



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

Week of 5 June 2010 - 13 June 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 (6/11/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,091.60	2.5%	-5.9%	-2.1%	20.9%
Dow Jones Industrial Avg.	10,211.07	2.8%	-5.3%	-2.1%	16.3%
Dow Jones Tech. Index	381.79	0.0%	-5.8%	-5.2%	51.9%
Dow Jones Telecom. Index	196.09	2.4%	-2.5%	-10.7%	-1.9%
NASDAQ Composite	2,243.60	1.1%	-5.5%	-1.1%	42.3%
Japan Nikkei 225	9,705.25	-2.0%	-7.8%	-8.0%	9.5%
JASDAQ	51.65	0.4%	-4.3%	6.8%	7.2%
Japan Mothers	420.21	-1.1%	-11.7%	1.0%	29.9%
Korea KOSPI Composite	1,675.34	0.7%	-0.1%	-0.4%	49.0%
Korea Kosdaq	491.25	-0.5%	-4.1%	-4.3%	47.9%
Taiwan Stock Exchange	7,299.49	-0.6%	-4.8%	-10.9%	59.0%
Singapore Straight Times	3,422.20	0.2%	2.5%	14.4%	94.3%
Hong Kong Hang Seng	19,872.38	0.5%	-2.7%	-9.1%	38.1%
Hong Kong GEM	793.65	1.8%	-4.4%	17.2%	105.9%
China Shanghai (A-Share)	2,694.25	0.6%	-4.8%	-21.6%	40.9%
China Shenzhen (A-Share)	1,119.28	3.1%	1.6%	-11.3%	92.5%
China Shanghai (B-Share)	220.12	4.7%	-1.3%	-12.8%	98.5%
China Shenzhen (B-Share)	554.22	-0.4%	-0.5%	-11.5%	104.3%

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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

- **According to research firm iSupply, global smartphone shipments might double in the next four years.** Smartphone shipments are expected to boost 105 percent to 506 million units in 2014 while overall mobile handsets are expected to boost by 11.3 percent. These data will have a dramatic potential boost for market leaders like Apple's iPhone especially when it launches its next generation of the iPhone. So far, Apple has shipped 8.8 million iPhones, giving it about 3 percent of the overall cellphone market.

Semiconductor

- **World semiconductor shipments this year shall boost 28.6 percent from the previous year to a record US\$290.9 billion on robust demand in China and other emerging markets according to the World Semiconductor Trade Statistics (WSTS).** The forecast shipments exceed the 2007 level before the global financial crisis and are the highest since the WSTS initiated the global semiconductor market survey in 1984. The predicted growth for this year, which represents a sharp upward revision from 12.2 percent as estimated last November, is the first in three years. Actual shipments in 2009 declined 9.0 percent from the previous year to US\$226.3 billion due to the global recession following the 2008 financial crisis. The industry body also forecast world semiconductor shipments to grow 5.6 percent in 2011 and 4.2 percent in 2012.

Japan

Mobile/ Wireless

- **Domestic shipments of mobile phones and PHS handsets in Japan boosted 24.5 percent on the year to 2.4 million units in April, according to the Japan Electronics and Information Technology Industries Association.** Shipments of mobile phones climbed 23.7 percent to 2.33 million units in April, and those of PHS handsets jumped 53.2 percent to 73,000. This marks the first growth in two months. The data excludes Apple's iPhone smartphone and a few other overseas models. The year-on-year increase was attributed largely to the 40 percent drop seen a year earlier. The underlying market sentiment remained mostly unchanged.
- **Fujitsu Ltd. and Toshiba Corp. are in talks toward a business tie-up of their mobile phone operations and possibly a full merger.** The industry also hopes to pool resources to compete with foreign rivals in promising overseas markets like China. MM Research Institute Ltd., a merger of the mobile phone operations of third-ranked Fujitsu and eighth-ranked Toshiba would give the combined entity a market share of about 18.7 percent. This would put it in second place after Sharp Corp., which had a 26.2 percent share of the Japanese market based on shipments during the business year ended March 2010.
- **Softbank Mobile Corp. gained 251,100 new subscribers on a net basis in May, surpassing 200,000 for the second straight month.** Strong sales of Apple's iPhone smartphones contributed to the increase. The iPad tablet computers, which hit Japanese stores in late May, also pushed the figure up. Softbank offers cellular phone circuits for iPad users. Softbank was followed by NTT DoCoMo

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Inc. with a net increase of 113,200 subscribers, Emobile Ltd., which gained a net 55,800 subscribers, and KDDI Corp., which netted a gain of 54,700 subscribers.

Telecommunications

- **Jupiter, KDDI, KDDI-controlled Japan Cablenet Ltd. and Jupiter Telecommunications Co. have agreed to form an alliance in telecommunications, cable television and media services.** The tie-up comes as KDDI bought a 31 percent stake in Sumitomo-affiliated Jupiter. Sumitomo lifted its stake in Jupiter to 40 percent from 27 percent to stay as the company's top shareholder. Sumitomo and KDDI would build a cooperative relationship with regard to Jupiter's operations.
- **NTT Docomo and KDDI are vying for the single next generation mobile broadcast license the government plans to issue.** The new license is for new broadcast services that will allow broadcasters to transmit a variety of content such as movies, sports coverage, and electronic books. KDDI has recently established a content distribution company for the new broadcast services called MediaFLO Broadcasting Service Planning. The company is capitalized at 50 million yen (US\$0.55 million) and is 82 percent owned by KDDI, while TV Asahi and four other firms hold the remaining stake. KDDI is collaborating with Qualcomm on MediaFlo technology. NTT Docomo has established Multimedia Broadcasting together with Fuji Television Network, Itochu and other firms in 2006. Docomo is looking at ISDB-Tmm technology for its broadcasting services. The deadline for applications for the license is 7 June with only KDDI and NTT Docomo-led companies expected to apply.
- **KDDI's landline communication services will likely swing to a 10 billion yen (US\$109 million) operating profit for the year ending March 2011, ending a six-year streak of losses, reports the Nikkei.** With its mobile phone operations slumping, the fixed-line services hold the key to its earnings over the next two to three years. The landline segment is turning profitable again as data services, such as cable TV and fibre-optic communications supplant voice services. Voice services are seen remaining flat while data services grow 3 percent in fiscal 2010. Data services are projected to account for 52 percent of the total, boosted from 49 percent in fiscal 2008.
- **NTT intends to take advantage of its MiCoMo JV with Chilean state copper producer Codelco to expand its IT services for mining on a global scale, according to its R&D planning department senior manager Yoshihisa Sakai.** MiCoMo, which was formed in 2006 with Codelco and NTT holding respective stakes of 66 percent and 34 percent, has deployed its IT services at Codelco's various divisions. The company has signed an agreement with multinational resource group BHP Billiton to start installing its technologies at the company's mining operations in Chile. The first project will be implementing an environmental impact monitoring service at BHP's Cerro Colorado mine. The alliance with BHP Billiton is seen by Sakai as the first step in MiCoMo's expansion. One of the main topics was technology integration, a field in which MiCoMo already has experience in.

Korea

Semiconductors

- **South Korea's two chip giants will likely benefit from a weaker Korean currency, which would contribute to higher earnings, in the second quarter ending on June 2010.** A division of Citigroup Global Markets Inc., Samsung Electronics Co., and Hynix Semiconductor Co. will see an increase in their operating profits for the April-June period, aided by the favorable Korean won. A weaker Korean currency usually results in boosting the won conversion value of corporate dollar

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earnings. Pricing of memory chips in the U.S. dollar will rise during the April-June period, as a memory supply bottleneck is expected to worsen based on seasonality and a new product cycle. Samsung is estimated to have an operating profit of 2.6 trillion won (US\$2.08 billion) from its semiconductor business in the second quarter, boosted 33 percent quarter-on-quarter.

- **Elpida Memory Inc. shall construct factories in Taiwan and China to meet demand and reduce tax payments.** The company will definitely go into China with a Taiwanese chipmaker by as early as 2012 and seek support from the Chinese government. Elpida is also accelerating plans to add a second manufacturing plant at its Taiwanese unit, Rexchip Electronics Corp. Elpida shall have profit and revenue this fiscal year as computer sales rebound and new mobile devices require more memory to process programs, Sakamoto said. Samsung Electronics Co. would invest US\$8.9 billion on chips this year, almost 10 times more than Elpida. Hynix Semiconductor Inc. has also raised its spending budget.

Hardware

- **Samsung Electronics Co. will spend 4.5 trillion won (US\$3.6 billion) to expand its U.S. semiconductor plant as the company seeks to beef up chips used for mobile phone processors.** The expanded line will manufacture system large-scale integration, or system LSI, used in mobile phones and TV in Austin, Texas, starting the second quarter of next year. Samsung's Austin plant is the company's sole overseas production line. It has produced computer memories, including the NAND flash memory used in portable music players and digital cameras. Samsung revised up its annual capital expenditure on semiconductors to 11 trillion won (US\$8.8 billion), a nearly two-fold increase from its initial plan, as it seeks to widen gaps with second-tier players and meet rising demand.

Media, Gaming and Entertainment

- **KT Corporation (KT) and Asia Broadcast Satellite (ABS) have accomplished their second successful transaction in less than 12 months with the execution of the agreement for the sale and purchase of the Koreasat-3 satellite.** The completion of the sale and purchase of the Koreasat-2 satellite happened. The closing of the Koreasat-3 sale will occur upon the issuance of the necessary U.S. governmental approvals. The Koreasat-3 satellite is a Lockheed Martin A2100 spacecraft launched in September 1999. The satellite has a payload consisting of 24 x 36MHz FSS Ku-band (12 fixed and 12 steerable beams), 6 x 27 MHz BSS Ku-band and 3 x 200 MHz FSS Ka-Band transponders. Koreasat-3 will be renamed as ABS-7 as a result of this transaction. With sufficient fuel for station-kept operations in Geo-stationary orbit for an estimated 6-7 years and an additional 5-6 years of inclined-orbit operations.
- **Nexon Corp. had its worldwide revenues boosted 56 percent last year, growing from 450.8 billion won (US\$361.8 million) in 2008, to 703.6 billion won (US\$564.7 million) in 2009.** Additionally, Nexon America had a 31 percent increase in revenues in 2009, as for the first time, non-Korean contributions accounted for the majority of Nexon's global revenue. Nexon's increase in revenues can be tracked to the continued global success of Dungeon & Fighter, which has more than 200 million registered users and had 2.4 million maximum concurrent players combined from China, Japan and South Korea. Dungeon & Fighter is set to be released in the North American market as Dungeon Fighter Online. Also contributing to Nexon's growth is MapleStory, which accumulated 95 million worldwide registered users, and KartRider.

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China

Internet

- **Over 100 million Internet users, or more than a quarter of China's 384 million online population, shop online.** E-commerce trade volume in 2009 exceeded 3.6 trillion yuan (US\$527 billion) in value and online retailing is expanding quickly, and its market is being gradually regulated. Specialized e-commerce services are also taking shape to support the growth, with systems like digital authentication, e-payment and logistics gradually being formed. The number of businesses using e-commerce in China is also on a steady increase with over half of large enterprises in the country having established e-commerce systems. Japan's Rakuten and China's Baidu are investing 4.3 billion yen (US\$47 million) over three years in the joint venture that will be owned 51 percent by Rakuten and 49 percent by Baidu.
- **Baidu is aiming to raise its share on the search market.** The company is targeting a share of the PC and mobile search market in China of 79 percent next year. In the first quarter, Baidu had a 64 percent of the search market, boosted from 58.4 percent in the fourth quarter.
- **Tencent Holdings Limited will invest approximately US\$300 million in cash in Russia's Digital Sky Technologies Limited (DST), establishing a long-term strategic partnership between the two companies.** The investment will give Tencent approximately a 10.26 percent economic interest in DST upon completion of the transaction. Tencent will hold approximately 0.51 percent of the total voting power of DST and have the right to nominate one observer to the DST Board. DST's deep understanding of the Russian Internet market, together with its leading brands such as Mail.ru, Odnoklassniki and VKontakte, should enable Tencent to benefit from the high growth of the Russian-speaking Internet market.
- **Taobao will be launching online shopping services between Japan and China.** With the start of these services, Japanese consumers will be able to purchase items listed on Taobao's online shopping site through Yahoo! Chinamall, a new site set up on Yahoo! Japan, while Chinese consumers are able to buy items listed on Yahoo! Shopping through Tao Japan, a new site on Taobao's online shopping site. The new sites use machine translation to enable users to view the contents of shopping pages in their own language.
- **The Chinese government will continue to block content it deems subversive or a threat to national security.** At the end of 2009, there were 384 million internet users, about 29 percent of the population. The government plans to increase this to 45 percent over the coming five years by pushing internet into rural areas, said the Associated Press reports. The white paper did not indicate the country's web censorship will be easing. The paper did not specify what kind of content will be banned but said Chinese laws prohibit the spread of pornography, terror, content subverting state power, content undermining national unity, content inciting hatred, and content infringing upon national honor.

Telecommunications

- **China Mobile Ltd. will invest in People's Daily Online.** The Chinese government supports the transaction. Rampant talks have been saying that People's Daily Online plans to invite strategic investors and float shares in due time. There were even guesses that the strategic investors were China National Petroleum Corporation (PetroChina Group) or China Petrochemical Corporation (Sinopec Group). A government official revealed that ten news Web sites would kick off listing this year,

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including xinhuanet.com, cctv.com and People's Daily Online. China Mobile has not invested in media operators in Mainland China before. It acquired a 19.9 percent stake in Phoenix.

- **Three major Chinese telecom operators, China Telecom, China Mobile and China Unicom, will invest 11 billion yuan (US\$1.6 billion) in Shanghai this year, so as to help develop the city into an information hub for the Asia-Pacific region.** Investment in Shanghai's information and telecom sector stood at more than 14 million yuan (US\$2.0 million), boosted 13 percent. The sector garnered 40.3 billion yuan (US\$5.9 billion) in annual revenue. At the end of the year, the city had 9.36 million subscribers to fixed-line telephones and 21.06 million subscribers to mobile phones. Meanwhile, 4.7 million households in Shanghai, or 59 percent of the city's total, got access to broadband Internet services.
- **Tata Communications Ltd. and China Entercom Communications Ltd. had a deal to withdraw their application to form a joint venture because of uncertainty over getting Chinese regulatory approval.** Tata Communications will continue its existing relationship with China Entercom and offer virtual private network services through the company in key cities in China.
- **China and Taiwan connect on new undersea cable project that will link the northern Taiwan town of Tamsui (also called Danshui) to China's Fujian Province.** Taiwan's Chunghwa Telecom and China Telecom on the mainland are in discussions to build the cable system, but it's unclear if work has already started. Neither company would confirm the current status of the project.

Media, Entertainment and Gaming

- **China Cablecom Holdings, Ltd. said its Hubei assets added over 40,000 television subscribers in the period ending March 31, 2010.** Overall digital subscribers were at 499,292, a 21 percent growth from year-end 2009. The organic growth was attributed to the continued government mandate to digitalize cable television nationwide in China. The Company's goal is to continue adding new users, endorse the accelerated pace of digitalization and generate higher revenues through increases in ARPU. China Cablecom expects its Hubei assets to reach a total subscriber count of approximately 1,280,000. Hubei Province is regarded as a coastal city and is predicted to reach a digital cable penetration rate of 70 percent by 2012.
- **Sohu's high-definition online video channel merged with Seoul Broadcasting System, Korean Broadcasting System and Munhwa Broadcasting Corporation to broadcast any of the station's TV dramas produced over the past 10 years as well as shows to be produced in the coming three years.** The venture will give Sohu access to about 486 series or 9,800 episodes.

Hardware

- **Dell Inc expects its China revenue to increase more than 25 percent in 2010 and attributed the growth to its expansion in the server and service business for enterprises, and its US\$3.9 billion acquisition of Perot.** Dell earlier launched several new server and storage products in China and it expects its businesses in mid- and large enterprises in China to rise. Revenue from large enterprise business jumped 44 percent in the first quarter, more than double the industry growth rate of about 20 percent. The large enterprise business is a profit engine for Dell's Asia Pacific Japan region, especially in China and India.
- **SinoHub, Inc. has secured two new bank lines to assist in financing its Virtual Contract Manufacturing business and expand trade relationships with component suppliers.** The first bank line was entered into on May, and is a revolving credit facility with Jiangsu Bank for a total of around US\$9 million. The credit line may be used as a cash line to support working capital currently at

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7.8 percent interest based on the People's Bank rate of 5.31 percent plus a fixed margin of 2.49 percent. The cash line is limited to around US\$2.2 million of the total. The second line is a revolver with the Ningbo Bank for US\$5 million but is strictly focused on international letters of credit. Each letter of credit requires a 10 percent deposit when it is opened.

Alternative Energy

- **Jiangsu Province's capacity aim of solar cells reaches 2,620 megawatts, accounting for 65 percent of the total in China or 25 percent in the global market.** The province plans to reach 350 billion yuan (US\$51.2 million) sales revenue in the photovoltaic industry for 2011, and the total output capacity of solar cells and related components will hit 10 gigawatts. Trina Solar Ltd had a deal with a Singapore-based energy study institute to develop the conversion ratio from solar power to electricity. The drafting of an energy plan for the 12th five-year plan that will run from 2011 to 2015 is under way, and the PV industry holds the balance in the plan.

Hong Kong

Telecommunications

- **Richard Li Tzar-kai is in crisis talks with lenders and the Bulgarian government over Vivacom, the East European country's dominant telecoms provider and one of the PCCW boss' big private investments.** Vivacom, which has 1.63 billion euros (US\$2 billion) of debt, may breach its loan agreements because its profits are deemed insufficient compared to its borrowings, according to some insiders. Vivacom had EBITDA of 169 million euros (US\$205 million) last year, according to its public statements. That means its total debt was almost 10 times its profits at the end of last year.

Taiwan

Hardware

- **Hon Hai Precision Industry Co. Chairman Terry Gou downplayed the impact recent wage hikes will have on its profit margin and said it is accelerating automation to reduce reliance on labor.** The chairman of its handset manufacturing unit, Foxconn International Holdings Ltd., which assembles handsets for Motorola and Nokia conclude price negotiations for its products with clients in the third quarter to mitigate the impact from recent wage increases, suggesting prices increases may be in store. Hon Hai, which employs some 800,000 workers in China, is now accelerating automation to reduce its reliance on labor.

Semiconductor

- **China's decelerating demand for cellphone microchips due to tighter government monetary policy affected the May sales of MediaTek Inc.** MediaTek had NT\$9.87 billion (US\$306 million) in sales for May, although the May figure was 5.44 percent higher year-on-year. MediaTek's gross profit margin is trembling due to the competitive aura in the mainland. Gross profit margin for 2010 is 57 percent.
- **Taiwan Semiconductor Manufacturing Co Ltd (TSMC) had record sales for a second month in May buoyed by strong demand for computers and electronic gadgets.** The figures, which follow a strong rise in sales in the same month for rival United Microelectronics Corp (UMC), underscore expectations that TSMC will book record sales and profit for 2010. It has allocated record

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capital spending to boost capacity to meet rising demand for new PCs and other consumer products that require more powerful chips. Unconsolidated sales at TSMC were NT\$33.84 billion (US\$1.04 billion) last month, versus NT\$24.47 billion (US\$756 million) a year earlier.

- **UMC shall have its revenue for May hit a 30-month high of NT\$10.09 billion (US\$315 million).** Institutional investors estimate TSMC, shall have an encouraging sales of NT\$35 billion (US\$1.09 billion) for May. the second quarter is an anemic season for the electronics industry. The top two foundry suppliers are estimated to end the second quarter with tight capacity in light of persistently boosted foundry contracts from design houses and integrated device manufacturers (IDMs). UMC's executives pointed out the company's 200-mm and 300-mm fabs are running at full capacity because of brisk demands for consumer electronics, computers and telecommunication equipment. In the first five months this year, the company had cumulative revenue of NT\$46.1 billion (US\$1.4 billion), soaring 82.82 percent from the same period of last year.

Telecommunications

- **Chunghwa Telecom's chairman S J Lu will settle a strategy to set up a subsidiary in mainland China in July or August this year.** Industry executives estimate Chunghwa Telecom to open the subsidiary, to be capitalized at NT\$1 billion (US\$30.9 million), fully on its own or in merging basis. Chunghwa Telecom promises that it will not invest in the mainland's telecommunication services, including mobile phone service and city-call service, which Taiwan government and the mainland's telecommunication authorities prohibit. The subsidiary shall concentrate on information-communication technology, system integration and intelligent energy network.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **The board of Reliance Communications Ltd. approved in principle the sale of up to a 26 percent stake in the company to strategic or private-equity investors, paving the way for India's second-largest mobile phone operator by subscribers to raise funds to reduce about US\$6.2 billion in debt.** The board approved the sale at an appropriate premium to the prevailing market price and gave the nod to examine and pursue other appropriate strategic combination and consolidation opportunities. The unit of the Anil Dhirubhai Ambani Group plans to increase funds to reduce its debt, including about US\$1.8 billion that it needs to pay for the third-generation radio bandwidth it won in a recently concluded government auction. It started preliminary talks with Etisalat Emirates Telecommunications Corp. for a stake sale of either as much as 26 percent of Reliance Communications for around US\$4 billion of Reliance Telecom Ltd.
- **Bharti Airtel Ltd. has completed its US\$9 billion acquisition of most of the Africa assets of Kuwait's Mobile Telecommunications Co., or Zain.** The company's total subscriber base now stands at about 180 million. Bharti sealed a deal to buy Zain's assets in 15 African countries, excluding Morocco and Sudan, as it expands its business overseas to offset the effects of stiff competition at home. Bharti had set up a special-purpose company registered in Amsterdam to complete the deal.
- **Tata Communications' wholly-owned indirect subsidiary Tata Communications (Hong Kong) and the shareholders of China Entercom Communications (CEC) have jointly withdrawn their equity joint venture (JV) application with the Chinese government.** Both organizations have mutually agreed to terminate various agreements memorializing Tata Communications' equity investment in CEC. CEC and Tata Communications will continue with their

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existing network services co-operation relationship and have also entered into a new co-operation agreement whereby Tata Communications and CEC will work together on a commercial basis to allow Tata Communications to benefit from access to CEC's network and assets in China, as Tata Communications continues to focus on this key market. Through this new co-operation agreement with CEC, Tata Communications will provide VPN services to the main cities of China.

- **The Blackstone Group will be investing 2.3 billion rupees (US\$48.1) in Jagran Media Network Private Limited, which will hold majority share of Jagran Prakashan Limited.** Jagran Media Network Private Limited will file for necessary approvals for the investment with the Foreign Investment Provision Board. Dainik Jagran, which publishes 37 editions and more than 200 sub-editions across 11 states, has maintained its position as India's widest read newspaper for the last six years. JPL has evolved as a leading end-to-end media solutions provider with interests across newspapers, outdoor advertising, below the line solutions, internet, magazines and mobile value added services.
- **Bharti Airtel Ltd. is in talks with several companies including Nokia Siemens Networks and Hewlett-Packard Co. to outsource non-core operations such as information technology and network services in Africa, according to its chief executive Manoj Kohli.** The company entered the African market by acquiring Mobile Telecommunications Co.'s assets in several African countries. Bharti closed the US\$9 billion acquisition. Kohli also told Dow Jones Newswires that the company is also in talks with L.M. Ericsson Telephone Co., IBM, Firstsource Solutions Ltd. and Mphasis Ltd. for the contracts.
- **The bid amount for bandwidth to offer broadband wireless Internet services in India has risen to about 127.75 billion rupees (US\$2.73 billion) more than seven times the base price for a nation-wide slot at the end of the auction.** The starting price was 17.5 billion rupees (US\$374 million) for a slot covering the whole of India. The government is auctioning two slots of bandwidth for broadband services in each of the country's 22 service areas. The auction has so far completed 116 rounds. Mumbai was the most sought-after service area, receiving two bids of 22.7 billion rupees (US\$486 million) each. Delhi received two bids of 22.2 billion rupees (US\$475 million), while Tamil Nadu got two bids of 20.5 billion rupees (US\$438 million).
- **Bharat Sanchar Nigam Ltd. plans to float a tender worth about 20 billion rupees (US\$427 million) within a month to purchase equipment for providing 5.5 million telephone connections on the global system for mobile communications platform.** The state-run company had to earlier scrap a tender worth more than US\$6 billion for equipment to provide 93 million mobile phone lines because of concerns over its procurement processes and procedures.
- **Mahanagar Telephone Nigam Ltd. (MTNL) has invited bids from local banks to raise 40 billion rupees (US\$854 million) in loans to pay the government for the bandwidth allotted to the state-run telecommunications company to offer wireless Internet services.** MTNL is looking for one-, two- and three-year loans with an option to replay them before maturity without any penalty. The government has allotted bandwidth to MTNL in Delhi and Mumbai, but the company is yet to start offering its wireless Internet services there.
- **PT Telekomunikasi Indonesia is planning to offer cell phone services using CDMA technology with PT Bakrie Telecom.** Telkom has a CDMA division which offers mobile phone services under the Flexi brand, while Bakrie Telecom sells similar services under the Esia brand. Flexi has an estimation of 15 million subscribers, while Esia has around 11 million. Telkom is 50.19 percent controlled by the government.

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- **The Indonesian government will propose to PT Telekomunikasi Indonesia (Telkom) to allot 55 percent of last year's net profit as dividend.** The country's largest telephone company by subscribers booked 11.33 trillion rupiahs (US\$1.2 billion) of net profit in 2009. Telkom's shareholders will convene to decide, among other things, the dividend payment.
- **DiGi.Com Bhd. and Celcom Axiata Bhd. have agreed to explore a long-term collaboration involving the sharing of network infrastructure in a bid to cut costs.** The plan by Celcom and DiGi to work together to cut costs comes as industry players are confronted with stagnating profit margins amid intense competition to gain new subscribers in Malaysia's matured mobile market. Celcom, DiGi, Celcom's parent Axiata Group Bhd. and DiGi's major shareholder Telenor Asia Pte Ltd. have signed a memorandum of understanding for a possible collaboration in three areas: operations and maintenance, transmission and site sharing, and radio access network.
- **Singapore Telecommunications Ltd. said that its chief executive for international operations, Lim Chuan Poh, will retire.** Lim, who joined SingTel in 1998 and assumed his current post in 2006, has agreed to work until the end of the year while the telecommunications company finds a replacement.
- **Pacnet and Gulf Bridge International (GBI) announced a partnership to interconnect and extend the reach of their respective cable infrastructures.** The partnership aims to establish a network that will extend from Milan, Italy through the Middle East and Asia, all the way to the west coast of the US. According to Pacnet's Senior VP Chris Wilson, the pact will include a physical interconnection of the infrastructure of the two companies.
- **According to Frost & Sullivan, the WAN (wide area network) services market in Singapore is expected to grow by 9.6 percent this year to US\$1.04 billion based on their new study.** The firm added that the WAN market in Singapore grew 8.3 percent last year to be worth US\$952 million, despite the economic crisis. The Singapore WAN services market consists of the local incumbent players - primarily SingTel and StarHub - and the global/regional service providers such as Orange Business Services, Verizon Business, AT&T, BT, Pacnet, PCCW and NTT. The Singapore market is expected to grow at a CAGR (compound annual growth rate) of 7.3 per cent during the period 2009-2016.

United States/Canada

Telecommunications

- **Sprint Nextel Corp. expects revenue to be flattish through the year, but may pick up towards the end, or by early next year.** Evo 4G phone is in shortage. Sprint is encountering the same problem AT&T had with the iPhone. AT&T plans to sell the next Apple iPhone later this month. The Evo 4G is the first phone to be able to tap into the faster fourth-generation wireless network. Sprint will launch a second 4G phone later this year. There will be not put limits on its data plans like AT&T, which introduced a tiered pricing structure.
- **Finisar Corp. swung to a fiscal fourth-quarter profit on better-than-expected revenue growth and improved margins, while year-earlier results were stung by write-downs.** The fiber-optic equipment maker also gave a strong sales view for the current quarter US\$190 million to US\$205 million compared with analysts' average estimate of US\$186 million. Finisar has sequential growth the past several quarters due to the improvement in the company's core markets. The company's business is driven by the expanding demand for bandwidth and storage as a result of growth in video centric

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applications, including video-on-demand, HDTV and 3D TV. The second-largest fiber-optic equipment maker after JDS Uniphase Corp. posted a profit of US\$14.2 million. Excluding stock-based compensation, write-downs and other items, earnings were US\$0.22.

- **Private equity firm Advent International Corp. and other investors have sold an 82 percent stake in Mexican information-technology security services provider Scitum SA to Telefonos de Mexico SAB for an undisclosed amount.** Scitum designs, implements and manages IT security services, offering consulting, integration and administrative support. Scitum's revenue has nearly doubled and earnings before interest, taxes, depreciation and amortization have grown almost threefold since Advent first invested in the firm in December 2006. The acquisition by Telefonos de Mexico complements its push into corporate data services.

Software

- **Oracle Corp. will have job cutting in Europe and Asia to allocate budget in the restructuring costs of Sun Microsystems which might top US\$1 billion and far exceed earlier estimates.** Oracle shall have an estimate of US\$675 million and US\$825 million for their restructuring costs and acquisition of Sun. The company had an estimated US\$325 million in restructuring costs with its US\$5.6 billion purchase of Sun. Sun will cause the firm to add customers with a combination of both software and hardware, putting it into more direct competition with IBM.
- **Microsoft Corp. will sell US\$1.15 billion convertible senior notes due in 2013 and use the proceeds to repay short-term debt.** Microsoft may grant underwriters an option to buy an additional US\$100 million of the notes. Moody's Investors Service rated the notes Aaa. The proceeds will let Microsoft retire some of its commercial paper. It had US\$2.25 billion of short-term debt outstanding. The notes give Microsoft more stability with debt at a fixed rate, compared with the more volatile interest of short-term paper. Convertible notes allow investors to exchange debt into common stock at a pre-established rate under specified conditions.

Hardware

- **Dell Inc. set aside US\$100 million as part of a potential legal settlement with U.S. regulators, a move that prompted the struggling computer maker to lower its fiscal first-quarter earnings by US\$0.05 a share.** Dell had revised its earnings after discussions with the U.S. Securities and Exchange Commission prompted it to put the funds aside toward a potential settlement over a long-running problem regarding the company's reporting practices. The new figure is two cents higher than the company reported a year earlier. Dell's revenue and adjusted-earnings figures were unchanged. The earnings revision comes as Dell struggles to maintain its position in the computer market. The company has fallen behind main competitor Hewlett-Packard which has diversified more effectively into services and consumer products than Dell has.

Semiconductors

- **SanDisk Corp. and Symantec Corp. are leading their Silicon Valley counterparts in boosting profit per employee.** SanDisk earned US\$684,381 more from each worker last year than the prior year, while Symantec added US\$430,453. About half of the companies in a Bloomberg regional index had more profitable workforces last year, helped by job cuts and the start of the economic recovery. Silicon Valley lost about 90,000 jobs during the worst of the slump. The remaining workers had to take on more of the burden, propelling productivity to its highest level since the dot-com boom in 2000. Productivity rose 3.8 percent between the second quarters of 2008 and 2009.

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Europe

Telecommunications

- **France Telecom SA and a consortium of African telecommunications operators agreed to construct a US\$700 million fiber-optic cable from western France to Cape Town, linking African countries to global high-speed data networks.** The undersea Africa Coast to Europe cable will serve 23 countries, and include a US\$250 million investment from France Telecom. Alcatel-Lucent SA, also based in Paris, will construct the link. France Telecom is looking to Africa and the Middle East for revenue as growth slows in its core European markets. The company could pay at least 7 billion euros (US\$8.4 billion) on deals in those regions as part of a strategy to double emerging-market revenue.
- **France Telecom's Chief Executive Stephane Richard plans to venture with content creators as it adapts its content strategy to new developments in the market, notably driven by the Internet.** Addressing the company's annual general meeting for the first time since he took the reins of the telecom giant March 1, the company will be seeking partnerships with content providers in the future, to enhance its offers. The company co-produces films through its Orange brand and has launched two channels: Orange Sport and Orange Cinema. But since his arrival, Richard has indicated that he wants to review the group's content strategy. He will be presenting a plan outlaying the company's main future priorities on July 1.
- **France Telecom is interested in a partnership with French daily newspaper Le Monde to help develop its digital operations, but has no plans to take part in its recapitalization.** Chief Executive Stephane Richard also has no plans to personally invest 35 million euros (US\$42.3 million) to 40 million euros (US\$48.2 million) to team up with Claude Perdriel, CEO of French left-wing weekly Le Nouvel Observateur, who is considering a bid for Le Monde. Le Monde management wants to sell a majority stake in the company, ending nearly 60 years of control by journalists. Le Monde was founded in 1944 on the principles of political and economic independence, and its journalists hold a majority stake in publishing company Le Monde SA through a complex shareholding structure.
- **Iliad SA has been granted a five year 1.4 billion euros (US\$1.7 billion) credit loan by eight European banks to refinance its debt.** The agreement shall fund its growth strategy. The credit line points to the company's healthy financial position, as one of Europe's operators with the least debt. Iliad is preparing to launch mobile services in two years after it was awarded France's fourth third-generation mobile license by Arcep in January. Arcep sold two blocks of third-generation wireless frequencies to Vivendi SA's SFR and SA's Orange brand for a total sum of 582.1 million euros (US\$705.4 million).
- **Arcep will award mobile spectrum for the country's 4G mobile network before the summer of 2011.** There are still disagreements about the timing and method of the allocation of the 800MHz and 2,6GHz frequency bands, which will make up the 4G mobile network. Some European countries such as Germany have already started auctioning spectrum which will serve for building 4G networks. With 4G technology, users will be able to receive and upload data faster on their mobile devices, allowing them to watch high definition videos on mobile phones. All major telecom operators, including France Telecom and Vivendi's SFR are testing 4G technologies, notably LTE.
- **Tele2 AB plans to shift into foreign markets like in Russia and central Asia.** In the first quarter of 2010, its sales in Russia boosted 33 percent year-on-year to 2.24 billion Swedish kronor (US\$278

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million) due to service roll-outs in new regions. The Russian telecom market strengthened during 2010 and shall have a boost in the future. Demand for mobile broadband is boosting in Russia and in western markets. There will be a focus on combined offers with attractive prices, such as subscriptions for both telephony, broadband and TV.

- **Synchronica PLC had a narrowed full-year loss, but said that while its 2010 sales pipeline is at a record high, conversion of orders into sales has been slower than expected.** This has resulted in less cash than expected coming into the business, although Synchronica has enough funds to reach its present requirements. Its directors also consider its sales pipeline sufficient to meet market expectations for the year, provided that conversions into revenue speed up. Synchronica's 2009 pretax loss narrowed to 3.2 million pounds (US\$4.6 million). Its operating loss halved to 3.2 million pounds (US\$4.6 million). Synchronica shall boost recent contract wins and hopes to capture significant market share with its Mobile Gateway 5 product, which offers instant messaging and social networking connectivity as well as push email and synchronization for any mobile phone.

South Africa/Middle East/Latin America

Telecommunications

- **Vivo Participacoes announced a plan to expand broadband Internet coverage to reach 85 percent of the population by the end of 2011.** The company will extend coverage to 2,832 municipalities from the current 600, utilizing funds included in its 2.49 billion Brazilian real (US\$1.37 billion) investment plan for 2010. The plan is ambitious but will be completed. Vivo is jointly owned by Spain's Telefonica and Portugal Telecom. Telefonica has offered to purchase PT's stake, as part of a 6.5 billion euros (US\$7.9 billion) deal, with a view to integrating Vivo's operations with those of its local fixed-line and broadband subsidiary Telecomunicacoes de Sao Paulo.
- **Zambia received a US\$257 million bid for 75 percent majority control of Zambia Telecommunications Co. from Libya's LAP Green Networks, which won bidding with Angola's Unitel Corp. and Russia's Vimpel Communications.** The government will still control the 25 percent stake. LAP GreenN will provide about US\$127 million to widen existing and new networks in the country. Some of the purchase price will be invested directly into Zamtel to recapitalize the business.
- **Emirates Telecommunications Corp. is interested in Iraq's fourth license to operate mobile phones. Omran was planning to acquire a stake in the Korek in northern Iraq.** The Baghdad government approved last month a fourth mobile license to operate in the country. The winning company, which will be selected through an open tender and operate throughout Iraq, is set to have a 65 percent-stake in the venture, while the remaining 35 percent will be owned by the Iraqi communications ministry.
- **Emirates Integrated Telecommunications Co., better known as Du, would invest some 2.2 billion U.A.E. dirhams (US\$600 million) this year to expand its services.** The operator would raise some AED1 billion (US\$272 million) in equity to finance its investment plans. Du's debt stands at AED3 billion (US\$817 million), which dates back to a 2008 bank loan, he said without elaborating.
- **Qtel landed US\$2.75 billion in commitments despite ongoing volatility in global financial markets.** An additional 17 banks joined with commitments of US\$1.11 billion, securing a total subscribed amount of US\$3.86 billion. Qtel will utilize the facility for general corporate purposes including the refinancing of an existing US\$2 billion forward start facility.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 6/11/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	91.7000	-0.2%	-1.7%	-1.3%	-0.6%
Hong Kong dollar	HK\$/ US\$	7.7898	-0.1%	0.1%	0.5%	0.5%
Chinese renmenbi	RMB/ US\$	6.8320	0.05%	0.1%	0.1%	0.1%
Singapore dollar	S\$/ US\$	1.4007	-0.9%	1.4%	-0.3%	-4.2%
South Korean won	KRW/ US\$	1,245.9000	3.7%	10.1%	7.1%	-5.4%
New Taiwan dollar	NT\$/ US\$	32.3950	0.4%	2.6%	1.4%	-1.1%
Australian dollar	US\$/A\$	0.8502	3.3%	-5.8%	-5.2%	19.7%
New Zealand dollar	US\$/NZ\$	0.6897	2.9%	-4.5%	-4.8%	17.9%
Philippine peso	PHP/ US\$	46.3900	-0.7%	1.9%	-0.1%	-1.7%
Euro	US\$/€	1.2115	1.2%	-5.2%	-15.4%	-12.7%
British pound	US\$/£	1.4555	0.7%	-2.0%	-9.9%	0.2%

Fixed Income Prices and Yields

Note	Currency	<u>Current (on 6/11/10)</u>		<u>1 Week Ago</u>		<u>4 Weeks Ago</u>	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	103.81	4.19%	104.13	4.18%	103.51	4.41%
Japan 30-year	¥	104.52	2.11%	103.89	2.13%	102.61	2.16%
Hong Kong 10-year	HK\$	96.18	2.64%	95.82	2.68%	93.49	2.89%
China (06/16)	US\$	109.38	3.05%	109.38	3.05%	109.38	3.03%
Singapore 10-year	S\$	105.75	2.62%	104.29	2.78%	98.76	2.65%
South Korea 20-year	KRW	10,345.77	5.29%	10,635.34	5.27%	10,607.00	5.19%
Australia 15-year	A\$	102.50	5.44%	102.41	5.45%	100.10	5.74%
New Zealand (12/17)	NZ\$	103.72	5.61%	102.99	5.71%	100.92	5.85%
Philippines 20-year	PHP	97.69	9.20%	98.84	9.07%	102.19	9.25%
India 30-year	INR	82.40	8.65%	82.38	8.66%	81.96	8.52%
UK 30-year	£	100.06	4.28%	99.38	4.34%	96.21	4.48%
Germany 30-year	€	127.41	3.29%	127.35	3.31%	118.06	3.72%

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