



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

Week of 15 March 2010 - 21 March 2010

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



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Equity Market Indicators					
Index	Closing Level (3/19/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,159.90	0.9%	4.8%	4.0%	28.4%
Dow Jones Industrial Avg.	10,741.98	1.1%	3.4%	3.0%	22.4%
Dow Jones Tech. Index	409.54	0.4%	4.8%	1.7%	62.9%
Dow Jones Telecom. Index	212.64	0.0%	3.0%	-3.1%	6.4%
NASDAQ Composite	2,374.41	0.3%	5.9%	4.6%	50.6%
Japan Nikkei 225	10,824.72	0.7%	4.7%	2.6%	22.2%
JASDAQ	52.88	1.2%	5.3%	9.3%	9.7%
Japan Mothers	438.85	3.6%	10.9%	5.4%	35.7%
Korea KOSPI Composite	1,686.11	1.4%	4.0%	0.2%	49.9%
Korea Kosdaq	527.58	1.6%	2.8%	2.7%	58.9%
Taiwan Stock Exchange	7,897.91	1.9%	6.1%	-3.5%	72.0%
Singapore Straight Times	3,201.55	2.2%	6.2%	7.0%	81.7%
Hong Kong Hang Seng	21,370.82	0.8%	4.6%	-2.3%	48.5%
Hong Kong GEM	781.49	1.2%	7.8%	15.4%	102.7%
China Shanghai (A-Share)	3,216.68	1.8%	1.6%	-6.4%	68.3%
China Shenzhen (A-Share)	1,239.98	3.0%	4.5%	-1.7%	113.2%
China Shanghai (B-Share)	254.51	2.7%	1.7%	0.8%	129.5%
China Shenzhen (B-Share)	629.91	2.4%	6.6%	0.6%	132.2%

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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

Mobile/ Wireless

- **The mobile device software programs market is forecast to rocket to US\$17.5 billion within three years.** Downloads of mobile apps to handsets will leap from slightly more than seven billion in 2009 to nearly 50 billion in 2012. Apple runs the world's top app store online at iTunes and its iconic chief executive Steve Jobs pronounced the culture-changing company a mobile devices company in January. Mobile applications have been around since the late 1990s, but began to blossom in earnest after Apple launched its App Store for iPhone and iPod Touch devices in mid-2008. The annual market for mobile applications is US\$6 billion and Internet firms are racing to offer services that tap into geo-location, camera, touch-screen and other features of mobile phones. Seventeen percent of GetJar users already spend more time on Internet-linked mobile phones than they do on desktop computers.
- **Mobile ad spending will reach nearly US\$700 million in China in 2012, boosted from US\$101 million in 2009.** China, which has the largest mobile subscriber and internet population, is forecast to become a significant mobile advertising market by 2012, although spending will still be reduced. In Brazil, India and Russia, spending levels across primary mobile advertising channels is expected to remain modest. Mobile ad spending in Brazil is seen to grow to US\$11.8 million by the end of 2010, and to US\$40.9 million in 2012. Russia will top US\$6.4 million in mobile ad spending this year, boosted from US\$4.8 million in 2009, and is seen to exceed US\$22.4 million by end-2012. Finally, mobile ad spending in India will rise to US\$35.4 million this year, and to US\$85.4 million by 2012.
- **The size of the mobile applications industry will exceed US\$17 billion in 3 years, bigger than the CD and DVD industry.** Asia is the largest market by volumes whereas North America remains the leader by value. Average price of a download in North America is more than 10 times that of the price in Asia, mainly because of the more sophisticated applications demanded by subscribers in that region. The expected market size in 2012 is more than three times of what it was in 2009.

Media, Entertainment and Gaming

- **In a sign of growing acceptance of the pervasiveness of digital technology, best-selling author John Grisham agreed to publish all his titles in digital format.** The book industry is on the verge of a massive overhaul with the launch of digital devices like Kindle and iPad. New business models are emerging as publishers, authors, distributors debate over how to share revenues. Brick and mortar bookstores will also have to radically transform themselves or face the danger of becoming extinct as online book stores such as Amazon, Sony Reader Store and Barnes & Noble make it cheaper and more convenient for customers to purchase books.

Internet

- **A report by the Simon Wiesenthal center exposed the dangers of pervasive access to the internet by announcing that use of social networking platforms and discussion forums by terrorist groups, hate communities and perpetrators of violence grew by 20 percent in 2009 over the previous year.** Governments across the world remain uncertain about how they can regulate and monitor the huge volumes of interaction on the internet and its role in perpetuating global acts of terrorism, violence and murder. The report found almost 12,000 hate sites, forums and networks

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prompting violence and terrorism, up from around 10,000 in 2008. In related news, a U.N report says that rebels in Somalia, Africa use the web to raise funds and to recruit new members. The study also says that the rebel groups achieve a higher degree of success in their online efforts compared to their initiatives and efforts on the ground.

Hardware

- **The annual sales of the global tablet PC market will grow 50 million by 2014 thanks to the launch of Apple's iPad.** According to research house In-Stat, there should be two factors available for the growth of the tablet PC business: the perfect combination among devices, Wi-Fi access and contents. In-Stat pointed out Amazon's Kindle as the best case for other tablet PC makers to follow. iPhone shows the similar path to follow, but it requires individual contracts with telcos to get the Wi-Fi connectivity. The second factor was the combination of new technology, contents and applications to deliver special experiences to users. The new business model created from this combination will determine the launch of a new platform, said In-Stat.

Telecommunications

- **Spending on WCDMA mobile network infrastructure equipment outstripped GSM for the first time in the fourth quarter of last year as 2G spending dropped in high-growth markets China and India.** Total mobility infrastructure revenue declined to US\$10 billion in Q4, declined at a double-digit level from the year-ago quarter. WCDMA revenue alone accounted for close to US\$5 billion of the total. China Unicom was a key driver of WCDMA equipment revenue in 2009, spending heavily in the first half of the year to roll out its 3G network in record time. 3G auctions in India – scheduled to commence on April will also affect 3G network spending this year, although to a lesser extent than China did.

Semiconductor

- **In contrast with the declines seen industry-wide, semiconductor suppliers based in the Asia-Pacific region had a 2.3 percent sales increase for 2009.** Suppliers based in Asia-Pacific focused on hot semiconductor products, such as NAND flash-memory chips and light-emitting diodes while they capitalized on strong demand from the region. The NAND flash market grew more than 15 percent in 2009 and LED revenue climbed more than 5 percent. NAND flash-memory chips are used in MP3 music players and digital cameras. Samsung Electronics Co. and Hynix Semiconductor Inc. were the only two among the world's top 10 chipmakers with revenue growth last year. Both are memory suppliers. Revenue shot up nearly 90 percent at LED-maker Seoul Semiconductor Co. Global semiconductor revenue declined 12 percent last year, and two-thirds of the nearly 300 semiconductor suppliers measured by iSuppli had lower sales.
- **Goldman Sachs said that the global chip industry will likely see a shortage in DRAM chips next year due to increasing demand.** Meaningful capacity additions in the memory chip industry will not be possible until 2011. Goldman Sachs recently updated its 2010 PC unit growth forecast to 17 percent year-on-year from its earlier prediction of 12 percent made at the end of last year. Similar dynamics will take place in the NAND flash memory market. NAND flash memory is mainly used in portable devices and can be electronically erased and reprogrammed.
- **Infonetics Research estimates that PON equipment revenue reached US\$2.18 billion in 2009, boosted 35 percent from 2008, and is forecast to more than double by 2014.** The Chinese FTTB market continued to drive growth in both EPON and MSAP revenue, as the major Chinese operators look to pass nearly 25 million homes in 2010 with a combination of ADSL and Fast Ethernet

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connections via MSAPs, which are being fed by EPON links for network-side access. Worldwide PON equipment revenue climbed 26 percent sequentially in the fourth quarter 2009, driven by boosted spending on EPON equipment in China. GPON deployments 'shot up' in Q4'09 as a result of major increases in shipments to China Mobile and China Telecom, as well as continued bulk OLT and ONT shipments to BSNL of India as part of its 700,000-line GPON build-out.

- **The outlook for the semiconductor industry will remain optimistic until at least the second quarter of this year.** The outlook for the second half of the year will hinge on whether orders of logic fab are normal or not. Lu, who is also chairman and CEO of Taiwan's Etron Technology, also predicted in the GAS conference that the RAM market will boom until 2011. Supply in the DRAM market is tight and that the situation could continue until the second half of the year because the sector will face many bottlenecks, which will limit output increase. A global DRAM sector oversupply began in 2006, which he said was attributed to the world's loosened monetary policy, resulting in overinvestment by DRAM businesses.

Japan

Semiconductor

- **Elpida Memory is expected to return to the black with an operating profit of 16.5 billion yen (US\$183 million) for the year ending this month, buoyed by a recovery in DRAM chip prices.** DRAM prices are currently around US\$2.5 for 1 gigabit products, up from around US\$1 about a year ago.

Media, Entertainment and Gaming

- **Jupiter Telecommunications will make Warner Bros new movies available on the same day they are released on DVD as part of its enhanced video-on-demand (VOD) service.** J:COM has recently tested several new release titles from Warner Bros on the same day they come out on Blu-ray/DVD and will continue to offer more titles from Warner Bros on a day-and-date basis.
- **Index Corp. will start offering support to overseas developers of social-network games seeking to push into Japan.** The Index Holdings unit aims to generate 1 billion yen (US\$11.1 million) in related sales a year and share the income with client firms. Abroad, games offered on social networking sites are usually played on personal computers. But mobile phone users are the big players in Japan. So foreign firms needing to make their games handset-compatible when entering Japan will have Index to provide help. Among other services, Index will translate games and on-screen buttons, and ensure that game applications intended for PCs work on each type of mobile phone handset. It will also adapt games to better suit Japanese tastes.

Telecommunications

- **Nippon Telegraph and Telephone Corp (NTT) is expected to issue 200 billion yen (US\$2.2 billion) in bonds in fiscal 2010, declined more than 10 percent from fiscal 2009.** NTT's bonds provide medium to long-term funding for units NTT East Corp and NTT West Corp. This fiscal, the telecommunications giant has so far rolled out three bond issues, totaling 230 billion yen (US\$2.5 billion), including a 60 billion yen (US\$663.4 million) four-year bond targeting retail investors. NTT is likely to forego issuing foreign currency-denominated bonds as domestic long-term interest rates remain lower than those overseas. The company is likely to focus on issuing bonds with about 10-year durations for institutional investors for now. Issuances targeting retail investors may also be shelved in fiscal 2010.

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- **Advantage Partners will partner with Softbank to acquire the company's XGP mobile network service business.** Advantage Partners and Softbank are to invest alongside the government-backed Enterprise Turnaround Initiative Corporation (ETIC) of Japan in the turnaround of bankrupt Japanese mobile services company Willcom.
- **NTT Docomo will expand the role of Docomo China Co., Ltd. to strengthen delivery of high-quality solutions, services and support and facilitate new growth in the fast-expanding Chinese mobile market.** Docomo China, a wholly owned subsidiary based in Shanghai, will begin collecting data on mobile communications and exploring new business opportunities in China. It will assume responsibility for these duties from the Docomo Shanghai Representative Office, which will be closed on March 31. The change is seen to strengthen organizational structure and raise operational efficiency.

Korea

Telecommunications

- **Korea Telecom could bid for a controlling stake in Colombian state-owned company Empresa de Telecomunicaciones de Bogota SA (ETB).** Korea's vice-Transport Minister Kwon Do-young made the announcement at a meeting of business leaders of the two countries in Bogota. Spain's Telefonica has also said it is interested in bidding for ETB, and there is speculation that Telemex may also bid. ETB is selecting a partner to inject fresh capital in return for a controlling stake in the company. The stock has been one of the Colombian stock market's most volatile in recent months, fluctuating sharply on takeover rumors.
- **SK Broadband will begin distribution of IPTV handset to offer IPTV service to elementary, middle and high school.** Merged LGT and KT will distribute hand sets in a form of USB. School IPTV Service is a service that the MEST would offer IPTV to elementary, middle and high school to reduce private education cost and boost public education. 3 big mobile carriers plan to provide IPTV to classrooms. Instead of setting up existing IPTV set top box, it will use existing PCs in classroom to develop IPTV handset for PC that can use IPTV in PC jointly with SKT. External had set has CAS (Conditional Access System) and DRM (Digital Right Management) which needed for real time broadcasting necessary to IPTV to see real time broadcasting and VOD watching. And using smart card, it can do user certification and contents security.

Semiconductors

- **Creditors of Hynix Semiconductor Inc. have raised 923.2 billion won (US\$813.6 million) by selling a 6.67 percent stake in the chipmaker through block trade.** KEB, the main creditor of the chipmaker, said the creditors unloaded 39.28 million shares for 23,500 won (US\$20.72) per share to local and foreign investors at its closing share price. Three previous attempts to sell part of the creditors' combined 28.1 percent stake in the chipmaker declined through as they drew no domestic buyers. The creditors, which bailed out credit-squeezed Hynix by swapping the company's debts for stocks, now own a combined 21.4 percent stake in the company after the block sales, while Korea Finance, with a 5.5 percent stake in the company, is the largest shareholder. The deal cut KEB's stake in the firm to 4.56 percent.
- **Sales by South Korean chipmakers in 2009 expanded a combined 3.6 percent from a year earlier due to boosted demand from handset makers, despite a sharp decrease in overall revenues for the global industry.** While the global semiconductor industry logged an 11.7 percent

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fall in 2009 revenues, South Korean chipmakers weathered the storm due to demand for NAND flash memory used in mobile devices and light-emitting diode (LED) memory for flat screen TVs. Samsung Electronics and Hynix Semiconductor the second-largest and seventh-largest chipmakers in terms of 2009 revenue, were the only two of the world's top 10 semiconductor suppliers that had positive growth for the year as most suppliers were hit by the economic downturn.

- **Korea's chipmaker MagnaChip LLC, owned by Avenue Capital, announced plans to list on the New York Stock Exchange through an IPO.** The company plans to raise about US\$ 250m through this offer. The company manufactures chips that are used in flat-panel displays and smartphones.

Media, Gaming and Entertainment

- **The government will work with on-line game firms to put restrictions on excessive gaming as concern over the issue flared anew following the starving death of an infant who was allegedly neglected by addicted parents.** Possible restrictions under consideration include having users lose part of their virtual assets if they spend too much time gaming, the ministry said in a press release. Details of the fatigue system will be announced later this month. The ministry also said it will increase its budget for projects to curb online game addiction by 10-fold to 5 billion won (US\$4.4 million) to offer better counseling and treatment to addicts.

China

Internet

- **eBay's PayPal unit plans to increase its online-payment system as an option on Alibaba.com's new AliExpress international marketplace.** This would help expand PayPal's presence in China, as well as smooth Alibaba's entry into international markets, such as the U.S. Alibaba.com last year launched AliExpress, a wholesale marketplace where retailers around the world can source electronic products, automotive parts, clothing and other unbranded merchandise from suppliers in China and Taiwan.
- **Alibaba.com's fourth-quarter net profit climbed 49 percent from a year earlier to 281.2 million yuan (US\$41.2 million) as its members grew and revenue climbed 36 percent.** The company will continue to invest in technology and talent in its China marketplace this year as it sees domestic demand as the company's long-term growth engine. The improvement in Alibaba's earnings comes as the global economy is recovering from the financial crisis, boding well for export trade and domestic consumption in China. Alibaba, which provides listings for mostly Chinese manufacturers to find buyers at home and abroad, takes membership fees in return and derives most of its revenue from Chinese exporters. Its parent, Alibaba Group is 39 percent owned by Yahoo Inc.
- **Google's censorship dispute with China could come to a head by the end of March, at which time the U.S. company's license to operate its Chinese-based search service may expire.** The prospect of an expiring license comes as Google and the Chinese government appears to have reached an impasse in their dispute over Internet censorship. Google has previously said it intends to soon stop censoring results on its Chinese-language search site, Google.cn, although it has not specified when it would do so.
- **Noah Education has signed an agreement to acquire 70 percent interest in Shenzhen Wentai Education Industry for total consideration of 126 million yuan (US\$2.8 million) by June 1, 2010.** Wentai Education manages six kindergartens and four primary schools in five cities in Guangdong province, with total student enrollment of over 5,000 and 580 faculty and staff. The

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company had revenue of 49 million yuan (US\$7.2 million) in 2009. Wentai Education will use 90 million yuan (US\$13.2 million) of the investment for expansion, while its management team will retain the remaining 30 percent of the company's stake. The compensation will come from Noah's current cash reserve.

- **Baidu will launch its business-to-consumer (B2C) online shopping mall in cooperation with Japanese online mall operator Rakuten by the third quarter of 2010.** Total investment will reach US\$50 million over the next three years. Youa held a 4.7 percent market share in the C2C online shopping market as of the second quarter of 2009, while Taobao remained the market leader with a 77.1 percent share, followed by Paipai.com with a 10.4 percent share.
- **Taobao.com spent an average of 500,000 yuan (US\$73233) per day in commission payments to Taobao.com promoters by late 2009.** The company will introduce "The Blue Whale Plan," a new advertising model under which it will distribute a total of 1 billion yuan (US\$146 million) to small and medium-sized site operators in 2010.

Mobile/Wireless

- **KongZhong Corp.'s total revenues of US\$34.334 million for the three months ended December 31, 2009, declined 2.2 percent.** Revenue from wireless value-added services (WVAS) inched declined 0.5 percent quarter on quarter to US\$25.267 million. Revenue from mobile games declined 10.4 percent to US\$7.349 million. Revenue from wireless Internet service boosted 14.4 percent to US\$1.718 million. Cost of revenue climbed expanded 5.1 percent quarter on quarter to US\$18.037 million from US\$17.167 million in the previous quarter. Total operating expenses edged up 2.0 percent to US\$12.030 million. Gross profit dropped 8.6 percent to US\$15.656 million. Gross margin reduced 3 percentage points to 46 percent.

Telecommunications

- **China Mobile Ltd. had a sharp slowdown in profit growth for 2009 and said it will cut capital spending in the next three years to save costs and maintain profitability.** Earnings growth momentum for China Mobile has been slowing down because of increasing competition from rivals China Unicom Ltd. and China Telecom Corp. Higher marketing and depreciation expenses for its third-generation mobile services are also likely to continue to weigh on its profitability this year. The company is seeing downward pressure on its margins and revenue as the telecom operator adds more low-income subscribers in rural areas and mobile tariffs are trending down. After the commercial launch of its 3G mobile service in January 2009, China Mobile has been striving to improve its network coverage and handset quality to add subscribers.
- **Results of a recent survey on 3G users revealed the distance between Chinese telecom operators' intended development and actual user behavior.** The most attractive 3G application is high-speed Internet access rather than video calls. Most of users spent 50 yuan (US\$7.33) on 3G services. China's three telecom operators introduced various 3G services in 2009, the first year that the new mobile communications technology has been provided to Chinese users, and made great efforts to publicize services such as video calls, mobile-phone television, mobile-phone mail box, mobile-phone reading, mobile-phone payment and other novel applications. But the survey shows that most customers using 3G service for only one reason: accessing the Internet.
- **Negotiations between China's telecom and cable TV regulators remained stuck over legislation that would allow companies in China to bundle together and offer telecom, cable television and internet services.** Current laws do not allow companies to merge and offer collective

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services. The regulators are unable to agree over how the mobile companies can continue to ensure the strict censorship standards required in the television and internet businesses in China.

- **China Mobile will boost its handset subsidies by nearly 30 percent this year as it ramps up its recently launched 3G business.** The company will provide about 15.5 billion yuan (US\$2.27 billion) in subsidies this year. Average revenue per user (ARPU), a commonly watched barometer of health, was likely to fall slightly this year from 2009.
- **China's operators launched 3G services in May 2009.** 3G subscribers accounted for 5.2 percent of China Mobile's new subscribers, 19.3 percent of China Telecom's new customers, and 18.7 percent of China Unicom's new subscribers. The total number of 3G subscribers in 2009 has reached 11.414 million, accounting for 1.5 percent of mobile users. Data card, wireless fixed-line phone and other non-mobile phone users account for over 60 percent. By the end of December 2009, the sales volume of China's 3G terminal market has reached 11.224 million units. CCID Consulting sees China's 3G mobile phone market will see great development in 2010 with sales volumes to exceed 50 million units.

Media, Entertainment and Gaming

- **Shanda and China Central Television's (CCTV) national online TV station CNTV plan to cooperate in various internet services, such as online games, video, literature, music, wireless products and online platforms.** The two companies aim to form a joint venture to develop online games. Neither company has offered further details of the joint venture so far. CNTV and Shanda-invested online video site Ku6.com shall cooperate in TV technology, products development and copyright protection in November last year, while CNTV and Shanda Literature also already have cooperation agreements.
- **Shanda will start co-operating Kingsoft's in-house developed 3D martial arts MMORPG JX Online 3 in May this year.** The companies have agreed that Kingsoft will be responsible for game content and quality, while Shanda will distribute and promote the game. Kingsoft and Shanda will establish a joint venture to co-operate games, starting with JX3. Kingsoft has nine games scheduled for release in 2010.
- **Focus Media narrowed its net loss for the fourth quarter to US\$52.5 million, compared to a loss of US\$802 million in the fourth quarter of 2008 and a loss of US\$127 million in the quarter ending September 2009.** The out-of-home advertiser recorded full year losses at US\$208 million, compared to a loss of US\$770 million in 2008. The company's Chairman and CEO Jason Jiang announced that the company's focus for 2010 would be on developing LCD, poster and in-store advertising networks in China's second and third tier cities.

Hardware

- **Skyworth said that sales of its LCD TVs boosted by 70 percent year-on-year to 335,700 units in February in China.** Revenues from the company's China TV business unit grew 61 percent in February compared with the same period 2008.
- **The Chinese regulator conducting a probe into consumer complaints against Hewlett Packard, the world's largest computer maker, accusing the company of selling faulty laptops upheld the complaint and reported that the company indeed sold laptops with faulty video cards.** The plaintiffs alleged that the video cards overheated and melted, causing damage to the laptops. The company has promised to look into the matter and take corrective action.

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Alternative Energy

- **China Sunergy CEO Allen Wang has resigned from the company for personal reasons, and been replaced by Stephen Zhifang Cai.** Cai previously worked as the Director of China Electric Equipment Group (CEEG), CEO of CEEG PV Business, Chairman of CEEG Shanghai Science and Technology, and management roles at DuPont China and the Shanghai Institute of Chemical Fiber. The firm will acquire 100 percent equity interest in two related module manufacturers, China Electric Equipment Group subsidiaries CEEG (Shanghai) Solar Science & Technology and CEEG (Nan Jing) New Energy, for total consideration of US\$47 million. The acquired companies have annual production capacity of 150MW and 70MW, respectively, and target capacity of 300MW and 170MW by mid-2010.

Taiwan

Telecommunications

- **Chunghwa Telecom Co. signed a NT\$6 billion (US\$189 million), 16-year lease agreement with its joint venture ST-2 Satellite Venture Pte. Ltd.** Chunghwa Telecom will be able to use a satellite repeater operated by ST-2 Satellite Venture. The deal will allow Chunghwa to serve current customers, explore new customers and develop new services. ST-2 Satellite Venture is a joint venture between Chunghwa Telecom and Singapore Telecommunications Ltd.
- **Global Mobile will end this year with 30,000 users for its Wimax services.** The company further aims to expand coverage and offer VoIP services. Tatung InfoComm also said it will launch VoIP services on its Wimax network. Global Mobile aims to launch voice services in the second half of this year. The company is also considering buying Wimax handsets from HTC. Global Mobile will also improve coverage by increasing the number of base stations to 500 from the current 100.

Hardware

- **Chimei Innolux sees capital spending this year for its 8.5 and 6 generation lines reaching at least NT\$40 billion (US\$1.3 billion).** The LCD maker also sees sales each month to come in at NT\$40-NT\$50 billion (US\$1.3-1.6 billion). Chi Mei will merge with Innolux through a share swap to create the island's largest LCD panel maker, aiming for a stronger foothold in the highly competitive LCD industry which is dominated by the world's two biggest makers, South Korea's Samsung and LG Display. The merger was the latest alliance in Taiwan's LCD industry, where smaller companies are trying to boost their economies of scale to better compete.
- **Taiwanese firm, Foxconn Technology Group, strongly denied rumors that its current founder CEO, Terry Gou is about to liquidate the company before retiring next year.** The company said that Terry Gou expects to continue for the next few years and has no drastic plans such as liquidation currently.

Media/Entertainment/Gaming

- **UserJoy Technology, a leading player in the Online game industry released its financial results for financial year 2009.** Revenues rose by 99.6% over 2008 at around US\$27 million and net income rose by 113% at around US\$9.2 million. The game developer is one of the few Taiwanese companies to publish successful titles in both Taiwan and mainland China. The company's outlook for 2010 also remains buoyant after it got into multiple licensing deals to sell more of its hit game titles in China and other countries in South East Asia. Meanwhile, UserJoy's rival Chinese Gaming

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International, the first publicly listed Taiwanese games developer is expected to announce its full year results for 2009 and also beat analyst forecasts.

Hong Kong

Media/Entertainment/Gaming

- **iCable communications, a subsidiary of the Wharf Group and also Hong Kong's leading pay television provider expects a stellar year for itself on the back of the FIFA football world cup and the Barclay's premier league tournaments.** The company, which boasts of owning rights to broadcast the most popular football tournaments in Hong Kong, is expecting to become profitable in 2010 after narrowing down its losses in 2009. iCable also sells internet broadband services to retail customers in Hong Kong.

Telecommunications

- **Hutchison Telecommunications Ltd. will delist from the Hong Kong Stock Exchange and the New York Stock Exchange if Hutchison Whampoa Ltd. will be permitted to acquire the telecom services provider private for US\$545 million.** The delistings are part of Hutchison Whampoa's plan to gain full control over how to restructure Hutchison Telecom's unprofitable assets, after the 60.4 percent-owned unit sold or spun off its profitable businesses in the past few years. Hutchison Whampoa and Hutchison Telecom will be having a shareholders' meeting. Hutchison Whampoa is offering to take Hutchison Telecommunications private for HK\$2.20 (US\$.283) a share, which would give it control over the restructuring of the unit's unprofitable operations in Sri Lanka, Indonesia, and Vietnam.

Internet

- **Tencent Holdings Ltd. 's fourth-quarter net profit climbed 74 percent to 1.51 billion yuan (US\$221 million) from a year earlier, boosted by its Internet value-added services division's strong performance, and the company will step up investments this year for long-term growth.** Tencent, China's largest provider of instant messaging by users, has been the key beneficiary of the country's burgeoning Internet-user base. China, which had 384 million Internet users at the end of 2009, is home to the world's largest Internet population. Analysts said Tencent is set to continue to ride on robust growth in China's online advertising, games and value-added services markets in the next few years.

Singapore/Malaysia/Philippines/Indonesia/India/Australia

Telecommunications

- **Bharti Airtel Ltd. may have to pay 1.74 billion rupees (US\$38.3 million) in license fee arrears.** The audit report said the company hadn't included dealer commissions on mobile recharge coupons in its revenue figures, resulting in the non-payment of 980 million rupees (US\$21.6 million) in government license fees. Bharti has an additional liability of 760 million rupees (US\$16.7 million) due to earnings on foreign exchange fluctuations, interest on money or mutual funds, amongst others, which are not from telecom services, and therefore hadn't been included to calculate license fee payments.
- **QTIL-WTTIL will acquire smaller rival 21st Century Infra Tele Ltd., a unit of Tata Teleservices Maharashtra Ltd., for an enterprise value of 13.18 billion rupees (US\$290 million),**

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as consolidation increases in India's lucrative passive infrastructure space. The deal comes at a time when demand for passive infrastructure, such as telecom towers, is rising in India as half-a-dozen new mobile phone service providers are launching operations and existing players are expanding. Mobile phone operators opt to lease infrastructure from third parties to reduce costs and roll out services faster as competition intensifies in the world's fastest-growing telecom market by number of users. This is already the third such deal this year as consolidation increases in the passive infrastructure space. GTL Infrastructure Ltd. in January will acquire Aircel Ltd.'s telecom-tower assets for INR84 billion (US\$1.85 billion).

- **Sistema Shyam TeleServices Ltd. will raise US\$400 million of debt in India in 2010 to fund its operations.** The company, which launched its operations under the MTS brand last December, has already tied up a US\$100 million facility from an Indian bank. Sistema Shyam provides mobile services on the CDMA platform in eight of India's 22 telecom service areas and has 4 million users.
- **Reliance Communications Ltd. sees pressure on not increasing telephone call charges as new competitors continue to rise as they decrease tariffs to retain users.** Datacom Solutions Pvt. Ltd. and Etisalat DB Telecom Pvt Ltd. shall introduce their services in the country. The pressure on tariffs shall be consolidated in the industry in the next four-six quarters.
- **Idea Cellular Ltd. said a federal special audit report made on the firm has shown there were no discrepancies in its accounts.** The special audit report was submitted to the government. India's Department of Telecommunications had decided to run the audit on India's telecom operators after a lawmaker complained that some of the companies were accounting some revenue from mobile services as from other services, which attract lower license fees, causing a loss to the government. Indian telecom companies have to pay the federal government a lesser amount for other telecommunications services, such as broadband and fixed line, of their adjusted gross revenue.
- **Bharat Sanchar Nigam Ltd. will place final orders with the three top bidders for a contract to roll out WiMAX technology in the rural areas.** The top three bidders are Gemini Communications Ltd., ZTE Pvt. Ltd. and ICOMM Tele. The other bidders are Spanco Ltd., Telecommunications Consultants of India Ltd., Huawei Telecommunications India Co. Pvt. Ltd., and Aster Communications.
- **Singapore Telecommunications Ltd. may help India's Bharti Airtel Ltd. fund its acquisition of Zain's Africa assets.** Bharti Airtel is locked in exclusive talks to acquire Zain's assets in Africa except for those in Morocco and Sudan for US\$10.7 billion, including debt. SingTel, Southeast Asia's largest telecommunications firm by revenue, holds about a 32 percent stake in Bharti Airtel.
- **India's Department of Telecommunications (DoT) has asked a federal audit panel to look into the accounts of five of the country's biggest telecom operators to assess any revenue loss to the government.** The audit by the Comptroller and Auditor General of India, or CAG, comes after the DoT last year ordered special audits into the books of some companies to find out if the telecom operators mishad their revenue to pay lower license fees to the government. The CAG will look into the accounts of Bharti Airtel Ltd., Reliance Communications Ltd., state-run Bharat Sanchar Nigam Ltd., Tata Teleservices Ltd. and Vodafone Essar Ltd., the local unit of U.K.'s Vodafone Group PLC. The federal body will audit accounts for three financial years, starting with the year that ended March 31, 2007. The CAG audits the accounts of government departments and state-run companies, but can also audit the accounts of private companies if it involves any revenue share with the government.

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- **Bharti announced a successful first month of its mobile applications store, which registered around 2.5 million downloads.** The major demand was from users in smaller cities, with utility and social networking applications being most popular. Competitors like Reliance Communications and Aircel have also announced their own mobile applications stores soon. Meanwhile, Bharti added about 2.9 million users to take its subscriber base to around 125 million, 25% greater than second-placed Reliance Communications, which is at around 100 million. In other company news, Bharti announced a partnership with Apple to sell its iPhone 3GS in India in the future. This neatly ties up with Bharti's plans to acquire 3G licenses in a forthcoming auction.
- **Bharti Airtel Ltd. shall boost the size of its planned U.S. dollar loan to US\$8.5 billion. The firm is looking to raise 100 billion rupees (US\$2.2 billion) through a six-year rupee loan.** Bharti Airtel has managed to secure an interest rate on the dollar loan of 195 basis points over the London interbank offered rate from 200 basis points it was evaluating earlier. Interest on the rupee loan is being negotiated at 8.5 percent currently. The loan would be the largest dollar denominated loan to be disbursed in Asia Pacific excluding Japan over the last 12 months. This explains the interest among bankers to be part of a syndicate to fund the deal. Standard Chartered Bank, Barclays Bank, Citibank and State Bank of India are currently penciled-in as members of the syndicate, and about five to eight more are also seen to join the team of bankers.
- **Qualcomm Inc. has filed an application with the Indian government to bid in India's auction for broadband wireless access, becoming the first overseas company to participate.** India will auction two slots of radio bandwidth for broadband wireless technology, with the base price for one pan-India slot set at INR17.5 billion (US\$385.2 million). Qualcomm India and South Asia President Kanwalinder Singh confirmed to reporters in New Delhi that the company is planning to bid for one of the slots. Participating in the BWA auction would help it accelerate the deployment of TD-LTE, which is a technology that offers high-speed broadband and high-end multimedia services. If successful at the auction, Qualcomm said it would look to tie up with local partners to build a network in compliance with the Indian government's rollout requirement.
- **Singapore Technologies Telemedia, a leading telecom and information services player headquartered in Singapore announced the acquisition of a 33% stake in U Mobile Bhd., a Malaysian 3G mobile services provider.** The company paid about US\$302.6 million for the deal for the stake in addition to subscribing to a rights issue. U Mobile is the latest entrant in Malaysia's 3G market, and aims to capture market share from Maxis, Axiata & Digi.Com, the only three players in the market currently. The move is part of ST Telemedia's strategic expansion plans in Asia. Malaysia is one of most sophisticated and mature markets for telecom services in Asia and 3G continues to be a high-growth area. ST Telemedia is owned by Singapore's Temasek Holdings. The company recently made another investment in a Vietnamese telecom company for about US\$1 million.
- **Primus Telecom, Internode and iiNet are the first retail providers to offer services on leg one of a planned A\$43 billion (US\$39.3 billion) national high-speed Internet network, currently being rolled out in Tasmania state Australia.** The firm agrees to cooperate with it on the national network build. Tasmania is being used as a pilot for the high-speed, fiber-to-the-home network. The first services are expected to begin in July.
- **Total Access communications, the second largest mobile services provider in Thailand, and also an iPhone reseller announced plans to issue long term bonds to raise US\$460 million this year.** Details of the exact time and the coupon rates weren't release as the management is yet to seek shareholder approval for the issue.

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- **Telecom NZ, New Zealand's leading telecom player said that its earnings over the next three years would suffer, due to the New Zealand Government's proposal to deploy broadband infrastructure and services to less developed regions of the country.** The company expects to take a hit of up to US\$ 40m every year for three years.
- **The Australian Government's plans to break up the country's largest telecom company will be debated again in the Senate and might be delayed.** The Government recently tabled a motion seeking approval to force Telstra, Australia's largest telecom company with diverse wholesale and retail business divisions, apart from interests in the cable T.V business. The Government intends to use the company's network and infrastructure for its ambitious national broadband network plans. The Government aims to coax the company into agreeing to the plan by threatening to bar it from bidding for wireless spectrum in the future and also forcing it to divest its interest in the telecom infrastructure and cable television businesses in Australia.
- **PT Telekomunikasi Indonesia is studying the possibility of acquiring 12,000 cellular towers from PT Indosat at between IDR2.3 trillion (US\$252 million) and IDR3 trillion (US\$329 million).** Telkom will transfer the towers to unit PT Dayamitra Telekomunikasi before the unit offers part of its shares to the public in the future.

Internet

- **Facebook shall launch its first office in India to help it tap the boosting popularity of social networking Web sites in the country.** The office will be located in the southern city of Hyderabad and operate on similar lines to other offices in the U.S. and Ireland, with online advertising and support teams. Social networking has taken off in India, with Facebook and Google's Orkut both popular, particularly in urban areas where Internet access is increasing. The new office is part of Facebook's strategy of having support centers around the world in different time zones, providing round-the-clock support in multiple languages.

United States/Canada

Telecommunications

- **Nortel Networks achieved net earnings of US\$1.78 billion in the fourth quarter of last year, primarily on the back of the sale of its enterprise solutions and CDMA/LTE asset sales.** A gain of US\$689 million primarily from the enterprise solutions sale to Avaya and a gain of US\$1.26 billion from Ericsson's acquisition of its CDMA/LTE access assets lifted the bankrupt Canadian vendor's earnings. In Q4 2008 it had a net loss of US\$2.14 billion, although the ongoing restructuring stemming from the vendor's entry into Chapter 11 last year makes it difficult to compare year-ago figures. Revenue declined sharply during the quarter, to US\$794 million from US\$2.07 billion in Q4 2008. Nortel admitted that it suffered declines year over year in all segments and in all regions.
- **Shareholders of America Movil SAB have approved the acquisition of Telmex Internacional SAB and Carso Global Telecom SAB.** America Movil said Jan. 13 that it will make an offer for Carso Global Telecom, which controls Mexico's No. 1 fixed-line carrier, Telefonos de Mexico SAB and carrier Telmex Internacional, in a deal that will create a regional giant with 250 million service subscribers. Telmex Internacional, or Telint, provides phone, data and Internet services in South America, as well as yellow-page services in five nations, including Mexico and the U.S. Mexican billionaire Carlos Slim and his family have controlling stakes in the four companies.

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- **AT&T Inc. Chairman and Chief Executive Randall Stephenson's pay package last year nearly doubled to US\$29.2 million on changes in pension value and incentive-plan compensation.** His package in 2008 totaled US\$15.8 million, when he declined to accept a bonus. A company spokeswoman said his taxable compensation, when stripping out stock options and other incentives to be paid later, was US\$8.3 million. The company said its executive officers didn't receive an increase in salary last year. The differences in salary resulted from salary increases that typically occur in March of each year. As a result, the 2008 amount includes two months of the 2007 salary rate. Stephenson had earned a bonus in 2008, but declined it. She added the pension value and nonqualified deferred compensation earnings value was not actual cash received, but the future value of Stephenson's pension.

Internet

- **Yahoo Inc. will acquire Citizen Sports Inc., which makes fantasy sports games for Facebook and mobile devices such as Apple's iPhone and those built with Google's Android software.** San Francisco-based Citizen Sports' products let fans play fantasy sports, fill out brackets, check live scores and read up-to-the minute sports news. The deal boosts Yahoo's already strong sport content and helps it provide users with more social media content. Financial terms were not disclosed, although Boomtown blogger Kara Swisher estimated the price could be about US\$40 million-US\$50 million. Yahoo was looking to make small acquisitions to bolster its social networking and mobile products.
- **McAfee Security has warned Facebook users of malicious virus software that attempts to steal passwords and other confidential information.** The virus poses as a message from Facebook and urges users to reset the password. Clicking on the message would then download a set of malicious applications that can record and transmit confidential information like bank passwords and codes. Facebook has been a target of virus attacks for a long time, with hackers attempting to take advantage of the large subscriber base of the platform.
- **Google Inc. is expected to successfully defend a legal suit against its 'adwords' technology in the European Court of Justice next week.** The lawsuit, filed by owners of top brands such as Louis Vitton seeks to bar Google from using the 'adwords' technology. Currently, advertisers can attach their own brands to be displayed as sponsored links to any keywords of their choice. Top brands are worried that competitors and fake manufacturers can divert customers away from the brand by paying to link their products with famous brands. The verdict will influence the way in which top brands promote and retain the exclusivity that is associated with their products in the future.
- **Google's ambitions of becoming a major player in the telecom and hardware space got off to a slow start as the company's smartphone Nexus One saw sluggish sales volumes in its first 2.5 months.** Nexus One, which sold 135,000 units in its first 2.5 months, compared to 1 million for Apple's iPhone and 1.05 million for Motorola's Droid phone needs to transform its promotion strategy to be able to match the more established devices in the market. Google's new phone, which it developed in collaboration with HTC, runs on Google's new software for mobile phones, Android. However, it has to be noted that Google sells Nexus one exclusively on the web, and its promotion strategy is completely based online, while the other companies sell their phones through physical stores.
- **Google is also said to be working with chipmaker Intel and hardware giant Sony Corp.,** to develop a new generation of internet enabled television sets and set-top boxes. The project, tentatively named Google T.V, will allow users to use internet applications on their television sets. Logitech

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Corp., a computer peripheral device maker is said to be working on developing accessories for Google T.V.

- **The validity of the U.S Digital Media Copyright Act will be tested as Viacom and Google engage each other in a legal battle over Viacom's allegations of copyright infringement by the internet giant.** The Act absolves online service providers from copyright violations that users indulge in. Google, on its part, accuses Viacom of hypocrisy, for using Google's video portal, YouTube, whenever it needed to, while denouncing the same at other times.
- **A U.S court, barred online news provider Theflyonthewall.com, from posting analyst research from Wall Street immediately on its portal.** The court makes it mandatory for the portal to introduce a lag of at least two hours before it can report analyst research. Free, mass access to analyst research can significantly affect equity prices and also have a negative impact on analyst income.
- **Amazon.com, the U.S-based online retailer announced that it will allow digital content in its proprietary Kindle technology to be accessible on devices like the Apple's Mac book, the Blackberry, iPhone and the iPod.** This move from Amazon comes just a month before Apple's iPad hits the market. iPad is the first serious competitor to Amazon's kindle and incorporates a much broader set of features than the Kindle.

Media, Entertainment and Gaming

- **Electronic Arts (EA), one of the world's leading developers of video games is expected to launch its latest game based on Golf and named after Tiger Woods in April, to coincide with Woods' return to competitive golf in the Masters' tournament.** EA, also one of Woods' major sponsors is currently testing the browser-based game in many countries and will soon launch the final version of the game. The game will have a free element, with multiple add-on features that users will be charged for. EA also plans to release another game in June named after Tiger Woods, which will be targeted mainly at console users. The company expects to generate about US\$ 80 million annually from this game.
- Carl Icahn, the media billionaire who is also the second largest stakeholder in Lionsgate Entertainment Corp., a large production studio in the U.S announced a hostile offer to increase his equity holding to 30% and acquire a controlling stake in the company. Icahn has issued an open tender offer for about 13.2 million shares at US\$ 6 per share. Interested sellers have time until the 30th of April. The timing of his offer coincides with the timelines set by the management of MGM, another large troubled production house, to submit bids for controlling stakes in MGM. Lionsgate Entertainment hopes to be one of the bidders in the auction. Icahn issued the open tender offer after his opposition to the acquisition went unheeded by Lionsgate management.
- **Intermap Technologies Corp., a 3-D digital map maker announced a 3 year partnership with Garmin Ltd., a leading navigation device maker from the U.S.** This partnership will lead to Intermap's technology being deployed on new range of devices from Garmin. The navigation market is set for a major overhaul as companies like Nokia and Google have started offering free navigation services on the mobile phones. Vodafone recently shut down its navigation service provider in Europe after realizing that the company didn't offer any value proposition to customers anymore. Companies like Garmin and Intermap will have to offer more sophisticated technologies to remain interesting to paying customers.

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Software

- **VirnetX Holding Corp. prevailed in a patent infringement lawsuit against Microsoft Corp. for the violated use of two of its patents.** The jury recommended Microsoft to pay VirnetX US\$105.8 million for infringing on its virtual private network technology. VirnetX had originally sought US\$242 million. A decision on whether Microsoft willfully infringed on VirnetX's technology and what sort of injunctive relief could be provided has yet to be made. The award could be tripled if Microsoft is found to have willfully infringed on VirnetX's patents. The decision is one of the largest awards against Microsoft in recent memory. Last year, jurors awarded i4i Inc. about US\$290 million in damages when it found Microsoft's Word word-processing software violated one of the Toronto-based technology company's patents.
- **Microsoft unveiled initial application development tools for its mobile OS Windows Phone 7.** The company seemed to be replicating Apple's approach in trying to create an ecosystem of users, and developers, supplemented by an online applications store where user-generated applications could be sold to the entire subscriber community.

Hardware

- **Palm Inc. forecasted sales this quarter to be less than half of analysts' estimates.** Revenue in the period ending in May is expected to be less than US\$150 million. The company also had its 11th straight quarterly loss. Palm started selling updated versions of its Pre and Pixi smartphones at Verizon Wireless in January, competing with Research In Motion Ltd.'s BlackBerry and Motorola Inc.'s Droid, which runs on Google Inc.'s Android software. In the quarter ended in January, Android's share of the U.S. smartphone market more than doubled to 7.1 percent, while Palm's declined to 5.7 percent from 7.8 percent.

Europe

Mobile/ Wireless

- **Nokia Corp. lowered its estimates for 2009 global mobile phone market share to 34 percent from 38 percent.** The change in estimates was caused by an improvement of measurement methods that enabled Nokia to get a clearer view of the sales volume of some new comers in the global market. A total of 1.26 billion mobile phones were sold worldwide in the entire 2009, more than 1.14 billion predicted previously. Unlicensed gadgets produced in certain markets in Asia and other emerging markets were taken into account this time.
- **Telefon AB LM Ericsson is rumored to acquire a controlling stake in LG-Nortel, a joint venture between South Korea's LG Electronics Inc. and Nortel Networks Corp.** The firm will acquire a 50 percent stake plus one share in the joint venture. The report didn't specify which company Ericsson will acquire the shares from, but Nortel owns 50 percent plus one share in LG-Nortel.
- **WIN PLC swung to a full-year 2009 pretax profit of GBP398,000 (US\$597,469) as it cut costs and expanded its range of services, and said it sees opportunities to tap into new markets.** Underlying pretax profit which strips out amortization of acquired intangibles, impairment charges, share-based payments and non-recurring items exceeded forecasts at GBP1.5 million (US\$2.3 million). WIN's sales climbed nearly 10 percent in 2009. It had a new contract win with Qatar Telekom. It will service, operate and manage Qatar Telekom's new music portal. WIN whose clients also include Vodafone Group PLC, Yell Group PLC and U.K. newspaper

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Telecommunications

- **Kabel Deutschland, Germany's leading cable television services provider announced the launch of a successful IPO.** The issue, which was oversubscribed 2 times, was finally priced at the bottom end of the indicative range at 22 Euros per share. This estimates the enterprise value of the company at 6.85 times EBITDA, similar to the valuation of Telenet, a cable operator in Belgium. Most of the investors were qualified institutional investors from the U.S and the U.K, with German institutional investors accounting for only 5% of the volumes. The company raised US\$1.03 billion through the offering.
- **Telecom operators in Europe are expected to negotiate hard with Apple over distribution and reselling agreements of the new device from Apple, the iPad.** Telecom companies will hope to participate in a larger share of the profits from selling the device this time, after their over-enthusiasm to sell the iPhone a few years back resulted in them getting into lop-sided agreements with Apple, ensuring that Apple captured a larger share of the value. The telecom operators will have to balance their profitability targets along with business realities as Apple has the upper hand in the negotiation, since it could bundle both iPad and iPhone sales in the same agreements.
- **OAo Vimpel Communications fourth-quarter revenue declined by almost 10 percent, and analysts pointed to a contraction in the firm's market share.** VimpelCom's revenue between October and December declined to US\$2.31 billion from US\$2.56 billion a year earlier, with the company's 51 million Russian mobile subscribers each spending an average of US\$10.76 a month. Compared with the third quarter of the year, the operator earned 6 percent less for every minute its subscribers spent on calls. Chief Executive Boris Nemsic said the fall was partly because subscribers were making more cheap local calls, instead of long distance ones, and added that prices either stabilized or went slightly up during the first three months of 2010. VimpelCom was obliged to reduce prices late in 2009 in order to compete with Russia's regional operators and Swedish discounter Tele2 AB.
- **Netcall PLC's pretax profit declined to 102.4 million pounds (US\$153.7 million) because of the declined GBP92.7 million (US\$139.1 million) of acquisition costs and a GBP50 million (US\$75 million) amortization charge of acquired intangible assets.** Revenue declined to GBP1.86 million (US\$2.7 million). Recurring revenue was at 87 percent. It sees to boost more in the second half as it will get a full contribution from Q-Max. The company secured early sales in its second half and has a strong pipeline of sales opportunities.
- **OAo Comstar United TeleSystems swung to a net loss of US\$294 million in the fourth quarter of 2009 due to a huge write-down in the value of its 25 percent stake in state-controlled holding OAo Svyazinvest.** Comstar, in which OAo Mobile TeleSystems has a 62 percent stake. The company was pushed into a loss in 2009 because it shouldered a US\$349.4 million impairment charge for the value of its Svyazinvest stake. Comstar will sell this stake back to the state, and had written down its value based on the memorandum of understanding using all information available to the management, including estimated fair values of assets to be exchanged and liabilities to be extinguished.
- **Cyfrowy Polsat's fourth-quarter consolidated net profit boosted 15.3 percent to 49.1 million zlotys (US\$17.4 million) as growth in the subscriber base helped offset a rise in subscriber acquisition costs.** The company's consolidated fourth-quarter revenue boosted 8.2 percent as the 17.4 percent growth in the number of subscribers was partially offset by average revenue per user falling 3.3 percent on year. The company's subscriber acquisition costs in the fourth quarter grew 3.2

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percent on year. The company had revenue up 15.3 percent. Full-year net profit declined 11.8 percent. Cyfrowy Polsat had 3.202 million subscribers, up 17.4 percent on year. The company saw its percentage of customers discontinuing their contracts rise to 8 percent amid rising competition.

- **Broadband Internet use in Russia is spreading beyond major cities to the vast regions.** Broadband penetration hit 62 percent in the central Russian cities of Chelyabinsk and Izhevsk. That compares to 45 percent and 55 percent, respectively, in 2008. The two now have a usage rate equal to the country's second-biggest city, St. Petersburg. In Moscow, the capital, broadband penetration last year was a national-high 71 percent. Other broadband-use gains were seen in Ufa (57 percent) and Penza (56 percent), west of the Ural mountains. The four regional cities surveyed have populations of between 500,000 and 1 million.
- **Italy's second-biggest fixed-line telecom operator Wind SpA posted a 20 percent fall in net profit 308 million euros (US\$416 million) for 2009 compared with a year earlier, on higher taxes and interest payments.** Revenue rose 4.7 percent, driven by double-digit growth in its fixed-line and broadband businesses. Full-year EBITDA rose to 2.06 billion euros (US\$2.8 billion). Wind had its number of broadband Internet clients rose 21 percent to 1.64 million.
- **France Telecom would consider purchasing the 4 percent stake in Poland's dominant telecom Telekomunikacja Polska SA, or TPSA from the government.** The government still plans to sell the remaining 4 percent stake in TPSA in 2010. France Telecom owns a 49.8 percent stake in TPSA.
- **Synchronica PLC Tu had full-year revenue will fall below previous expectations due to a delay in signing a contract.** The company had its calendar 2009 revenue would total GBP5.1 million (US\$7.7 million). This figure had included a license purchase order by one of its clients for its Mobile Gateway product. Although the contract talks were completed in December, with the launch scheduled for mid-January, the client is now in acquisition talks and is unable to supply the relevant counter-signatures and purchase orders required to recognize the related revenue before the end of March.
- **The German Economic ministry proposed a legislation that will force telecom companies in the country to break their network and retail business into independent divisions.** The ministry believes that such a law will promote competition and enable better price discovery on the retail side of the business by giving new entrants access to the infrastructure of existing companies. Currently, monopolies like Deutsche Telekom oppose this legislation as it might break up the strangle hold it currently has in the market.
- **German mobile operator Freenet** earned net income of US\$349 million on revenues of US\$4.98 billion in 2009. The net income grew by almost 130% over 2008 figures. However, the company issued a grim guidance for 2010 and expects operating profit to go down by 7.5 %.
- **Deutsche Telekom, the German telecom operator announced a slew of new services in a bid to revive flagging growth in the telecom business.** The company plans to focus heavily on offering diversified services like mobile internet, IPTV, cloud computing, web hosting and other related offerings. The company expects to generate US\$40 billion in revenues from these services in 5 years. The company specified that it is exploring merger or partnership opportunities in the U.S cable television market through its U.S subsidiary T-Mobile, which is fast losing market share and is in danger of losing its fourth position in the U.S mobile market.

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Semiconductor

- **Siemens AG's plan to restructure its information technology operations SIS will cost between 400 million euros (US\$541 million) and 500 million euros (US\$676 million) and involves slashing 4,200 jobs worldwide by end-2011.** Siemens Chief Financial Officer Joe Kaeser said the company will also carve out Siemens IT Solutions and Services operations that generate sales in the lower three-digit-million-euro range. Siemens said it would make SIS a limited company initially, with the option of forming a corporation out of SIS at a later date. The company also reiterated that it doesn't rule out an initial public offering for the unit once restructuring is complete. About 2,000 of the job cuts will be in Germany, and as many as possible will be made through mutual agreement arrangements with employees or the expiry of temporary contracts.

Internet

- **A new study that assesses the economic impact of internet piracy in the movie and music industries estimates that illegal downloading could cause almost a million people to lose their jobs in Europe alone, in the next 5 years.** The study, conducted by TERA consulting, urges governments to adopt innovative and more stringent regulation to curb illegal access to content on the internet.
- **Lawmakers and regulators in the United Kingdom called for the creation of uniform, global cyber-security laws** that will transcend borders and create a common framework to deal with cyber threats. The borderless virtual world on the internet requires special laws and a concerted global solution is the best way to encounter this loophole in the future.

Investments/ Ventures

- **Capgemini plans to acquire in emerging markets such as China and Brazil but also in the U.S. although demand is slowly increasing but has not yet recovered.** Capgemini's conservative scenario is that of a sequential stabilization from semester to semester. The most optimistic scenario is of a recovery in the second half of the year.

Media/Entertainment/Gaming

- **Music creators, publisher and distributors in U.K collectively earned about US\$950 million in 2009.** This represents a 2.6% growth over 2008 figures. More importantly, the growth was primarily driven by revenues from digital downloads. The news will come as a ray of hope for the troubled global music industry, whose revenues are shrinking every year because of piracy in the music industry and falling sales of physical media like CDs and DVDs. Revenues from online sales grew more than 70% over 2008, but still remains a very small component of overall revenues and will not significantly affect the fortunes of the industry at least in the near future.

South Africa/Middle East/Latin America

Telecommunications

- **Oi had fourth-quarter losses of 365 million Brazilian reais (US\$207 million) due to boosting expenses and declining revenue.** EBITDA was at BRL2.37 billion (US\$1.3 billion). Oi had non-recurring costs of BRL305 million (US\$169 million) because of the deferment of subsidies on prepaid phones and expenses on legal action related to the integration of Brasil Telecom. Its cost also

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increased due to the integration of Brasil Telecom and the entrance into the Sao Paulo mobile phone market last year.

- **Egypt's leading telecom company, Telecom Egypt announced that it had 9.55 million subscribers at the end of December 2009.** This figure represents a marginal fall from the company's stated subscriber base of 9.63 million at the end of September 2009. The figures are fixed-line subscribers of Telecom Egypt. The company also announced a dividend 0.75 Egyptian pound (US\$ 0.15) per share, a 42% cut over 2008 dividends. Telecom Egypt expects revenues from its new undersea cable from the second quarter of 2010, a six month delay compared to expectations. The fixed-line monopoly of Egypt issued a grim forecast for 2010 and estimated revenues to be either flat or even 2% lower.
- **Telecom Egypt expects revenues in 2010 to be flat or decrease by 2 percent. Total broadband and market subscribers are forecasted to reach between 1.4 and 1.5 million.** The number of broadband subscribers of TE Data, the company's internet arm, is expected to reach 63 percent of the overall market. The company said that net profit for 2009 climbed 9 percent to 3.1 billion Egyptian pounds (US\$557 million).
- **Tele Norte Leste Participacoes S/A, will invest 3 billion to 4 billion Brazilian reais (US\$1.7 billion to US\$2.3 billion) in 2010, as it plans to widen broadband Internet capacity for fixed and mobile networks.** The operator invested BRL5.1 billion (US\$2.8 billion) in 2009, with 70 percent of that pumped into networks. The company shall be able to cut debt levels. The purchase of Brasil Telecom and the campaign to enter into the Sao Paulo mobile market means the company's debt level climbed to 2.2 times EBITDA. The aim is to cut that to 1.7 times to 1.9 times EBITDA by the end of this year.
- **South Africa's Telkom will be taken off the Johannesburg Stock Exchange's Top -40, and will be replaced by a paper company called Mondi.** Telkom will now be relegated to the mid-cap stocks group after a drastic cut in its valuation, following the divestment of its mobile phone company, Vodacom.
- **International calls made through mobile internet connections were banned in Egypt.** The Egyptian telecom regulator has made it mandatory for all international calls to be routed through the national carrier Telecom Egypt's network. This move can potentially boost revenues for the fixed line monopoly company. The move is limited only to mobile internet connections and not to fixed line connections.
- **The Israeli equity market's transition from emerging market status to that of a developed market will not lead to foreign investors of Bezeq Israel Telecom pulling out.** The company CFO instead said that market value of the company might even go up a notch or two. 43% of investors in Israel's largest telecom company Bezeq are of foreign origin. The company might also increase the level of free-float to promote liquidity. Current market capitalization of Bezeq is around US\$7.5 billion.
- **Mexican telecom king Carlos Slim obtained shareholder approval to merge all his telecom companies in order to consolidate and compete in the Latin American market.** Shareholders of Slim controlled company America Movil approved the acquisition plans of Carso Global Telecom, Telmex and Telint, companies controlled by Slim, in order to consolidate against increasing competition in the Latin American region. While Telmex will continue to be listed on the Mexican stock exchange, Telint will be delisted will become part of America Movil. America Movil plans a

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tender offer of 2.0474 America Movil shares for every share of Carso Global, in a stock-for-stock transaction and 0.373 Americ Movil shares for every share in Telint that is not already owned by Carso Global. In related news, Telmex might incur a government fine for monopolistic practices after the government found that the company was not sharing its infrastructure with competitors and new players. The company, on its part, claimed that it had invested heavily in unprofitable regions for the sake of connectivity and couldn't afford to give up part of its revenues to other players until it recovers costs.

Internet

- **Access Kenya, a Kenyan Internet service provider that controls 42% of the corporate market in the country said that it is unrealistic to expect that the launch of two new cables will result in a drastic cut in prices.** The company announced the launch of a third cable in the country that will link main business regions to the two new cables. The company, however, added that there could be a downward revision of prices in the long run when companies recover investments and economies of scale kick in.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 3/19/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	90.5300	0.1%	-0.8%	-2.6%	-1.8%
Hong Kong dollar	HK\$/ US\$	7.7592	0.04%	-0.1%	0.1%	0.1%
Chinese renmenbi	RMB/ US\$	6.8265	0.02%	-0.1%	0.01%	0.1%
Singapore dollar	S\$/ US\$	1.3983	0.4%	-0.5%	-0.5%	-4.3%
South Korean won	KRW/ US\$	1,133.5800	0.5%	-1.0%	-2.6%	-13.9%
New Taiwan dollar	NT\$/ US\$	31.7300	0.0%	-0.9%	-0.7%	-3.2%
Australian dollar	US\$/A\$	0.9153	0.0%	1.5%	2.0%	28.9%
New Zealand dollar	US\$/NZ\$	0.7080	1.0%	0.3%	-2.3%	21.0%
Philippine peso	PHP/ US\$	45.5200	-0.3%	-1.3%	-2.0%	-3.6%
Euro	US\$/€	1.3530	-1.7%	-0.6%	-5.5%	-2.5%
British pound	US\$/£	1.5013	-1.1%	-3.9%	-7.1%	3.4%

Fixed Income Prices and Yields

Note	Currency	Current (on 3/19/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	100.72	4.63%	99.88	4.63%	98.28	4.73%
Japan 30-year	¥	100.07	2.31%	100.23	2.29%	97.42	2.35%
Hong Kong 10-year	HK\$	94.17	2.87%	93.73	2.82%	92.34	3.01%
China (06/16)	US\$	109.38	3.05%	108.99	3.09%	107.81	3.30%
Singapore 10-year	S\$	98.60	2.69%	98.35	2.70%	98.80	2.65%
South Korea 20-year	KRW	10,945.28	4.93%	10,777.60	4.99%	10,129.50	5.48%
Australia 15-year	A\$	100.40	5.70%	100.38	5.70%	100.66	5.67%
New Zealand (12/17)	NZ\$	100.68	6.01%	100.96	5.86%	100.97	5.85%
Philippines 20-year	PHP	103.50	9.31%	103.19	9.14%	102.41	9.23%
India 30-year	INR	82.50	8.64%	83.59	8.34%	81.57	8.56%
UK 30-year	£	95.05	4.61%	93.58	4.65%	93.87	4.63%
Germany 30-year	€	115.08	3.90%	114.24	3.95%	113.08	3.99%

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