



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

***Week of 3 July 2010 - 11 July 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 (7/9/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,077.96	5.4%	1.5%	-3.3%	19.3%
Dow Jones Industrial Avg.	10,198.03	5.3%	2.6%	-2.2%	16.2%
Dow Jones Tech. Index	379.59	5.5%	1.9%	-5.7%	51.0%
Dow Jones Telecom. Index	202.13	3.7%	6.7%	-7.9%	1.2%
NASDAQ Composite	2,196.45	5.0%	1.2%	-3.2%	39.3%
Japan Nikkei 225	9,585.32	4.1%	0.5%	-9.1%	8.2%
JASDAQ	51.96	2.0%	1.8%	7.4%	7.8%
Japan Mothers	395.86	2.8%	-5.0%	-4.9%	22.4%
Korea KOSPI Composite	1,723.01	3.1%	4.3%	2.4%	53.2%
Korea Kosdaq	492.15	1.3%	0.4%	-4.2%	48.2%
Taiwan Stock Exchange	7,647.25	4.3%	6.9%	-6.6%	66.6%
Singapore Straight Times	3,473.51	2.2%	2.6%	16.1%	97.2%
Hong Kong Hang Seng	20,378.66	2.4%	4.6%	-6.8%	41.6%
Hong Kong GEM	761.51	0.5%	-2.1%	12.5%	97.6%
China Shanghai (A-Share)	2,589.75	3.7%	-1.7%	-24.7%	35.5%
China Shenzhen (A-Share)	1,031.23	6.3%	-5.6%	-18.2%	77.3%
China Shanghai (B-Share)	222.93	6.1%	4.7%	-11.7%	101.0%
China Shenzhen (B-Share)	1,077.96	7.0%	7.7%	-5.4%	118.2%

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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*

- **According to Wireless Intelligence, global mobile connections surpassed 5 billion, just 18 months after reaching the 4 billion milestone.** This figure represents a global mobile penetration of 74 percent and on way to reach 6 billion total number connections by the first half of 2012. Asia-Pacific was the main growth driver accounting for 47 percent of global mobile connections at the end of the second quarter of 2010. Western Europe remains the most saturated region with penetration reaching 130 percent.

#### *Hardware*

- **According to Barclays, tablets will be very much in demand within the next two years but at the expense of other segments and players, including notebooks and software company Microsoft.** Tablets will sell more than 15 million units this year, and at least 28 million in 2011, but that surge will likely hurt personal computer sales. The tablet explosion began earlier this year with the release of Apple's iPad, now considered the leader in the category. Dell came out with its own version, dubbed Streak. Hewlett-Packard will launch its own product. The launched tablets will highlight the shifts in the software arena, losing Microsoft Corp. The shift leaves software incumbents such as Microsoft which will be left vulnerable to share losses as consumers are no longer reliant on Windows for their computing needs.

#### *Telecommunications*

- **According to research company iSuppli, suppliers focusing on 2.5G technology performed best in the digital baseband semiconductor market during the first quarter of 2010.** Global revenue from sales of 2.5G baseband chips boosted 4.2 percent sequentially, as 3G baseband revenue declined 3.4 percent. Leading baseband supplier Qualcomm suffered from a slump in 3G chip sales, with its baseband revenue declined 4.5 percent. iSuppli sees that 3G will spring back its momentum as sales in developed areas boosted.

### Japan

#### *Mobile/ Wireless*

- **Japanese mobile operators added 526,900 new subscribers in June to reach a total of 113.716 million mobile subscribers, according to figures from the Telecommunications Carrier Association.** Softbank again led in subscriber additions in June as it added 229,500 new customers to bring its total to 22.573 million. NTT Docomo gained 164,600 new subscribers to reach a total of 56.514 million. KDDI ended the month with 32.091 million subscribers after adding 61,300 new customers. PHS provider Willcom lost 60,600 customers, which brings the company's total to 3.882 million. Willcom has filed for bankruptcy and has begun a rehabilitation process.

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## *Hardware*

- **Canon will have a near three-fold jump in its group operating profit for the January-June period, boosted by better-than-expected sales of digital single-lens reflex cameras and laser printers.** The company's operating profit for the first half will boost 180 percent at about 182 billion yen (US\$2.07 billion). Full-year sales are seen up 15 percent due to boosting demand for entry-level digital SLR cameras and sales in China. Renewed spending on information technology by clients helped the office equipment division. Canon's gross profit margin spring back from its amount during financial crisis. Sales will boost to 17 percent, with operating profit predicted to surge 66 percent. Canon will be affected by weak euro lessening spending and accelerate sales of highly profitable products like in digital cameras.
- **Fujitsu Ltd. will increase investment in cloud computing to 100 billion yen (US\$1.1 billion) in fiscal 2010, as the business is expected to be at the center of future growth.** The company will nurture about 5,000 cloud computing experts by the end of fiscal 2011, while setting up a data center in southern China by the end of the fiscal year through March 2012 to accelerate its cloud computing business in the country. Fujitsu has set a sales target for the cloud computing-related business of between 1.30 trillion yen (US\$14.7 billion) and 1.50 trillion yen (US\$16.9 billion) in fiscal 2015. President Yamamoto also showed eagerness to engage in mergers and acquisitions to enhance Fujitsu's businesses in areas such as software, saying that the company is aiming to increase ventures with various global partners.

## *Semiconductors*

- **Sanyo Electric Co. announced that it is considering selling its semiconductor operations for as much as 30 billion yen (US\$339 million).** No further details were disclosed.

## *Telecommunications*

- **The president of NTT DoCoMo Inc. is in negotiations with the gaming machine makers regarding their proposed portable game consoles linked to the 3G network, by installing the Japanese mobile carrier's 3G modules.** Traditional game console makers are struggling to improve their products to be more network capable. Nintendo will launch a brand new hand-held device called the Nintendo 3DS, which will feature beefed-up wireless network capability. DoCoMo will boost its smartphone offerings by releasing about seven new models by the end of this fiscal year through March, including Samsung Electronics Co.'s Galaxy S smartphone. DoCoMo will launch a tablet-type mobile device.
- **NTT Communications announced that its subsidiary NTT Communications (Thailand) Co., Ltd. has begun operating a branch office in Cambodia.** Headed by the concurrent president of NTT Communications (Thailand), Tsuyoshi Kawashima, the Phnom Penh Branch will provide multinational companies in Cambodia with ICT solutions from NTT Com.
- **Renesas Electronics Corp. will acquire Nokia's wireless modem worth US\$200 million.** This will allow the transfer of the division's 1,100 workers in Finland, India and other countries, as well as wireless technology used in mobile phone handsets worldwide to the Japanese company. Renesas and Nokia had a joint research and development of next-generation modem technology.
- **NEC will have its revenue from carrier network operations to boost by 34 percent from the current fiscal year.** The business environment is changing in the company's favour, as the rapid expansion of mobile data traffic due partly to the growth of smartphones arises.

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## *Internet*

- **Google Japan will launch its electronic bookstore Google Editions in Japan early next year.** The service will offer acquisition of e-book titles for reading on devices such as PCs and smartphones, as well as a host of e-book readers. The company's existing Google Books service currently allows access free of charge to sections of at least 2 million titles from 30,000-plus publishers worldwide. Google Editions, however, will offer access to entire publications for a fee. Publishers will have control over setting e-book prices. At least half of sales will be distributed to publishers.

## **Korea**

### *Semiconductors*

- **South Korea will place 15 trillion won (US\$12.5 billion) to become the world's dominant producer of rechargeable batteries in the next 10 years.** The new "Battery 2020 Project" will pool resources from both the state and private sector to gain control of the rapidly expanding industrial sector. The global market for rechargeable lithium-ion batteries is expected to grow six-fold from US\$12.3 billion this year to US\$77.9 billion in the target year as demand for the convenient, eco-friendly power source rises in such areas as mobile information technology products, electricity powered vehicles and power cells used to store energy. South Korean, Japanese and Chinese companies controlled 95 percent of the global production with Japan's Sanyo holding onto 20 percent of the market followed by Samsung SDI Co. and LG Chem Ltd. controlling 19 percent of worldwide production each.

## **China**

### *Internet*

- **China's Ministry of Industry and Information Technology renewed Google's Internet license as Google submitted a revised application to meet regulations in the world's biggest Internet market by users.** The renewal was granted to Beijing Guxiang Information Technology Co. Ltd., the operator of Google's Chinese web service. China's official Xinhua news agency reported on the terms of the renewal, According to Xinhua news agency, in the application letter, Guxiang pledged to "abide by Chinese law," and "ensure the company provides no law-breaking content as stipulated in the 57th statement in China's regulations concerning telecommunications." The statement says that any organization or individual is prohibited from using the Internet to spread any content that attempts to subvert state power, undermine national security, infringe on national reputation and interests, or that incites ethnic hatred and secession, transmits pornography or violence. Guxiang also accepted that all content it provides is subject to supervision of government regulators.

### *Telecommunications*

- **Huawei Technologies is selling equipment for the development of the wireless broadband network of Sprint Nextel.** The deal will require at least an acceptance from the U.S. government. Huawei has sold equipment to a large U.S. telecommunications operator as it has made sales to smaller U.S. operators. Huawei's growth in the U.S. has been clogged as the U.S. government's scrutinizes the company.

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- **The Chinese government asked its Indian counterpart to have an open and transparent environment for its telecom companies despite accelerating ambiguous prohibitions on acquisitions of telecom gear by Indian operators from the Chinese vendors.** The Chinese media released hundreds of entries to reveal the issues. Chen Deming and his office are now scrutinizing the problem. He received reports of 25 Chinese companies being blacklisted by Indian government for acquiring telecom equipment due to security related concerns. The Chinese government would approach New Delhi regarding the issue and will ask for clear policy which will not be China specific. He disagrees that China may respond by blocking imports from India. This issue would be solved through diplomatic channels.

## *Media, Entertainment and Gaming*

- **China online game developer and operator The9 Ltd. announced that it has made a strategic minority equity investment in Aurora Feint Inc.** Based in Burlingame, California, Aurora Feint develops mobile games and operates OpenFeint, a mobile social platform and application for smartphones. The9 Board Chairman and CEO Zhu Jun emphasizes that this will improve the set up of mobile game platforms. 233 million Internet users surf online through mobile phones in China, accounting for 60.8 percent of the total. The mobile gaming market might reach 2.5 billion yuan (US\$369 million) this year. The9 believes that online game companies will miss the most important opportunity in the future ten years if they do not invest in the mobile Internet field now.

## *Hardware*

- **Sales of electronic reading (e-reading) devices in China numbered 231,200 units in the second quarter of 2010, down 7.19 percent quarter-on-quarter.** Hanwang Technology Co. Ltd. remains the market leader, selling 168,400 units, or 72.84 percent of total e-reading devices sold, in the first quarter. Teclast Electronics Co. Ltd. ranked second, accounting for 6.66 percent of the sales in the quarter. Iriver Ltd. was in 3rd place with 12,300 units sold, or 5.32 percent of sales. Iriver started selling e-reading devices in China in December 2009. Founder Technology Group Corp had 2.43 percent sales, as Tianjin Jinke Electronics Co. Ltd had 2.29 percent of sales. This showed the decline in sales to a wait-and-see attitude among consumers who are seeing more tablet computers introduced on the market. Apple is in negotiation with China Unicom regarding the introduction of its iPad tablet computer in China, while Beijing Huaqi Information Digital Technology Co. Ltd launched their tablet computers.

## *Alternative Energy*

- **ReneSola Ltd. will have shipments of 250-260MW and revenues of between US\$245 million and US\$255 million in the second quarter of 2010.** The company is seen to garner gross profit margin of 28-30 percent in the quarter. This means a boosting revisions of previous guidance of 230-250MW of shipments and revenue ranging from US\$230 million to US\$250 million, at a gross profit margin of 21-23 percent.
- **Yingli Green Energy Holding Co. Ltd. agreed with China Development Bank (CDB) for credit facilities up to 36 billion yuan (US\$5.31 billion) for photovoltaic investments.** The bank will grant the credit facilities to Yingli Group Co Ltd and its affiliates, including three Chinese units of Yingli Green Energy. CDB sees to grant the credit facilities to these units for their photovoltaic industry-related domestic and overseas investments.



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- **JA Solar Holdings will acquire 100 percent of the shares of Shanghai Jinglong Solar Technology from Ningjin Jinglong PV Investment.** Shanghai Jinglong Solar Technology owns the land, building and facility currently being leased by JA Solar for its module production operation in Fengxian, Shanghai. JA Solar will own approximately 206,590sqm of land, 58,706sqm of buildings and related facilities. JA Solar will acquire Shanghai Jinglong Solar Technology. The acquisition will improve JA Solar's expansion of its manufacturing operation to support customers' growing requirements.

## *Semiconductor*

- **Datang Telecom Technology & Industry Holdings Co., Ltd. is seeking to buy additional 1.5 billion new shares in Semiconductor Manufacturing International Corporation (SMIC) to lift its holdings in the chipmaker to 19.1 percent from 15.2 percent.** SMIC, whose biggest shareholder is state-owned Datang Telecom will sell up to 1.5 billion new shares to unknown institutional investors to fund around US\$104 million. The issuance price range represents an 8.5 percent-11.9 percent discount.

## *Investments/ Ventures*

- **Goldman Sachs is in talks about the acquisition of a 12 percent stake in Taikang Life Insurance worth US\$1.05 million from French-base AXA SA.** Goldman Sachs and the other two companies will acquire a 15.6 percent stake in Taikang for US\$1.1 million. Taikang will introduce an initial public offering in three years and become the third largest insurer within five years. Taikang had premium income of US\$ 33.59 billion will widen its market quota to 10 percent this year.

## **Taiwan**

### *Mobile/ Wireless*

- **HTC Corp. boosted second-quarter unaudited net profit by 32.8 percent to a 2.5-year high as revenue increased to a record level.** HTC had its unaudited net profit for the three months of NT\$8.64 billion (US\$268 million) with revenue boosted 58.5 percent. The company expects second-quarter revenue to reach NT\$50 billion (US\$1.6 billion) and handset shipments to boost 50 percent from a year earlier to 4.5 million units. HTC began making own-brand handsets a few years ago and has been pumping resources into increasing its profile to better compete with established smartphone makers such as Nokia. Analysts see company sales of new smartphone models in the U.S. and Europe to boost HTC's net profit and revenue in the second quarter as the company focuses to promote the brand.

### *Telecommunications*

- **Far EasTone Telecommunications (FET) is cooperating with China Mobile to offer content for mobile users.** The companies will offer games, music, and e-books soon. FET's shareholders have approved the sale of a 12 percent stake in the company to China Mobile for NT\$17.8 billion (US\$555 million). China Mobile and Far EasTone are currently waiting for the easing of the Taiwanese government's restrictions on Chinese investment in the country's telecommunications industry.
- **Chunghwa Telecom Co. had its unaudited first-half net profit rose 13 percent in the same period a year earlier because of its value-added Internet services, sales of smartphones and lower corporate income tax.** Chunghwa Telecom had its earnings per share in the six months ended June 30 rose to NT\$2.58 (US\$80.5). Revenue in the first half rose 1.6 percent. June revenue from

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mobile phone calls rose 4.7 percent in the same month a year earlier, and Internet service revenue rose 8.5 percent.

## *Information Technology*

- **The production value of Taiwan's information and communications technology (ICT) industry might be at 30 percent year-on-year growth to reach NT\$1.35 trillion (US\$58.7 billion) in 2010.** ICT industry is healing since the second half of 2009 as it reels from the global financial crisis in the first half of that year, and is seen to continue its growth momentum in 2010. The mobile telecommunications sector will have the peak of production value at approximately 58 percent of the total, followed by the cable communications sector at 17 percent of the total. The wireless communications sector's revenues will be at 9 percent of the total, and another 16 percent will come from exports of communication chips and spare parts. Growth in the global ICT services market in the next few years will be due to the rising markets such as China and India. Global mobile subscriptions reached at 4.6 billion in 2009 and are seen to amount to 6 billion by 2013.

## *Semiconductor*

- **Taiwan Semiconductor Manufacturing Co.'s (TSMC) second-quarter sales beat its own forecast and were also higher than analysts' expectations given its early adoption of more advanced technology helped boost capacity and gain new orders from overseas clients that are increasingly outsourcing manufacturing to major chip foundries in Asia.** TSMC had unconsolidated sales of NT\$35.11 billion (US\$1.1 billion) for last month. That was up 36 percent from a year earlier and up 3.8 percent. Sales boosted 25.5 percent from a year earlier, the highest level in nearly three years.
- **United Microelectronics Corp. (UMC) generated NT\$29.75 billion (US\$924 million) in sales during the second quarter of this year due to the strong demand in electronics products.** UMC sees quarterly sales to boost by 7- 9 percent. Sales boosted by 2.43 percent. Due to boosting global demand, the company had fully utilized its production facilities.

## *Hardware*

- **Acer Inc. had its June sales NT\$44.4 billion (US\$1.39 billion), boosted 0.53 percent from the same month a year earlier.**

## **Hong Kong**

### *Telecommunications*

- **China Mobile Hong Kong might adopt the China Mobile Multimedia Broadcasting (CMMB) mobile TV standard for its upcoming service in Hong Kong.** China Mobile Hong Kong recently won a license to operate a mobile TV service in the 678-686 MHz band in Hong Kong. China Mobile has bundled TD-SCDMA with CMMB in the China market and is able to use its operational know-how and experience, as well as its CMMB terminal devices in the Hong Kong market.
- **PCCW Ltd. gave its application to the Hong Kong government for a license to provide free-to-air television services in the city, joining i-Cable Communications Ltd. and City Telecom Ltd. in seeking to break a duopoly held by Television Broadcasts Ltd. and Asia Television Ltd.** The company proposes broadcasting a 24-hour free Cantonese-language TV channel on a spare territory-wide ultra-high-frequency channel. PCCW's Now TV already operates pay TV services over the company's high-speed broadband network in the city.

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- **PCCW has entered into a partnership with Manchester United (Man Utd) making it the Official Integrated Telecommunications Partner and Official Broadcast Partner of Man Utd in Hong Kong.** This is the first of such arrangement in the country. Through this partnership, now TV will become the Official Broadcaster of MUTV in Hong Kong with the exclusive broadcasting rights of MUTV, MUTV Online and MU Mobile contents in the next three years. These will also be available on PCCW's other quadruple-play platforms of now.com.hk, PCCW mobile and PCCW eye2.

## Singapore/Malaysia/Philippines/Indonesia/India

### *Mobile/ Wireless*

- **Madhouse Inc. will join the Indian market at the end of 2010.** Madhouse will provide platforms for advertising on mobile devices in India similar to those it currently offers in China. The company plans to enter India at the end of this year. Madhouse assigned Dan Wong to be its chief operating officer (COO) with an eye to global expansion. Madhouse received an aggregate US\$20 million in two rounds of funding in 2006 and 2007. Gobi Partners Inc. and JAFCO Investment (Asia Pacific) Ltd. participated in both rounds and TDF Capital joined the second round. Advertisements placed by Madhouse reached at least 160 million mobile Internet subscribers in China.

### *Telecommunications*

- **India's largest independent tower company, GTL Infrastructure Ltd. may give new shares worth as much as US\$3 billion, more than triple its market value, to Reliance Communications shareholders in exchange for the company's mobile-phone towers.** GTL may also assume about 180 billion rupees (US\$3.9 billion) of Reliance's debt. This would give Reliance shareholders a 75 percent stake of the transmission tower entity.
- **Bharti Airtel will be expanding its submarine cable business to target business opportunities in over 100 countries by 2013.** At present, Bharti's cable network reaches 50 countries from where it could pick up traffic. The company aims to get licenses or have presence in each of these countries. It has projected a target to reach 100 countries by 2013.
- **Bharat Sanchar Nigam Ltd. sees 4.0 million users on its third-generation mobile-telephony network by the end of the current fiscal year through March.** The company is focusing on franchisee model to boost sales of the service. BSNL's franchisee plan follows a similar move by Mahanagar Telephone Nigam Ltd. They will improve their user base before private players, who won 3G bandwidth through an auction in May, start offering 3G services. BSNL offers telecom services in 20 of India's 22 service areas, while MTNL provides services in the remaining areas including Mumbai and Delhi. The government allotted 3G bandwidth to them ahead of others with the condition of matching the winning price in the auction for private companies. The company plans to garner expressions of interest from global companies, or their Indian units, for a revenue-sharing deal to sell 3G services.
- **The Indian government is having meetings regarding the concerns of telecom companies over recommended caps on bandwidth for mobile phone services and a proposed one-time charge.** The panel is led by a member for technology at the Telecom Commission. The decision to refer the telecom companies' concerns over the proposals to a panel comes after the federal communications minister. GSM and CDMA operators with more than 6.2 megahertz and 5 Mhz of 2G bandwidth, respectively, should pay a one-time fee to keep the excess spectrum. It said the fee would be linked to the value of third-generation, or 3G, bandwidth at the government's recent auction. Top telecom companies, including Bharti Airtel Ltd., Vodafone Essar Ltd. and Idea Cellular

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Ltd., strongly opposed the recommendations as they had already spent large sums in the 3G and broadband wireless spectrum auctions.

- **Mahanagar Telephone Nigam Ltd. wants to refund the fees it paid worth 110.98 billion rupees (US\$2.39 billion) for bandwidth to offer third-generation mobile telephony and wireless broadband services, after the hefty payments left the state-run company with a cash crunch.** The company will avail a cash overdraft facility of 25 billion rupees (US\$536 million) from banks to tide over the temporary cash crunch. It is also evaluating bids to raise 75 billion rupees (US\$1.6 billion) as long-term loans and a proposed bond issue to repay part of the short-term loans it took for the payments. MTNL spent at least 35.34 billion rupees (US\$759 million) from its cash reserves.
- **Singapore Telecommunications Ltd. 's wholly owned subsidiary Viridian Ltd. acquired 1.6 million shares of Indian mobile phone operator Bharti Airtel Ltd. for 422.78 million rupees (US\$12.45 million) or at an average price of Rs265.9 per share.** The shares were purchased on the open market, increasing SingTel's effective interest in Airtel to 32.04 percent.
- **Philippine Long Distance Telephone Co.'s board approved to split its wholly-owned information technology and business process outsourcing unit, ePLDT Inc., into two business groups.** The second new group will handle business process outsourcing operations such as call-center services through its ePLDT Ventus Inc. unit and content solutions, medical billing and transcription services through SPi Technologies Inc. The company said to complete the reorganization, ePLDT will transfer its entire shareholdings in SPi Global Holdings Inc., ePLDT Ventus and SPi Technologies to PLDT in exchange for PHP9.04 billion (US\$194.5 million) in cash. PLDT will transfer stakes in ePLDT Ventus and SPi Technologies to SPi Global Holdings in exchange for additional shares in the latter.
- **PLDT will have higher first-half profit compared with the year-earlier period, as revenue growth seen in the first quarter was sustained in the second quarter of this year.** The cellular, broadband and fixed-line businesses showed had a net profit of PHP19.7 billion (US\$427 million) in the first half of 2009 on service revenue of PHP72.9 billion (US\$1.6 billion). In the first quarter this year, it recorded net profit of PHP11.4 billion on revenue of PHP36 billion. PLDT is maintaining its earnings guidance for this year at just a slight acceleration in core profit from the PHP41.1 billion (US\$889 million) posted in 2009 and a 2 percent growth in revenue. PLDT blamed last year's weak revenues to the calamities during the third quarter, which dampened the normal holiday boost of the fourth quarter. The government had revised upward the economic growth target this year to between 5 percent and 6 percent from an earlier target of 2.6 percent to 3.6 percent.
- **Maxis will have at least triple revenue from broadband services on wireless and fixed-line in two to three years.** The mobile phone business would support the company, but it will also boost revenue from non-voice segment such as Internet access. Maxis plans to construct its share in fixed-line broadband service by using Telekom Malaysia's high speed broadband network that aims to provide services to more than 700,000 households in Malaysia. Maxis funded US\$3.3 billion in November in Southeast Asia's biggest IPO following a restructuring of Maxis Communications by major shareholders Binariang GSM and Saudi Telecom.
- **Australia's IT executive David Teoh, who is believed to be worth around US\$615 million, is set to acquire Telecom NZ's Australian subsidiary AAPT.** Teoh's TPG Telecommunications is said to have offered US\$350 million for AAPT, well below the US\$500 million Telecom has been seeking. The only competing bidder, Amcom Telecommunications, would need complicated financing plan to complete the deal, according to industry newsletter Communications Day. Analysts are

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speculating that second-tier firm TPG could acquire AAPT, in just another sign the market will continue to consolidate ahead of the rollout of the National Broadband Network. But the move could also be a sign that TPG co-owner David Teoh is after iiNet, with AAPT holding an 18 percent stake in the business. Analysts also say Teoh is eyeing Amcom Telecommunications, which holds a 20 percent stake in iiNet. Telsyte research director Foad Fadaghi says the industry suspects a move will occur, and would make complete sense ahead of the construction of the National Broadband Network.

- **According to Telsyte, Telstra's US\$11 billion deal with NBN Co might not be enough to make up for revenue losses it will sustain in its long-term transition away from its tightly integrated structure.** The deal would involve Telstra migrating its telephone and broadband customers onto the fiber National Broadband Network, with its ADSL network to be shut down and no more broadband services to be provided over its HFC cable network. The research firm finds that the company needs to earn an additional US\$400 per annum per customer, above and beyond meeting its current costs and retained earnings targets to maintain the current level of dividends it pays to shareholders each year.

## *Hardware*

- **Canon Marketing Philippines Inc. (CMPI) is expecting a 25 percent acceleration in sales this year on the strength of continuing market demand and the seen introduction of new models of cameras, copiers and printers.** The company is seen to break the P4 billion (US\$86.6 million) mark in terms of overall sales. CMPI's sales were pegged at just below the P4 billion (US\$86.6 million) mark. The growth will come from the continued demand for Canon's products and from the introduction of additional products towards the end of the year. Canon currently enjoys nearly 50 percent of the total camera market in the Philippines while sales for its copiers and printers are equally split for the remainder of the company's sales. The company intends to expand its regional operation by increasing the number of its regional offices.

## **United States/Canada**

### *Internet*

- **Skype has hired Yahoo Inc.'s Madhu Yarlagadda to be its new chief development officer, overseeing the Internet-phone company's engineering and development initiatives.** Yarlagadda spent more than a decade with Yahoo! most recently as vice president of engineering for integrated customer experiences. Dan Berg, Skype's current chief technology officer, will remain at the company to manage a smooth transition. Berg was hired as CTO in December 2008, coming from Sun Microsystems. EBay Inc. sold its majority stake in Skype last fall to an investment group led by private-equity company Silver Lake Partners for about US\$1.9 billion in cash plus a US\$125 million note.

### *Media, Entertainment and Gaming*

- **Lions Gate Entertainment Corp. will cooperate with Carl C. Icahn regarding the possible purchasing. Lions Gate will refrain from specified actions during that period, including encouraging any other people to buy Lions Gate securities outside of normal business.**



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- **Cogeco Cable Inc.'s third-quarter earnings came in ahead of expectations on customer growth across both its European and Canadian operations, allowing for slightly stronger revenue and customer addition projections for fiscal 2011.** The company earned C\$31.2 million (US\$30.2 million). Third-quarter earnings were up almost 13 percent. Revenue was also up but it was affected by fewer basic-cable service customers. Free cash flow rose to C\$50 million (US\$48.4 million) and revenue-generating units added, or RGUs, jumped to 64,241 from 14,070. RGU growth in Portugal was at 27,860, with Canadian RGUs up 36,561. The competitive situation in Portugal appears to be settling down despite persistent economic difficulties in Europe.
- **Endwave Corp. declined its second-quarter revenue guidance as the provider of high-frequency radio-frequency solutions for mobile communications networks saw a bigger-than-expected demand drop for its key product line.** Demand for new products such as the new module designs and IP-based radios, as well as its new microwave and millimeter wave integrated circuits products, has improved. Endwave sees to have US\$3.7 million in revenue for the quarter. As sales declined, the company sees to have a US\$1.4 million inventory write-down in the period. The company will garner its second-quarter results July 26. Endwave had first-quarter loss narrowed on lower expenses while sales declined 33 percent.

## Europe

### *Software*

- **Anite PLC will have boosting revenue from smartphone development as sales declined as phone manufacturers delayed spending ahead of the introduction of the latest 4G mobiles.** Anite had a pretax loss from continuing operations of GBP4 million (US\$6.02 million) for the fiscal year ended April 30. Its customers cut spending on legacy technologies as they thought to invest in the launch of the 4G market. Anite is still investing in its new wireless 4G LTE, or Long-term Evolution, technology throughout the downturn. LTE is still in the early development phase but will support mixed data, voice, video and messaging traffic and allows mobile networks to process internet applications more quickly.

### *Semiconductors*

- **ASML will have a net profit, on average, of 209 million euros (US\$265 million), as a recovery in the chip sector lifts sales of its machines for mapping out circuits on silicon wafers.** The company will reveal sales boosting to just over 1 billion euros in the second quarter from 277 million euros a year earlier. ASML's customers include the world's largest chip maker Intel Corp and Taiwan SMIC.

### *Telecommunications*

- **Telenor ASA's Sigve Brekke will replace CEO Stein-Erik Vellan to head the Uninor unit in India as it is struggling to be at the top of all. Brekke will also be controlling the Fornebu.** Telenor entered the world's second-largest wireless market in December with Unitech Ltd. They aimed to garner an 8 percent nationwide share against more than a dozen rivals. The new appointment was due to the decline in revenue development at Uninor. Uninor had a first-quarter operating loss of 1.11 billion kroner (US\$170 million) on sales.

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- **American Tower Corp. launched operations in Chile as it acquired 287 wireless communication towers from Telefonica SA's Chile unit.** The company had contracts with 113 towers. Telefonica Chile served as the anchor tenant. The company sees to close on the rest by the end of the year. The move is part of its plan to widen in select Latin American countries and that recent spectrum auctions in Chile's wireless market are seen to drive investment in network expansion. The company will continue expansion opportunities. American Tower has benefited from boosting demand as wireless carriers is still accelerating as it is funding more on tower upgrades. The company is also expanding in India by acquiring local companies and is targeting China for further expansion.
- **France Telecom SA generated a five- year strategy to attract clients, revive morale and place Chief Executive Officer Stephane Richard's stamp on the company.** The four-part program aims to boost France Telecom's customer base to 300 million by 2015. This encompasses a mix of old and new aims, including a doubling of revenue from emerging markets and a 2 billion-euro (US\$2.5 billion) investment in the domestic fiber network. France Telecom's new direction follows a series of suicides that rocked the company and hastened the replacement of former CEO Didier Lombard. The company would pay at least 7 billion euros (US\$8.9 million) on contracts in Africa and the Middle East to increase emerging-markets growth. More than 37 France Telecom employees have taken their own lives since January 2008. Because of this, the company will suspend some restructuring plans, reconsider the closure of small offices, and launch a part-time work plan for older staff. The company is looking for a venture of producers of digital content to make a contribution to the stabilization of content and the search for a new economic model.
- **TeliaSonera AB has sold its Danish unit Stofa to Ratos worth 1.1 billion Danish krone (US\$186.6 million).** TeliaSonera will have a capital gain of at least DKK500 million (US\$84.8 million). Stofa offers television services, high-speed broadband and telephone services. Handelsbanken Capital Markets was the exclusive financial advisor to TeliaSonera.
- **SFR is still investing 1.5 billion euros (US\$1.9 billion) a year into developing the quality of its mobile and Internet networks.** SFR's third-generation mobile networks covered 87 percent of the French population, exceeding the target of 84 percent fixed by telecom regulator Arcep. The new lot of 3G mobile frequencies acquired by the group earlier this year will boost its mobile network capacity and allow customers to use new data-heavy services such as webphones. SFR is also investing an annual 150 million euros (US\$189 million) into deploying its ultra-high speed fiber-optic network. SFR competes with France Telecom, Bouygues SA's Bouygues Telecom, and Iliad SA.
- **Wind SpA faces a 60 million euros (US\$75.8 million) tax charge after a tax police inspection discovered it didn't pay a 12.5 percent tax on bond issues in the past few years.** Italian tax authorities suspect Wind issued the bonds through ad hoc Luxembourg-based companies in order to avoid paying taxes in Italy. Wind may face a higher tax fine if the inspection expands to the overall 4 billion euros (US\$5.06 billion) non-senior bonds issued by the parent company. Its debt at the end of March stood at 8.41 billion euros (US\$10.6 billion).
- **OAo MegaFon will have one to two acquisitions this year in the wireless business as it purchased a fixed-line provider.** MegaFon will spend US\$745 million for Synterra. OAo VimpelCom and OAo Mobile TeleSystems branch out beyond mobile phone calls to benefit from growing Internet demand in the country of 142 million people. Broadband Internet subscribers in Russia reached 11.6 million last year, double 2007's total, Advanced Communications & Media estimates. That might boost to 15.5 million this year and 26 million in 2012. Russia will launch broadband Internet nationwide in the next five years. MegaFon invested at least 200 billion rubles

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(US\$6.5 billion) in the past five years. The company will boost investment 13 percent this year to build up its 3G network in Russia.

- **The chief executive of Telkom SA Ltd. stepped down and instead accepted a consulting role while a search for his successor gets underway.** Reuben September would resign as CEO and a director. Telkom has appointed Jeffrey Hedberg as interim CEO, and a replacement for September would be announced in due course.

## *Media, Gaming and Entertainment*

- **Cable & Wireless Communications PLC Chairman Richard Lapthorne will replace Harvey McGrath as chairman of U.K. insurer Prudential PLC.** Lapthorne held discussions with some Prudential investors over the past three weeks and wants the job as chairman if he gets enough support. McGrath and Prudential Chief Executive Tidjane Thiam were planning to step down as Prudential failed in its planned US\$35.5 billion bid to acquire American International Group Inc.'s Asian unit AIA Group Ltd. Five of Prudential's investors haven't given their unambiguous support for Lapthorne.

## *Hardware*

- **Best Buy Co. Inc. appointed Andrew Harrison as Chief Operating Officer for its joint venture Best Buy Europe.** Paul Antoniadis stepped down to be at the international start-ups and new business ventures. Best Buy prepared for its launch in the U.K. by raising a GBP1.1 billion (US\$1.7 billion) joint venture with recently-demerged Carphone Warehouse PLC. Harrison, who will be responsible for all Best Buy Europe brands.

## *Internet*

- **The government is planning to launch a new Internet search engine in Russia.** The admission by Leonid Reiman is believed to be the first by a Russian official about potential state involvement in a sphere dominated by private enterprise. Recruiting company Arthur Hunt Group has been contacting developers at the top Russian search providers including Yandex, Mail.ru and Rambler to work on the state's new project, which will be worth US\$100 million. The government aims to finish the search engine ready by the end of 2011. However, there are official who were clueless about this plan.



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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 7/9/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	88.6700	1.1%	-3.1%	-4.6%	-3.8%
Hong Kong dollar	HK\$/ US\$	7.7638	-0.4%	-0.5%	0.1%	0.2%
Chinese renmenbi	RMB/ US\$	6.7720	0.02%	-0.8%	-0.8%	-0.7%
Singapore dollar	S\$/ US\$	1.3814	-0.8%	-2.3%	-1.7%	-5.5%
South Korean won	KRW/ US\$	1,197.5000	-2.5%	-3.0%	2.9%	-9.0%
New Taiwan dollar	NT\$/ US\$	32.0500	-0.5%	-1.0%	0.3%	-2.2%
Australian dollar	US\$/A\$	0.8780	4.3%	6.1%	-2.1%	23.6%
New Zealand dollar	US\$/NZ\$	0.7113	3.4%	6.7%	-1.8%	21.6%
Philippine peso	PHP/ US\$	46.2150	-0.7%	-1.0%	-0.5%	-2.1%
Euro	US\$/€	1.2642	0.7%	5.6%	-11.7%	-8.9%
British pound	US\$/£	1.5070	-0.8%	4.1%	-6.7%	3.8%

## Fixed Income Prices and Yields

Note	Currency	Current (on 7/9/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	105.78	4.08%	107.47	3.99%	104.46	4.11%
Japan 30-year	¥	106.18	2.03%	108.73	1.92%	103.95	2.09%
Hong Kong 10-year	HK\$	99.61	2.59%	101.30	2.40%	97.15	2.40%
China (06/16)	US\$	109.38	3.05%	109.38	3.05%	109.38	3.05%
Singapore 10-year	S\$	107.35	2.44%	107.93	2.38%	106.72	2.50%
South Korea 20-year	KRW	10,498.55	5.20%	10,513.67	5.18%	10,650.85	5.19%
Australia 15-year	A\$	104.72	5.22%	104.78	5.21%	102.50	5.44%
New Zealand (12/17)	NZ\$	104.45	5.53%	104.54	5.50%	103.94	5.49%
Philippines 20-year	PHP	100.69	8.86%	99.42	9.01%	97.59	9.01%
India 30-year	INR	83.45	8.54%	83.65	8.51%	81.97	8.52%
UK 30-year	£	101.57	4.22%	102.20	4.15%	100.17	4.24%
Germany 30-year	€	127.38	3.31%	127.62	3.28%	128.45	3.26%

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