to increase to 370,000. Chunghwa along with China Telecom will cooperate on a 60km undersea cable project across the Taiwan Strait. The company also paid NT\$60 million (US\$1.76 million) for a 30 percent stake in internet service provider and Sony subsidiary So-net Entertainment Taiwan, to use So-net's video distribution to add 550,000 new fiber-optic subscribers this year.

Hardware

- **Taiwan is considering easing controls on the technologies its flat-panel makers can use in their China operations, as South Korean and Japanese rivals have stepped up investments there.** LCD panel makers will be able to use any technologies in mainland production as long as they use more advanced technologies in Taiwan. LCD panel makers in Japan and South Korea would invest in more advanced 7.5th- and 8.5th- generation technologies in China, posing a threat to Taiwan companies. The island had not considered allowing the island's LCD firms to make large panels on the mainland for now. This would only cautiously export its technology expertise to China. The ministry would allow chip makers and flat-panel firms to invest more in China, including using more advanced process technology for chips and allowing LCD firms to make large panels there, but gave no timetable.
- **Acer Inc. recorded revenues of NT\$167 billion (US\$5.18 billion) and net earnings of NT\$4.7 billion (US\$145.96 million) for the third quarter of this year, up 40.3 percent and 54.6 percent respectively from the preceding quarter and both hitting historic high records.** Acer's operating profit margin is 2.8 percent in the third quarter of this year, higher than 2.55 percent in the previous quarter. Acer has seen growth of operating profit margin for two consecutive quarters, showing the company is continually raising profitability in core-business operations. The company registered NT\$3.45 billion (US\$107.14 million) in after-tax earnings, or NT\$1.28 (US\$0.039) per share, in the third quarter of this year, up 47.4 percent from the previous quarter. It scored NT\$7.82 billion (US\$242.85 million) in cumulative after-tax earnings in the first three quarters of this year.
- **Compal Electronics Inc. expects to ship more notebook personal computers this year than earlier forecast due to strong demand from Europe.** The Taiwanese contract manufacturer of computers expects to now ship more than 36 million notebook PCs, higher than its earlier guidance of 35 million units. Replacement demand from desktop to notebooks is driving sales and fourth quarter notebook shipments are expected to rise 10 percent from the third quarter. Compal shipped 10.55 million laptops in the third quarter. The launch of Microsoft Corp.'s new operating system Windows 7, together with Christmas sales in the U.S. and Europe, are expected to boost demand for laptops as well.
- **Prime View International (PVI) hit record-high preliminary September revenue of NT\$1.47 billion (US\$45.23 million), up 9 percent month-on-month (MoM) and a 51 percent year-on-year increase.** Third- quarter revenue had a new high of NT\$4.17 billion (US\$128.3 million), up 47 percent QoQ and 61 percent year- on- year due to the end-consumer demand growth and company's successful capacity expansion. E-paper products now already account for more than 50 percent of its overall revenue and the proportion would rise further due to continued strong demand. The second half is the peak season for e-paper products, so its 2.5th-generation (2.5G) plant in Taiwan and three lines at Hydis of Korea have been running at full-capacity production.

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Semiconductor

- **Chairman Morris Chang of TSMC hoped sales next year would return to 2008 levels.** Most analysts are optimistic on TSMC's business for 2010, as the foundry giant ramps up production of new chips using more efficient technology to win orders from foreign chip makers that are seeking to cut costs by stepping up outsourcing. TSMC is expected to post sales of NT\$343.4 billion (US\$10.7 billion) next year. Its sales was NT\$321.8 billion (US\$9.9 billion) in 2008. Third-quarter sales climbed by a fifth from the previous quarter, matching its own forecast, because of the growing chip demand.

Singapore/Malaysia/Philippines/Indonesia/India

Software

- **Subex Ltd., an Indian telecommunications software and products maker, reported a narrower fiscal second-quarter loss, helped by lower exceptional items and cost controls.** Consolidated net loss for the July-September period was 32 million rupees (US\$689 million). Net sales fell almost 23 percent. Total expenditure fell 24 percent, helped by lower personnel cost and other expenses. Losses from exceptional items narrowed to 21.90 million rupees (US\$471 million). The company said the exceptional items included exchange differences from restatement of foreign currency convertible bonds and intra-group foreign currency loans and advances. Sales at the company's products unit - which accounts for more than three quarters of its total revenue, fell 20 percent.
- **Tech Mahindra Ltd. said its second-quarter consolidated net profit fell nearly 44 percent, partly because of interest costs.** Net profit in the July-September period was 1.69 billion rupees (US\$36.4 million). The company's revenue fell 2 percent. Interest costs during the quarter were 816.2 million rupees (US\$17.6 million). The company had no interest cost in the year-earlier quarter. The average of estimates in a Dow Jones Newswires poll of eight analysts was for net profit of 1.63 billion rupees (US\$35 million) on revenue of 11.25 billion rupees (US\$242 million).

Telecommunications

- **Sterlite Technologies Ltd. posted a nearly nine times surge in its second quarter net profit, helped by lower costs and a large number of orders as clients shrugged off recessionary woes.** The Pune-based company, which makes optic fiber and cables, also said it may raise its EBITDA outlook by 15 percent due to the strong order inflow. Net profit for the July-September period rose to 546.7 million rupees (US\$11.8 million). Net revenue in July-September declined 30 percent. Orders, particularly in the power segment, were under pressure in a weak global business environment as clients held back spending due to a lack funds. Sterlite now has greater earnings visibility as clients are taking decisions on projects that were put on hold as a result of the global economic meltdown.
- **India's federal Cabinet allowed Norway's Telenor ASA to raise its stake in a telecommunications joint venture with Indian real estate company Unitech Ltd. to as much as 74 percent.** The cabinet committee for economic affairs gave approval for Telenor Asia, a unit of Telenor ASA., to raise its stake in Unitech Wireless Tamilnadu Pvt. Ltd. initially to 67.25 percent. The company may take a stake of up to 74 percent subsequently in the joint venture with the investment that is licensed to offer telecommunication services in India. It has licenses to offer services in each of India's 22 telecom service areas. Indian laws require all investment proposals above 6 billion rupees (US\$129.1 million) to be approved by the Cabinet, before it is presented to the federal investment promotion body. Federal cabinet approval would allow it to raise its stake.

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- **Gemini Communications Ltd. has emerged the lowest bidder for a Bharat Sanchar Nigam Ltd. contract to provide equipment for broadband services in rural areas.** Bharat Sanchar has shortlisted four companies for the contract and Gemini quoted 9.83 billion rupees (US\$211.4 million). China's ZTE Corp. quoted 10.65 billion rupees (US\$229.1 million), Harris Stratex Networks Inc. bid 10.94 billion rupees (US\$235 million) and Israel's Alvarion Ltd. quoted 11.01 billion rupees (US\$237 million). The contract is for supply of 7,000 base stations to Bharat Sanchar for its broadband services based on the worldwide interoperability for microwave access or WiMax technology in rural areas.
- **NBN Co. Executive Chairman Mike Quigley said the Australian government-owned telecommunications company, established to run a planned national high speed Internet network, is looking at all options for potential acquisitions that could kick start the A\$43 billion (US\$39.6 billion) project.** Telstra Corp., Singapore Telecommunications Ltd.'s Australian unit Optus, and Canada's Axia NetMedia Corp., may be interested in participating in the broadband project, potentially by selling existing assets into the network in exchange for equity. Australia's Communications Minister Stephen Conroy told the committee that NBN Co. could make acquisitions even before a A\$25 million (US\$23 billion) implementation study into exactly how the network will be built, operate and be financed is completed.

United States/Canada

Telecommunications

- **Sprint Nextel Corp. will acquire affiliate iPCS Inc., its last major independent affiliate for US\$426 million.** This will end the battle between companies. Sprint is not required to divest the assets it had in iPCS markets. The priority for the company going forward is to turn around its post-paid business. Sprint has been losing its most valuable contract subscribers at a startling rate. Chief Executive Dan Hesse expects subscriber losses to stabilize. Sprint's pre-paid segment has been stronger, with plans like those at its Boost Mobile unit sparking consumer interest. Sprint is trying to refresh its handset portfolio with the Palm Inc. Pre and experimenting with pricing.

Internet

- **Google Inc. is going global with its "Going Google" billboard campaign, a move the Internet search company hopes will accelerate the momentum of its enterprise applications business.** The Mountain View, Calif.-based company, which has largely relied on word of mouth to promote its products, would expand overseas its campaign to help businesses learn more about its online email, documents and spreadsheets. The new ads, which will appear in train stations and airports in countries including the UK, France, Canada, Japan, Australia and Singapore, are an extension of a campaign launched in the U.S. in August featuring billboards touting reasons why information technology managers switched to Google apps.
- **The pending Internet search deal between Microsoft Corp. and Yahoo Inc. has got the backing of four of the world's largest advertising firms, likely boosting the deal's chances of securing antitrust approval.** The chief executives of the WPP Group PLC, Publicis Groupe SA, the Interpublic Group of Cos. and Omnicom Group Inc. signed an open letter from the American Association of Advertising Agencies, saying the deal enhances competition and calling on the U.S. Justice Department to clear it. Microsoft and Yahoo in July will work together on a broad search advertising partnership to better combat market leader Google. The deal will reduce the number of significant competitors in the Internet search market to two. The agreement of the four CEOs -

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Martin Sorrell of WPP Group, Maurice Levy of Publicis, John Wren of Omnicom and Michael Roth of Interpublic will likely be persuasive to the Justice Department, which is reviewing the deal.

- **Yahoo! Inc. rose as much as 4.8 percent in Nasdaq trading after third-quarter profit and sales beat analysts' estimates, bolstered by a pickup in spending by some advertisers.** Excluding some expenses, profit was 15 cents a share. Sales, excluding fees passed on to partner sites, were US\$1.13 billion. Analysts had estimated US\$1.12 billion. Yahoo's main source of revenue is stabilizing as the recession eases. Yahoo also has benefited from lower expenses, following a move by Chief Executive Officer Carol Bartz to eliminate jobs and shut down some Web sites. Net income attributable to Yahoo more than tripled to US\$186.1 million. Larger companies are relying more on Yahoo's sites to market themselves.

Semiconductors

- **Texas Instruments Inc. will have a 17 percent drop in third-quarter sales, but analysts also see the chip giant affirming the rising optimism in the semiconductor industry.** That represents a slight drop from the year-earlier period when the chip maker reported earnings of 43 cents a share on revenue of US\$3.4 billion. The company hopes to improve chip demand as it raised its sales and earnings outlooks. TI will have revenue to be in the range of US\$2.73 billion to US\$2.87 billion. The company will have its analog business to be biggest driver of sequential growth. Nokia Corp. has decided to work with Broadcom Corp. and STMicroelectronics NV.

Europe

Mobile/ Wireless

- **The U.K. government will have a consultation regarding its desire to improve and extend mobile broadband coverage to up to 90 percent of the country.** The Department for Business Innovation and Skills (BIS) will have to implement recommendations made by the Independent Spectrum Broker (ISB), Kip Meek, on how to make best use of existing and future spectrum allocations. One of the key measures up for discussion is the government's proposal to work with telecoms regulator Ofcom to free up and auction 800-MHz frequency bands as soon as possible. The airwaves will be available as they will be vacated by the U.K.'s terrestrial television broadcasters. The government will have to hold a combined auction that will also include 2.5 GHz spectrum, which would pave the way for rolling out WiMAX services. The BIS also recommended liberalizing rules on the use of 2G spectrum to allow the country's mobile operators to reform frequencies in the 900 MHz and 1800 MHz band for mobile broadband services.
- **Ericsson and Kaixin001 are joining forces with a three-year partnership to develop innovative mobile applications that will help millions of users access the site wherever and whenever they want.** Kaixin001 already has more than 50 million subscribers in China and among Chinese speakers across the world, and is attracting about 200,000 new registrations a day. With subscribers now mainly accessing the website via their PCs, the cooperation between Ericsson and Kaixin001 will bring new applications that will allow users to manage their virtual space, interact with friends and stay updated on their online communities, all via their mobile devices. Future services could include real-time uploading of photos and videos from mobile phones, SMS alerts on a favorite celebrity's activities, and location-based services, such as checking if friends are nearby.

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Internet

- **Yell Group PLC will cut its 3.8 billion pounds (US\$6.2 billion) debt pile remains on track, despite extending the due date for its lenders to agree to its refinancing plans.** The extension was because of the complexity of the situation. There had been no hostility to the plan from the lending syndicate. Yell has asked its lenders to amend its debt covenants to allow it to raise 500 million pounds (US\$820 million) through a new share issue, and to extend its debt maturities to 2014. Approval from 95 percent of Yell's lending syndicate, which comprises more than 300 institutions, is needed in order for the amendments to be passed. A high percentage by value of its lenders had agreed to the proposal and intended to work with the remaining lenders to gain their approval.
- **European Commission said that key companies involved in online music sales have pledged to improve consumer access to online songs.** The companies, including Amazon, EMI, Apple Inc.'s iTunes, Nokia, Universal Music Group and music rights collecting societies from the U.K, Spain and France, announced a number of concrete steps that should give European consumers better access to online music. Because current music licensing mechanism in Europe differs from country to country and is generally too complex, stakeholders are missing out on opportunities in the digital world. Simpler licensing solutions have the potential to expand the market and bring new and more innovative online music offerings to a broader range of European consumers, whilst safeguarding authors' interests.

Telecommunications

- **Polkomtel may see its EBITDA fall by less than 10 percent in 2009.** Polkomtel's revenue from core business will stay flat this year as demand remained sound. Polkomtel's EBITDA totaled 3.1 billion zlotys (US\$1.1 billion) last year. At the start of the global financial crisis in late 2008, the zloty entered its most volatile period in Poland's recent history, taking it from an all-time high of 3.2009 zloty against the euro in July 2008 to near its all-time low, hitting PLN4.9 (US\$1.7) against the euro in February. The zloty retreated to around PLN4.5 (US\$1.6) at the end of the second quarter and PLN4.2 (US\$1.5) at the end of the third quarter.
- **Vodacom Group Ltd. said its first-half earnings have been sharply eroded by roughly 3.2 billion rand (US\$430 million) impairment on an acquisition, and higher finance charges.** Profitability at its operation in the Democratic Republic of Congo also was hit by the reversal of a deferred tax asset of about ZAR500 million (US\$66.9 million) after profits was dented by the economic conditions in the country. Basic earnings per share for the six months to Sept. 30 are expected to be between 95 percent and 105 percent lower than the same period last year. EBITDA are expected to be about 8 percent higher, while revenue for the period is likely to be up some 10 percent. Vodacom's earnings have been affected by higher finance charges and losses on the remeasurement of financial instruments. It also expects impairment charges of about ZAR3.2 billion (US\$428 million), mainly related to the purchase of African satellite-services company Gateway last year, which has been hit by the economic environment and increased price competition.
- **France Telecom will suspend all restructuring until the year end amid talks with unions on working conditions, following a spate of suicides at the company.** The latest freeze goes a step further than the suspension of all internal jobs reshuffling. When negotiations with workers unions are due to finish, France Telecom will put on hold any plans to close or merge sites. The latest death at the company occurred last, bringing to 25 the number of employees who have taken their lives since February last year at France Telecom, a number that is still in line with the national average. The

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average suicide rate in France is 26.4 per 100,000 men, and 9.2 per 100,000 women. Still the violent nature of the deaths has made headlines for months in France and put management on the defensive.

South Africa/Middle East/Latin America

Telecommunications

- **Mobily's third-quarter net profit rose 50 percent to 807 million Saudi riyals (US\$215.2 million) due to the increased usage of mobile service offerings.** Third-quarter net profit was also 20 percent higher. Mobily had continued growth in the use of high speed packet access, or HSPA, and wider coverage as key factors behind the profit surge. Its third-quarter operating profit rose 32 percent while net profit for the first nine months of the year soared 49 percent.
- **Saudi Telecom Co. said its 2009 third-quarter net profit fell 20 percent to 2.4 billion Saudi riyals (US\$640 million) from a year ago due to rising capital expenditure on its foreign ventures.** Third quarter profit was well below some analysts expectations. EFG-Hermes expected STC to post a third-quarter result of SAR2.87 billion (US\$765 million), while Shuaa Capital had penciled in SAR2.9 billion (US\$773 million). The decline in net profit was due to a rise in capital expenditure on its foreign investments in telecom operators in Turkey, India, Kuwait, and Indonesia. Earnings per share for the first nine months of 2009 fell. Third-quarter operating profit fell 32 percent. Saudi Telecom, which had a domestic monopoly until 2005, is facing increasing competition in its home market as new players chip away at its subscriber base.
- **Emirates Telecommunications Corp. (Etisalat) purchased a 100 percent stake in Tigo Sri Lanka for US\$207 million as it continues its expansion into new markets.** Etisalat will have to invest in Tigo Sri Lanka to ensure that it has the dynamism to take the leading position in Sri Lanka's telecom market in the next few years. Etisalat is close to finalizing a bond program aimed at financing foreign acquisitions and expanding into new markets. The bond program is in line with foreign expansion and acquisition activities Etisalat is carrying out in regional and global markets. Etisalat expects its subscriber base to expand in 2010, from a current 85 million subscribers in Etisalat companies or affiliates across 17 markets in Asia and Africa.
- **Emirates Telecommunications Corp. had a 5 percent rise in third-quarter net profit.** The company hasn't been impacted by the global financial crisis, in results that were largely in line with expectations. Profit for the period attributable to the telecom firm's equity holders rose slightly to 2.25 billion U.A.E. dirhams (US\$612.6 million). Nine-month net profit fell slightly to AED6.85 billion (US\$1.8 billion). The earnings were largely in line with analyst expectations, exceeding Al Mal Capital's forecast of AED2.12 billion (US\$577 million) but falling slightly short of EFG Hermes estimate of AED2.42 billion (US\$659 million). Dubai's Shuaa Capital had pencilled in a third-quarter estimate of AED2.24 billion (US\$609 million) for the telecom firm.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 10/23/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	92.0400	1.3%	1.0%	-0.2%	-18.2%
Hong Kong dollar	HK\$/ US\$	7.7495	-0.01%	-0.01%	-0.01%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8280	0.02%	0.02%	0.1%	-6.5%
Singapore dollar	S\$/ US\$	1.3946	0.2%	-1.2%	-4.6%	-3.5%
South Korean won	KRW/ US\$	1,189.0000	2.3%	-0.6%	-9.7%	27.1%
New Taiwan dollar	NT\$/ US\$	32.3850	0.3%	0.2%	-1.2%	-0.3%
Australian dollar	US\$/A\$	0.9222	0.6%	5.6%	29.9%	5.4%
New Zealand dollar	US\$/NZ\$	0.7542	1.8%	4.9%	28.9%	-2.5%
Philippine peso	PHP/ US\$	46.8500	-0.3%	-1.1%	-0.7%	13.7%
Euro	US\$/€	1.5000	0.7%	1.4%	8.1%	1.9%
British pound	US\$/£	1.6305	-0.3%	-0.3%	12.3%	-18.2%

Fixed Income Prices and Yields

Note	Currency	Current (on 10/23/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	103.47	4.34%	104.33	4.29%	105.06	4.20%
Japan 30-year	¥	99.02	2.26%	98.93	2.26%	102.34	2.17%
Hong Kong 10-year	HK\$	103.05	2.30%	102.04	2.42%	100.25	2.54%
China (06/16)	US\$	108.93	3.22%	108.93	3.22%	109.22	3.18%
Singapore 10-year	S\$	98.75	2.67%	98.75	2.67%	100.43	2.45%
South Korea 20-year	KRW	9,787.06	5.83%	9,831.87	5.78%	9,961.95	5.55%
Australia 15-year	A\$	99.53	5.81%	100.56	5.68%	103.56	5.33%
New Zealand (12/17)	NZ\$	100.82	5.96%	101.54	5.84%	102.00	5.90%
Philippines 20-year	PHP	104.36	9.22%	104.40	9.22%	104.33	9.02%
India 30-year	INR	83.00	8.57%	82.75	8.60%	84.87	8.20%
UK 30-year	£	108.95	4.25%	109.55	4.22%	108.66	4.24%
Germany 30-year	€	102.38	4.10%	103.70	4.03%	101.53	4.16%

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