

# IRG WMR



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

***Week of 16 August 2010 - 22 August 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 (8/20/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,071.69	-0.7%	0.0%	-3.9%	18.6%
Dow Jones Industrial Avg.	10,213.62	-0.9%	0.6%	-2.1%	16.4%
Dow Jones Tech. Index	374.40	0.5%	-2.4%	-7.0%	48.9%
Dow Jones Telecom. Index	211.32	-1.0%	4.1%	-3.7%	5.8%
NASDAQ Composite	2,179.76	0.3%	-0.8%	-3.9%	38.2%
Japan Nikkei 225	9,179.38	-0.8%	-2.4%	-13.0%	3.6%
JASDAQ	48.29	-0.3%	-4.2%	-0.1%	0.2%
Japan Mothers	375.40	0.4%	-4.4%	-9.8%	16.1%
Korea KOSPI Composite	1,775.54	1.7%	2.5%	5.5%	57.9%
Korea Kosdaq	480.38	0.7%	-3.6%	-6.5%	44.7%
Taiwan Stock Exchange	7,927.31	0.5%	3.6%	-3.2%	72.7%
Singapore Straight Times	3,534.50	0.9%	3.0%	18.1%	100.6%
Hong Kong Hang Seng	20,981.82	-0.4%	4.4%	-4.1%	45.8%
Hong Kong GEM	777.71	-1.2%	4.0%	14.9%	101.8%
China Shanghai (A-Share)	2,768.99	1.4%	6.7%	-19.4%	44.8%
China Shenzhen (A-Share)	1,170.96	1.3%	12.6%	-7.2%	101.4%
China Shanghai (B-Share)	244.98	0.2%	8.6%	-2.9%	120.9%
China Shenzhen (B-Share)	657.33	-0.3%	7.7%	5.0%	142.3%

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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 Data*

- **According to ABI Research, the volume of mobile data traffic offloaded from macro networks will widen up to 100-fold in the next five years.** Around 16 percent of data traffic is diverted from mobile networks by various means. This is set to boost to 48 percent by 2015. Current offload technologies include femtocells, WiFi offload, mobile content delivery networks (CDNs), and media optimization, and ABI expects each approach to play a role in alleviating the strain on macro mobile networks. Femtocells will solve for small numbers of heavy data uses, as WiFi is effective in covering small areas containing many users. Offloading data traffic from the macro network also lowers the cost to mobile operators of transporting data. The cost of carrying mobile traffic offloaded onto fixed networks has to be covered by someone. The extra cost to fixed players of carrying additional traffic on their networks could even be passed on to end users.

#### *Investments/ Ventures*

- **According to Barclays Capital, companies sitting on almost US\$3 trillion in cash are starting to spend it, putting what is typically the slowest month for mergers and acquisitions on course to be the busiest this year.** Intel Corp.'s purchase of security-software maker McAfee Inc. brings the total value of announced takeovers to more than US\$175 billion, setting the pace for August to surpass March as the biggest month for deals this year. The global economic slump that began in 2007 crimped chief executive officers' enthusiasm for takeovers, cutting the annual pace of dealmaking in half by 2009. The busiest August on record was 2007 as companies racked up US\$297.4 billion of deals. Cash takeovers are playing a bigger role in the merger market this year. Some 68 percent of transactions by dollar value involve cash or cash and debt this year, compared with 62 percent last year.

### Japan

#### *Internet*

- **So-Net, the Internet unit of Japan's Sony Corp., is offering NT\$6 billion (US\$188 million) for a Taiwan cable TV firm being sold by private equity firm MBK Partners.** Sony was looking to buy the cable content firm, Gala TV, to help push Japan's acTVila Internet-based, on-demand TV portal into the Taiwan market. Gala TV and So-Net's Taiwan office declined to comment, the paper said. MBK has put on sale its Taiwan cable TV operations, the biggest of which is China Network Systems Co (CNS), which could fetch some US\$2 billion. Taiwan's cable market has among the highest profit margins in the region, according to some analysts' estimates, which is the main appeal of the asset to many private equity funds.

#### *Hardware*

- **NEC Corp. expects to generate half of its overseas sales from China and the Asia Pacific region over the next three years, as it expands in newer markets to compete with rivals such as Fujitsu Ltd.** The company expects overseas sales to rise to 1 trillion yen (US\$11.7 billion) in the fiscal year 2012. The targets are a part of its mid-term growth plan to raise total sales revenue to 4 trillion yen (US\$46.7 billion) by the year ending March 2013 and reduce dependence on the big but virtually

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stagnant local market. The firm, which also makes computers and cellphone handsets, reported last month that its group net loss widened to 43.14 billion yen (US\$504 million) in the April-June quarter. NEC is focusing on growth-potential areas such as cloud computing, or Internet-based access to computing services and software stored at data centers, as it seeks to increase net income nine-fold to 100 billion yen (US\$1.2 billion) by the fiscal year ending March 2013.

## *Investments/ Ventures*

- **Nidec Corp. will acquire Emerson Electric Co.'s motor and controls unit at around 60 billion yen (US\$702 million) and 70 billion yen (US\$819 million) to further develop its home appliance and automobile businesses in the U.S.** The company aims to triple sales by expanding into home appliances outside Asia. The company also bought Italy's Sole Motors and will aid factories, research facilities and 6,000 workers in the U.S., U.K., Mexico and China. Nidec will take advantage its ventures and acquisitions to increase annual sales to 2 trillion yen (US\$23 billion) by the year ending March 2016. Nidec's net income was at 52 billion yen (US\$608 million) last year on revenue of 587 billion yen (US\$6.9 billion). According to data, Nidec had 90 percent of its sales in Japan and Asia.

## **Korea**

### *Hardware*

- **LG Electronics said it plans to launch 10 more smartphones and sell 5 million devices by the end of the year as it scrambles to catch up with the rest of the industry.** According to Chang Ma, vice president of marketing for the division, the increasing research and development budget by a third and ramping up its spending on marketing shows that the company's once-flagship mobile devices unit might not return to an operating profit until early next year, said.

## **China**

### *Internet*

- **eLong announced that it had net income of 9.35 million yuan (US\$1.4 million) in the second quarter of 2010.** Total revenues for the quarter surged 45 percent year-on-year to 126.43 million yuan (US\$18.6 million). Revenues from hotel reservations boosted 44 percent year-on-year to 85.61 million yuan (US\$12.6 million) as it lessened commissions per room night. Revenues from air ticketing commission surged 40 percent annually to reach 30.52 million yuan (US\$4.5 million). eLong sees to have net revenues for the third quarter of 2010 to be at approximately 126 million yuan (US\$18.5 million) to 136 million yuan (US\$20 million), up by 30- 40 percent sequentially.
- **NetEase.com Inc. said that its net profit rose 3.9 percent year-on-year to 486 million yuan (US\$71.7 million) in the second fiscal quarter driver by online games and advertising.** Total revenue for the period was 1.3 billion yuan (US\$191 million), an increase of 49.08 percent. Income from online games was 1.2 billion yuan (US\$177 million), which was 53.45 percent higher than one year ago. The company also recorded revenue of 146 million yuan from its advertising, which advanced 100.55 percent year-on-year.

### *Mobile/Wireless*

- **China Communication Industry Association Chairman Wang Bingke expects mobile phone output in China to surpass 700 million sets in 2010, representing 60 percent of the world's production volume.** He said that as China's mobile industry has entered the 3G era, the global

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communication market has provided enormous business opportunities and space for development. He added that Shenyang might be an emerging mobile phone industry base within the next five years, along with the Yangtze River Delta, Pearl River Delta and Beijing-Tianjin region.

- **China TechFaith Wireless Communication Technology reported second-quarter revenues of US\$65.5 million, up 31.5 percent from US\$49.8 million in the year-earlier quarter.** The gross profit went up to US\$15.8 million from US\$ 9.48 million and net profit went up to US\$7.53 million from a net profit of US\$4.53 million in June 2009. Cash and cash equivalents amounted to US\$162.4 million at the end of Q2. Revenue from the original developed products (ODP) segment boosted to US\$56.33 million, while brand name phone sales segment revenue was at US\$7.63 million and game segment revenue reached US\$1.53 million. TechFaith expects revenue to be in the range of US\$66-68 million for the third quarter, with a gross margin and operating expenses levels similar to the second quarter of 2010.
- **Hurray! Holding Co., Ltd. had renamed itself into Ku6 Media, with ticker symbol on the Nasdaq changing into KUTV.** Tianqiao Chen will step down from the position as the chairman of the board while Bruno Wu, independent director and chairman of the audit committee, will serve as the chairman. Shanyou Li will be the CEO. Chen will chair the payment committee as well as the corporate development and financial committee. And Wu's nomination will be put into force from September 1. Shanda Interactive Entertainment Ltd. has become the controlling shareholder of Ku6.com, but in which Li still owns more than 10 percent stake.
- **According to Analysis International, the number of users on the third-party mobile phone browser market hit 202.9 million in China in the second quarter of 2010, a 10.66 percent quarter-on-quarter growth.** The number of active accounts arrived at 90.56 million in the second quarter of this year, rising 15.58 percent over the figure in the previous quarter. The Chinese third-party mobile phone browser market has witnessed a continuous rapid growth for three straight quarters since the start of the fourth quarter of 2009. The China's mobile Internet environment has improved gradually. The mobile phone browser makers have continued to improve application function and experience. The mobile phone browser makers continued industrial chain multi-party cooperation.
- **According to Analysis International, the number of China's mobile phone e-mail accounts climbed 3.66 percent from January-March to 185 million by the second quarter of this year, including 48.11 million active accounts, with account activity at 25.96 percent, generally the same level as in the first quarter.** Both the percentages of mobile phone e-mail accounts of China Unicom and China Telecom had slight accelerations, while the market share of China Mobile declined to 74 percent in the second quarter from 77 percent in the first quarter of the year, triggered by robust growth of the number of third-party handset e-mail accounts. The number of accounts of new players in the mobile phone e-mail market, namely Gmail.com, Shangmail.com, and hmail.qq.com.
- **China's wireless music service revenue stood at 6.9 billion yuan (US\$1.01 billion) in the second quarter of 2010, climbing 6.72 percent from the first three months of this year, while service subscribers reached 558 million, up 6.36 percent from the previous quarter.** Wireless music services provided by China Mobile took up 75.4 percent of the market's total, while China Telecom and China Unicom respectively won a 5.7 percent and 15.2 percent share. Wireless music content providers and service providers together took a 3.8 percent market share, with revenues of 263 million yuan (US\$38.7 million). The numbers of subscribers of the three telecom operators, China

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Mobile, China Telecom and China Unicom, were at 462 million, 38.9 million and 56.8 million respectively, accounting for 82.8 percent, 7.0 percent and 10.2 percent of the industry's total.

- **Zoom Technologies' second quarter revenues declined to US\$42.9 million from US\$53.1 million in the year-earlier quarter.** The reduced revenue was due to proportionally more consignment manufacturing where the customer provided the components and Zoom was not required to procure components, resulting in less pass-through revenues. The net profit grew 20 percent to US\$2.03 million or US\$0.17 per share from US\$1.7 million or US\$0.86 million. The gross margin climbed to 10.7 percent from 5.9 percent a year ago, attributed to the sales of Zoom's proprietary Leimone brand phones which carry higher margins. Zoom manufactured 1.7 million mobile phone printed circuit board assembly units and 1 million whole phones in the quarter. Revenue from the sale of higher margin Leimone brand phones in Q2 was US\$4.5 million, or 10.4 percent of total revenue.

## *Telecommunications*

- **China Mobile reported first-half revenues of 229.8 billion yuan (US\$33.8 billion), up 7.9 percent from a year earlier.** EBITDA rose 6.1 percent to 116.6 billion yuan (US\$17.2 billion), giving a margin of 50.7 percent. Net profit increased 4.2 percent year-on-year to 57.6 billion yuan (US\$8.5 billion). China Mobile's customer base was up 12.4 percent over the 12 months 30 June with a total base of 554.042 million subscribers. The operator spent 61.5 billion yuan (US\$9.05 billion) on capital equipment in the quarter, and plans a full-year budget down slightly to 123.0 billion yuan (US\$18.1 billion). The company's voice traffic rose 20 percent from a year ago to 1.664 trillion minutes in the first half, and MOU improved to 520 per customer from 490 in H1 2009. Data and value-added services also continued to grow. The company also announced the appointment of 51-year-old Executive Director Li Yue as its chief executive, replacing Wang Jianzhou. Wang who will remain as chairman and executive director. The management reshuffle enables the company to have better corporate governance of separating the roles of chairman and chief executive, China Mobile said. Li's appointment didn't come as a surprise--since Wang turned 60 in December 2008, industry watchers widely expected Li would replace Wang as chief executive because top officials in mainland China usually retire at that age.
- **China Mobile aims to capture a 30 percent share on the domestic mobile market (MM) by 2013.** The company intends to develop 2 million users by 2013, with monthly active users of more than 100 million. The vice general manager said that China has owned the largest mobile Internet user base in the world and has entered a rapid growth period in mobile Internet demand. The number of mobile phone Internet users had hit more than 277 million in the nation, making up 63.8 percent of the total Internet users. In June, the number of China Mobile data traffic users grew 38 percent over the same period of a year earlier, and the data traffic witnessed a year-on-year surge of 139 percent.
- **ZTE Corp. had first-half net profit boosted to 12 percent from a year earlier as revenue from mobile-device sales surged but business from Chinese carriers remained stagnant.** Net profit for the six months ended June 30 was 877.5 million yuan (US\$129 million). The company's net profit was lower than the average 972.4 million yuan (US\$143.2 million) forecast of five analysts. Revenue rose 11 percent to 30.73 billion yuan (US\$4.5 billion) due to the sales of terminal products and telecom equipment for international carriers' networks. ZTE's main goal is to consolidate its market share in China's construction of third-generation networks in the first half amid a slowdown in 3G network investment. Revenue from products for carriers' networks was up 1.1 percent at 19 billion yuan (US\$3.0 million), revenue from terminals was up 39.7 percent at 7.8 billion yuan (US\$1.14

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billion), and revenue from other products like telecom software systems and services was up 18 percent at 3.9 billion yuan (US\$574 million).

## *Media, Entertainment and Gaming*

- **Giant Interactive's second quarter profit dropped 25 percent from a year ago due to less income from users.** Its profit came to 161.3 million yuan (US\$23.80 million) in the second quarter, compared to 215.5 million yuan in the same period last year. The company's income fell 12 percent to 321.7 million yuan (US\$47.4 million).
- **Perfect World boosted its profit by 35 percent quarter on quarter as it garnered a net income of 196.64 million yuan (US\$28.9 million) in the second quarter of 2010.** Total revenues were at 594.17 million yuan (US\$87.5 million). Operation revenues stood at 533.29 million yuan (US\$78.5 million) as-game promotions and monetization activities in the quarter declined its frequency. Perfect World's aggregate average concurrent users (ACU) for games managed in mainland China was 886,000 in the quarter as active paying customers (APC) slid at 1.43 million. Second quarter average revenue per active paying customer (ARPU) reached 292 yuan (US\$43.0). 55.15 million yuan (US\$8.13 million) came from the overseas licensing revenues. The company expects licensing revenues to be at US\$100 million this year. The accelerating cost of online game revenues reached 96.87 million yuan (US\$14.3 million) in the quarter, while boosting sales and marketing was at 120.96 million yuan (US\$17.8 million). The company sees to garner total revenues for the third quarter to be at around 594 million yuan (US\$87.4 million) to 624 million yuan (US\$91.9 million).
- **ZQ Game reached net income of 20.79 million yuan (US\$3.06 million) in the first half of 2010.** Revenues boosted 0.79 percent year-on-year to 36.24 million yuan (US\$5.3 million) because of the limited launching of new games. ZQ Game generated majority of its revenues from MMORPGs.
- **NetDragon generated net income of 1.5 million yuan (US\$220881) for the second quarter of 2010.** Total revenues for the period decreased 13.95 percent quarter-on-quarter to 120.12 million yuan (US\$17.7 million). The company recorded peak concurrent users for the period of 449,000, down from 451,000 in the first quarter of the year and 492,000 in the fourth quarter of 2009. Average concurrent users (ACU) slipped both sequentially and annually to 217,000. NetDragon plans to start closed beta testing of its first-person shooter Absolute Force on August 23. The game features advanced graphics, player killing and fighting against zombies, according to the posting.

## *Hardware*

- **Lenovo generated net income of US\$54.86 million for the quarter ending June 30, 2010.** The company generated sales of US\$5.15 million for the period. Shipments of PC units increased approximately 48.1 percent, while shipments of notebook PC units boosted 58 percent year-on-year.

## *Semiconductor*

- **Z-Obee Holdings Ltd. has filed an application with the Taiwan Stock Exchange list Taiwan depository receipts (TDRs) in the fourth quarter of this year.** It aims to boost NT\$880 million (US\$27.53 million) for future business expansion. Z-Obee will issue up to 80 million TDRs, each one of which will represent one common share at NT\$11.00 (US\$0.34) per unit. According to Polaris Securities, Z-Obee might use the share issuance plan to build up its visibility in the Taiwan market for future product marketing and sales. Z-Obee introduced its own cell phone brand "VIM" in China and Hong Kong, and is also developing netbook computers, set-top boxes and e-readers.

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## *Alternative Energy*

- **Yingli Green Energy Holding Co. had higher-than-expected second-quarter earnings although there are fears about weakening solar panel prices next year.** The company has been helped by strong European sales ahead of planned cuts to green energy subsidies there. That helped keep average selling prices for its products firm, the company said, and lift second-quarter gross margin to a record 33.5 percent. Even with an expected dip in margins likely in the second half of 2010 when the company brings new polysilicon production on line, it raised its full-year gross margin forecast by a percentage point to a range of 28 to 30 percent. Average selling prices could fall by the high single digits in percentage terms. Concerns about 2011 demand, as well as the costs to ramp up the output of polysilicon, weighed on the company's shares, which were down more than 3 percent. Net income for the second quarter was US\$32.1 million. Revenue rose 81 percent to US\$398.1 million.
- **LDK Solar Co Ltd. will spend 2.5 billion yuan (US\$368 million) to build a solar cell plant with output capacity totaling 1 gigawatt in Hefei Hi-Tech Industrial Development Zone, Anhui Province.** LDK Solar will put the plant into operation in the second quarter of 2011 and will complete construction on the entire project on a 1,000-mu site within three years. CFO Jack Lai said that the project will expand its annual output and improve the industrial structure for a better perspective. In the second quarter of this year, LDK Solar generated US\$565.3 million in sales revenue, reflecting a year-on-year jump of 147.6 percent or a quarter-on-quarter increase of 62.7 percent, and its net profit increased to US\$45 million

## **Taiwan**

### *Telecommunications*

- **Datang Telecom Technology Industry Holdings will boost its stake in leading domestic semiconductor foundry Semiconductor Manufacturing International Corp. (SMIC) to 19.14 percent.** Datang Holdings will purchase 1.53 billion SMIC shares for \$102 million. SMIC will use the funds to improve its production capabilities. Datang Holdings invested \$171.8 million in SMIC to become its majority shareholder with a 14.35 percent stake. Datang Holdings is a subsidiary of Datang Telecom Technology Industry Group.

### *Alternative Energy*

- **Green Energy Technology Inc.'s second quarter net profit boosted by 71 percent quarter on quarter to NT\$409 million (US\$12.8 million) due to accelerating demand of solar system installations in Europe.** In the first quarter, it had net profit of NT\$224 million (US\$7.01 million), as its earning per share were at NT\$1.41 (US\$.044). The second quarter sales surged 12.5 percent quarter on quarter to NT\$3.71 billion (US\$116 million). The firm lost NT\$160 million (US\$5 million) as demand decelerated amid the global financial crisis. Green Energy will use NT\$1.46 billion (US\$45.6 million) for solar wafer expansion and equipment purchases in May. It also spent additional US\$37.2 million in Ultra Energy (Weifang) Technology in China's Shandong Province.

### *Semiconductor*

- **Vanguard International Semiconductor Corp.'s second quarter net income increased 157 percent from a quarter earlier due to strong global demand.** Vanguard had net income of NT\$567 million (US\$17.75 million) on sales of NT\$4.23 billion (US\$132 million). Vanguard president Fang Leuh said the company plans to boost 2010 capital expenditure to NT\$3.6 billion (US\$113

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million) to improve production capacity. Vanguard will expand the monthly capacity of its second 8-inch wafer plant to 116,000 units in the fourth quarter from 113,000 units in the third quarter.

- **Production value of Taiwan's integrated circuit (IC) sector for the third quarter might surged up to 7.89 percent from the second quarter due to accelerating global demand.** The local IC sector's production value for the third quarter might be at NT\$477.1 billion (US\$14.96 billion). In the second quarter, production value of the local IC sector boosted 12.8 percent from the previous quarter. Slower growth in the third quarter was due to the high comparison base in the second quarter. A shortage of production capacity in the sector will stop growth in the third quarter. Taiwan Semiconductor Manufacturing Co. boosted its capacity expenditure to US\$5.9 billion as United Microelectronics Corp. surged spending to US\$1.8 billion. Value of the IC design segment might be at NT\$137.5 billion (US\$4.3 billion). Production value of the IC manufacturing segment for the third quarter might surge 5.2 percent to NT\$229 billion (US\$7.1 billion), production value of the IC packaging segment might raise by 5 percent to NT\$76.1 billion (US\$2.4 billion) and production value of the IC testing segment might boost 6.2 percent to NT\$34.5 (US\$1.07). In the second quarter, production value of the IC manufacturing segment surged 15.4 percent from the first quarter to NT\$217.6 billion (US\$6.8 billion), and production value of the IC packaging segment increased 13.3 percent to NT\$72.5 billion (US\$2.3 billion).

## *Hardware*

- **Asustek Computer Inc.'s revenue for the second quarter of this year declined 6 percent quarter on quarter to NT\$75.23 billion (US\$2.3 billion).** The firm booked NT\$80.08 billion (US\$2.5 billion) in revenue in the first quarter of this year. Asustek said that Asustek might have its global shipment of laptops and low-cost Eee notebooks to be at between 16 million and 18 million units this year as the figure will exceed 17 million units if the economy recovers. Motherboard and laptop shipment will have higher than the second quarter but the low-cost notebook shipment will decline because of the hot sale of iPads.

## *Mobile/ Wireless*

- **Hon Hai Precision Industry Co. said that it will boost its work force in China by 9 percent this year to 1 million and by a further 20 percent-30 percent in 2011.** Hon Hai's work force in Shenzhen will be at between 300,000 and 350,000 within the next five years, from 470,000 now. Hon Hai raised its salaries and also placed safety nets in worker dormitories to lessen suicides at its plants. The company is now cooperating with psychologists and other experts in regard for the improvement of working conditions at its China plants. The company will lessen overtime to 36 hours per month from about 80 hours now.

## *Media, Gaming and Entertainment*

- **Reliance Broadcast Network Ltd and CBS Studios International, a division of CBS Corp, and announced that they are forming an entertainment venture called BIG CBS Networks Pvt. Ltd. that will bring CBS shows to India.** BIG CBS Networks will initially launch three television channels in English for Indian audiences in the October-December quarter. Its target subscribers also include Nepal, Bhutan, Sri Lanka, Bangladesh, the Maldives and Pakistan. Their target viewers will be the youth as BIG CBS Love will be for women and BIG CBS Prime will be of general entertainment channel. RBNL, part of the Reliance ADA Group, changed its name from Reliance Media World Ltd. to reflect its entry into new business segments such as television.

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- **Bidding for Taiwan's largest cable television operator China Network Systems, which is being sold by controlling shareholder MBK Partners, is coming in between US\$2.0 bn and US\$2.5 bn, two people familiar with the matter said.** Due diligence in the second round of bidding for the Taiwan cable and broadband company has begun. It is unclear how many bidders are involved in the second round of the bidding process. But Australia's Macquarie Group Ltd. (MQBKY) and Bain Capital LLC are among short-listed bidders, the people said. Market observers said interest in Taiwan media companies heated up this year partly because the island's cable TV industry is entering a phase of consolidation, and exposure to Taiwan's media sector--and the potential to influence public opinion on the island, is an unspoken but prized attribute for companies aiming to expand in China. The Tsai family, the controlling shareholder of Fubon Financial Holding Co. and Taiwan Mobile Co. is in talks with Carlyle Group LP to buy its Taiwan cable TV unit Kbro Co., Fubon Chairman Daniel Tsai said last month. The local Economic Daily News cited unnamed sources as saying the Tsai family set up a private firm and signed an agreement to buy Kbro from Carlyle for NT\$65 billion (US\$2.0 billion).
- The strong interest in CNS, which is being sold by controlling shareholder MBK Partners and is one of several Taiwan media companies on the auction block at present due to Taiwan's relatively easy credit environment, as well as global private-equity firms and local investors' return to shopping mode amid an improvement in the regional economy this year.. Another bidder in the current round of bidding is European private-equity firm Permira. Morgan Stanley is MBK's adviser on the deal. Meanwhile, MBK Partners is also in the market to sell 70%-held Gala Television Corp., the Taipei-based media firm that provides cable TV content in Taiwan and runs a few channels and produces video programs.

## Hong Kong

### *Telecommunications*

- **PCCW Ltd announced that its net profit for the first half of this year increased by 17 percent year on year due to strict cost control.** The company will still limit cost and tighten financial management as there are still uncertainties amid the recovering global economy. Net profit stood at HK\$765 million (US\$98.4 million). Revenue for the first half of this year declined by 8 percent year on year to HK\$11.8 billion (US\$1.5 billion) because of property business unit deceleration. PCCW's EBITDA profit was at HK\$3.37 billion (US\$433 million) because of controlled growth opportunities in the saturated Hong Kong market. Its sales cost in the first half of this year declined 15 percent year on year to HK\$5.48 billion (US\$704 million). Revenue from telecommunications unit surged HK\$10.73 billion (US\$1.4 billion) due to a boost in handsets and TV businesses.
- **PCCW Ltd will issue dollar-denominated bonds to raise as much as between US\$300 million and US\$500 million.** The bonds will carry a term of 66 months with a coupon rate of 295 to 300 basis points higher than that of U.S. treasury bonds. HSBC Holdings Plc, Morgan Stanley, Royal Bank of Scotland and Standard Chartered are reportedly hired to handle the issuance. PCCW had its net profit for the first half of this year was HK\$765 million (US\$98.4 million), 17 percent more than HK\$654 million (US\$84.1 million) in the corresponding period of last year, and that revenue for the first half of this year dropped 8 percent year on year to HK\$11.8 billion (US\$1.5 billion) due to a sales decline in its property business unit.

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## *Internet*

- **Global Sources reached net income of US\$7.25 million for the second quarter of 2010 with total revenues of US\$58.45 million.** Online revenues in the quarter came to US\$22.39 million, up from US\$22.05 million for the same period last year, while revenues from the company's print services came to US\$7.39 million in the quarter from US\$7.10 million from the same period a year ago. Revenues from the company's exhibition services in the period came to US\$27.38 million, up from US\$23.98 million and revenues from mainland China grew to US\$43.4 million in the quarter from US\$39.3 million.

## **Singapore/Malaysia/Philippines/Indonesia/India**

### *Media, Gaming and Entertainment*

- **Sky Network Television Ltd.'s full-year net profit rose 16.9 percent as its subscriber base and average revenue per subscriber per month increased.** The Auckland-based pay television operator, 43.7 percent owned by News Corp., which owns Dow Jones, publisher of this newswire and The Wall Street Journal, said net profit in the 12 months to June 30 was NZ\$103 million (US\$72.7 million). The company said its total revenue increased by 7.2 percent to NZ\$741.8 million (US\$523.7 million), while EBITDA increased by 10.2 percent to NZ\$287.5 million (US\$202.9 million). The result was in line with the guidance given by the company earlier this calendar year.

### *Telecommunications*

- **True Corporation PCL had net losses of THB 448.32 million (US\$14.08 million) for second quarter of 2010 as it had surging expenses and declining revenue.** Revenue declined to THB14.82 billion (US\$470 million) The company said that EBITDA was THB 4.5 billion (US\$141.33 million), down 10% Q-on-Q mainly on challenging political conditions, weaker tourism which affected International
- **PT Indosat's first-half net profit declined 71.5 percent to 287.1 billion rupiahs (US\$32 million).** The company's revenue was 9.66 trillion rupiahs (US\$1.07 billion), up.8 percent. While its subscribers boosted to 37.8 million from 28.1 million.
- **Bharat Sanchar Nigam Ltd. owed 4.6 billion rupees (US\$96.9 million) in carriage charges by 12 private wireless companies.** The court allowed the private companies to submit details of the sums owed to the company.
- **Spice Digital Ltd. said that it will raise 2.0 billion rupees (US\$42.9 million) to 2.5 billion rupees (US\$53.6 million) by selling 20 percent-25 percent of its stake through an initial public offering by the end of the current fiscal year.** Spice wants to use the funds for expansion and acquisitions. The group is consolidating its telecom business under Spice Mobility Ltd., which currently manufactures handsets. Spice Digital and Spice Retail will function as units of the merged entity. This venture will produce about 42 million treasury shares in Spice Mobility and Modi reiterated the company's plans to raise funds through the sale of these shares.
- **Bharat Sanchar Nigam Ltd. is allowed to procure telecommunication equipment, software or services from foreign vendors as the Indian government has taken certain steps to address security concerns.** India made disclosure of design details and certain technical data compulsory for import of telecommunication equipment as part of its efforts to secure telecom networks from spyware. In May 2009, the government told BSNL not to procure equipment from Chinese vendors due to security concerns.

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- **Sasken Communication Technologies Ltd. expects revenue to slip sequentially in the current quarter, hurt by a likely 5 percent decline in European sales as clients seek to cut costs and offices remained shut for a one-month vacation on the continent.** The company, which provides software services and products to the telecommunications sector, is missing out on the recovery in technology spending seen in other areas such as banking, financial services and insurance. The mobile handset manufacturing sector is feeling the heat of increasing competition. Sasken's largest client, Nokia, has been hurt by its failure to effectively compete in the high-end smartphone market against iPhone maker Apple and devices based on Google's software. Telecom service providers, hit by a drop in consumer spending, have reduced or postponed decisions on networks and equipment, hurting orders to companies such as Sasken.
- **ZTE Telecom India Pvt. Ltd. received approval from the Indian government last week to import telecommunications equipment for Reliance Communications Ltd.** The local unit of China's ZTE Corp. doesn't have any problem with the recent changes that India made regarding imports of telecom equipment. India made the disclosure of design details and certain technical data compulsory for import of telecom equipment as part of its efforts to secure telecom networks from spyware. ZTE Corp. had its revenue from Asia declined in the first half ended June 30 due to safety inspections of communications equipment in India.
- **Qualcomm Inc. is open to selling stakes to Indian telecom operators in each of the four local joint ventures it has formed to offer wireless broadband services in the four services areas where it has bandwidth.** Qualcomm owns 74 percent in each of the joint ventures to offer services in Delhi, Mumbai, Kerala and Haryana. India's Global Holding Corp. and Tulip Telecom Ltd. hold 13 percent each in the four joint ventures. Kanwalinder Singh, president, Qualcomm India and South Asia said that the joint ventures are also looking for broadband infrastructure partners and are in talks with companies such as Alcatel-Lucent India Ltd., Ericsson India Pvt. Ltd., Nokia Siemens Networks Pvt. Ltd. and Huawei Technologies Co. for telecom equipment.
- **NBN's plans for the new network and appeared to dismiss opposition leader Tony Abbott's alternative broadband proposal was criticized by the Australian government.** According to NBN Co. Chief Executive Mike Quigley, the proposed network would benefit taxpayers as it proposed that fiber was the most appropriate technology to deliver high internet speeds to Australians. Labor will construct high speed fiber to the home network across Australia as it would be worth A\$43 billion (US\$38.5 million). Abbott does not like the plan and instead, is offering a scaled-back network that relies on a mix of fiber, copper and wireless technologies. It will then provide A\$2.75 billion (US\$2.5 million) to aid raise construction of a national fiber-optic backbone, with another A\$750 million (US\$671 million) expected from industry. The coalition's planned network would form part of a A\$6.32 billion (US\$5.6 million) outlay to be provided by government over seven years that would also include spending A\$1 billion (US\$894 million) upgrading much slower existing copper networks.
- **Telecom Corp. of New Zealand Ltd.'s full-year adjusted net earnings were down 21 percent to NZ\$382 million (US\$269.6 million) due in part to larger depreciation and amortization write-downs than in the previous year.** EBITDA was NZ\$1.76 billion (US\$1.2 billion), down 0.2 percent from the previous fiscal year. The higher depreciation and amortization costs were due to Telecom's overall higher asset base partly because of the completion of its new XT cellular network. The company had halted the significant earnings decline of the previous two years and achieved notable improvements in the trajectory of each of its businesses.

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## United States/Canada

### *Media, Entertainment and Gaming*

- **Zynga appointed former Facebook Inc. executive and chief operating officer and MySpace Chief Executive Owen Van Natta as the new executive vice president of business operations.** Van Natta, who is also joining the developer's board of directors, is tasked with overseeing the company's revenue strategy, corporate development, international expansion, and brand. His appointment comes just a couple weeks after Zynga brought in Dave Wehner, previously a managing director at new media investment bank Allen & Co., as its chief financial officer, a move some speculate is a sign of an upcoming IPO for the company.

### *Telecommunications*

- **Windstream Corp. will acquire Q-Comm Corp. in a US\$782 million transaction to add high-speed fiber-optic services for government and business customers.** Windstream will issue about 20.6 million shares worth at US\$237 million and will pay approximately US \$278 million in cash. The company will have an estimated debt of US\$267 million. The company is planning to add new services as to supply the demand of mobile phone users. The company completed its US\$1.1 billion purchase of Iowa Telecommunications Services Inc. in June.
- **Cofotel declared a consortium of Grupo Televisa SAB and Nextel Mexico as the winner of a nationwide license that can challenge Mexican billionaire Carlos Slim.** The minimum bid price was MXN180.3 million (US\$14.2 million) for 30MHz in the 1710MHz to 2170MHz frequency band in each of the country's nine mobile operating regions. The consortium should spend MXN18.13 billion (US\$1.4 billion) in annual installments over the 20-year life of the license. Telcel won 21 blocks of 10MHz in all operating regions with a bid of MXN3.79 billion (US\$297 million) as well as MXN12.70 billion (US\$995 million) in other fees during the life of the licenses. America Movil is led by Slim and his family. A unit of Spain's Telefonica SA also won six 10MHz blocks in six regions with a MXN1.27 billion (US\$99.5 million) bid as it will pay MXN5.43 billion (US\$426 million) in other fees.

### *Internet*

- **AOL Inc.'s Tim Armstrong's vision of community news and advertising will be launched by an additional of 400 more local-news websites by the end of the year.** AOL's investment of at least US\$50 million paves the way of the development of Patch.com's local news sites from 100. AOL's main target markets are those from the neighborhood florists, car dealers and restaurants. AOL expects for its market to accelerate to US\$16.1 billion next year. AOL will get at least 500 journalists to facilitate the sites across 20 states, as they will be assigned to write, edit, and manage of around 11 freelance writers and taking photographs and videos.
- **Google Inc.'s share of U.S. Internet searches was flat at 71.4 percent in the four weeks ended Aug. 1.** Yahoo and Microsoft's Bing received market share of about 14.4 percent and 9.9 percent, respectively. Those figures were also little changed from the prior month. IAC/InteractiveCorp.'s Ask.com received a 2.3 percent share of all U.S. searches, up about 6 percent from the prior month. Bing notched strong growth across the board from a year ago, while Google's searches grew for automotive, shopping and travel, but fell 4 percent for health. Yahoo's searches declined for all four categories.
- **Yahoo! Inc. might acquire a stake in Hulu LLC if the video website pursues an initial public offering.** Hulu, owned by three of the biggest U.S. broadcast networks, is preparing a share sale as early as this year that may value the company at more than US\$2 billion. Yahoo would consider

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acquiring a stake in Hulu to solidify itself as an entertainment destination and a “must- buy” for advertisers, said Jordan Rohan, an analyst with Stifel Nicolaus in New York. Hulu’s estimated US\$200 million in revenue this year implies superior monetization. Hulu started as an advertising-supported service for viewers to watch previously broadcast TV shows for free online. Now the venture, also owned by Walt Disney Co.’s ABC and Providence Equity Partners Inc., is starting a subscription service. Hulu makes about US\$14 in revenue for every thousand video streams in the U.S., six times more than YouTube, Rohan estimates.

- **Salesforce.com Inc. forecasted sales and profit that beat analysts’ estimates.** Revenue in the third quarter is expected to reach US\$408 million to US\$410 million and earnings excluding some costs will be 30 cents to 31 cents a share. Analysts on average projected US\$393.9 million in sales and 28 cents in profit. Chief Executive Officer Marc Benioff, 45, aims to attract customers with new online applications and services, including a social-networking feature similar to Facebook, called Chatter. About 20,000 companies, a fourth of Salesforce.com’s customers have started using Chatter since its June release. The company said it will add employees and build three new data centers to drive sales. Second-quarter net income dropped 30 percent to US\$14.7 million. The company added 340 employees in the second quarter and expects to accelerate hiring through December.
- **George Soros cut its stake in AOL Inc. from 537,600 shares in the quarter ended in March to 240,400 shares in the quarter ended in June as the company spun out of Time Warner Inc.** AOL had its shares decline roughly 8 percent in the past six months. AOL had a US\$1.1 billion loss for the second quarter due to massive restructuring charge and decelerating online advertising sales. AOL had its online search advertising revenue decline by 28 percent in the period, while display advertising fell 13 percent, even as peers including Yahoo and Google saw advertising sales improve during the quarter.
- **Google is planning to purchase Like.com for US\$100 million.** Google uses image search technology to allow users to search visually by seeing images that are similar to other images. According to Like.com's website, Google concentrates on soft goods such as fashion apparel and accessories, so shoppers can use both image and text queries to browse for products. Google is also interested in improving visual search technology. Google acquired Plink which develops mobile visual search applications.

## *Semiconductors*

- **Intel Corp. will acquire computer-security software firm McAfee Inc. for US\$7.68 billion, as the chip maker moves increasingly into the software sector to support its expansion outside of the PC market.** The acquisition is the latest in a string of deals aimed at consolidating formerly disparate parts of the technology sector. Tech giants dominant in particular areas of the industry are using acquisitions to grab footholds in faster-growing markets. Hewlett-Packard Co.'s recent purchase of Palm Inc. was aimed at moving the world's largest PC maker into the smartphone sector. Meanwhile, Oracle Corp. purchased Sun Microsystems last year to expand from selling software into providing a complete hardware and software package for corporate IT departments.
- **Qualcomm broadband ventures seek India for investments.** Wireless Broadband Services (Haryana) Pvt. Ltd., Wireless Broadband Services (Delhi) Pvt. Ltd. and Wireless Broadband Services (Kerala) Pvt. Ltd. are waiting for the permission of the government for the U.S. company's investments in them. These companies will provide wireless broadband Internet services in different parts of India. Qualcomm had won bandwidth to offer wireless broadband internet services in Delhi, Mumbai, Kerala and Haryana service areas and said in late July that it is forming a joint venture with

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India's Global Holding Corp. and Tulip Telecom Ltd. The Indian companies control 13 percent each in the venture while the others are led by the U.S. firm. The Indian government could also offer services only through an India-registered firm, in which it can't handle at least 74 percent. Qualcomm will invest US\$164.3 million as the Indian companies will also invest US\$28.86 million. Qualcomm will apply for an Internet service provider license after getting approvals for the deal. The companies will make four companies from the joint venture for the four service areas.

- **North American semiconductor equipment makers posted US\$1.83 billion in average worldwide bookings in July, up 5.9 percent from June, with bookings for new equipment at the highest levels since January 2001.** July bookings rose 1.8 percent from the US\$1.47 billion in orders booked last year. Book-to-bill ratio in July was 1.23, which means that US\$123 worth of orders was received for every US\$100 of product billed for the month. U.S. chip equipment makers include Applied Materials Inc; KLA Tencor Corp; circuitry-etching tools company Lam Research Corp and Novellus Systems Inc, which specializes in preparing the surface of a silicon wafer before the etching of circuits. The SEMI book-to-bill is a ratio of three-month moving averages of worldwide bookings and billings for North America-based chip-equipment makers.
- **Marvell Technology Group Ltd., the maker of processors for the BlackBerry phone, predicted higher earnings than top analysts' estimates.** Marvell expected to reach 41 to 44 cents per share on average while analysts had only predicted 40 cents on average. Marvell has pushed into chips for Wi-Fi wireless equipment and mobile phones to decrease its reliance on slower-growing storage and computer markets. The company also announced plans to buy back US\$500 million in shares. Sales is expected to be US\$930 million to US\$970 million this quarter. Analysts have projected revenue of US\$945.7 million.

## *Software*

- **NaviSite Inc. Chief Executive Arthur P. Becker resigned amid buyout talks involving an investment group he is involved with, while he will remain a board member of the provider of outsourced Web and e-commerce services.** A board committee has rejected a buyout offer of US\$111.3 million from one-third owner Atlantic Investors LLC. A board committee would still consider other alternatives for NaviSite, including keeping it as a standalone public company.
- **Intel Corp.'s US\$7.68 billion purchase of McAfee Inc. may put pressure on security software rival Symantec Corp. to build hacker-thwarting technology inside corporate computers and forge new alliances to stay competitive.** As consumers and businesses connect more personal computers, servers, smartphones and other products to the Web, McAfee will let Intel build protection programs into those devices' chips, improving performance and making systems harder to attack. Symantec should strike new partnerships with diversified technology suppliers such as Hewlett-Packard Co., IBM and Oracle Corp. The company also needs to broaden its line of network security products that defend corporate computers.
- **Intuit Inc. announced that the company had topped estimates and had plans for a US\$2 billion stock buyback.** Sales are expected to boost by more than 8 percent to US\$3.74 billion in the next fiscal year. Excluding some costs, earnings will rise at least 12 percent to US\$2.36 per share. Analysts had estimated revenue of US\$3.72 billion and profit of US\$2.30 on average. Intuit is adding Internet features and using acquisitions to offer more online services. The purchased Mint personal-finance site boosted its customers to more than 3 million last quarter. The company's small-business revenue also rose, climbing 16 percent in the period.

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## *Hardware*

- **Michael Dell, founder of computer maker Dell Inc, was reelected to his company's board this month with at least a quarter of the votes withholding support for his election, reflecting investor displeasure with his tenure as CEO.** 25.1 percent of the votes, or 377.8 million of 1.5 billion votes, withheld their support for the chief executive and chairman in a company annual meeting on Aug 12. Michael Dell received the lowest number of votes in favor of his election of all 11 directors reelected. The company has ceded market share rather than engage in price wars that would further pinch margins. The company has made a mix of major and small acquisitions in the last year as it tries to diversify beyond personal computers. This week it said it had agreed to pay US\$1.15 billion to buy 3PAR Inc, a data storage company.

## *Alternative Energy*

- **Canadian Solar generated net income of US\$1.38 million in first quarter of 2010 on top of US\$336.92 million of revenues.** The company incurred a foreign exchange loss of US\$15.9 million in the quarter, below previously stated expectations. The company expects foreign exchange loss in the second quarter of 2010 to be between US\$10 million and US\$12 million. The company expects shipments for the second quarter of 2010 to be between 173-177MW, and shipments in the full year of 2010 to be between 700-800MW. The company expects to bring cell capacity to 800MW by the end of the year, and further increase production capacity by 500MW in 2011.

## **Europe**

### *Mobile/ Wireless*

- **According to Dataxis Intelligence, mobile customers in Greece will decline in number for the second consecutive quarter due to the country's struggling economy.** Vodafone Greece and OTE had sequential second-quarter subscriber decline by 8.3 percent and 3.4 percent respectively. Wind's customer base fell 8 percent from 5.0 million in Q4 2009 to 4.6 million Q1 2010 as Greece's total mobile customer base will have contracted for the second quarter in a row. Greece's mobile customer base decreased by 6.3 percent during the first quarter of 2010. This means loss of approximately 1.3 million subscribers.

### *Telecommunications*

- **Qatar Telecom's second quarter net profit declined by 45 percent to 571 million Qatari riyals (US\$156.87 million) due to substantial one-off gains this time last year.** Second quarter EBITDA surged 15 percent to 3.24 billion Qatari riyals (US\$890 million). Total customers at the end of the second quarter were at 66.6 million. The company spokesman said Qtel may not raise funds this year but would have debt markets in 2011.
- **Telekom Austria boosted its operating profit target for the year as it lessened costs, and said that it will have competitions in its major markets..** The firm's recent merger of its fixed line division with its domestic mobile operations will benefit them. Telekom Austria sees to have full-year EBITDA, to be at around 1.6 billion euros (US\$2.03 billion) and 1.65 billion euros (US\$2.1 billion). Sales will still stand at 4.7 billion euros (US\$6.0 billion) as it aims to have an operating cashflow of more than 800 million euros (US\$1016 million). Its mobile business will be negatively be affected as it lessened roaming and interconnection rates in the second half, as taxes on mobile communications services in Croatia and Serbia are an additional burden. Fixed line sales rose 0.4 percent to 458.5

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million euros (US\$582.7 million), as mobile sales declined 2.8 percent to 778.4 million (US\$989.3 million) in the quarter.

- **Telekom Austria AG's corporate reorganization of its business segments will be worth 30 million euros (US\$38.1 million) and 40 million euros (US\$50.8 million) in 2010.** This includes ventures with Telekom Austria's fixed-line division and its domestic mobile operations into one unit A1 Telekom Austria AG. According to Chief Financial Officer Hans Tschuden, the annual cost synergies from the reorganization will be worth around 100 million euros (US\$127 million) a year. According to UniCredit MIB analyst Thomas Friedrich, reorganization of the corporate structure will be the best solution as Telekom Austria will bring considerable synergies in terms of costs and cross-selling and marketing synergies. The actual expenses of the reorganization have amounted to 1.2 million euros (US\$1.5 million).

## *Media, Gaming and Entertainment*

- **Cable & Wireless Worldwide PLC had a five-year agreement with Next PLC to connect the retailer's 32 distribution sites and offices in the U.K. and Hong Kong.** C&W Worldwide, the group's network will underpin all of U.K.-based Next's communications including taking orders and dispatching and receiving goods into warehouses. According to C&W Worldwide, it will also provide Next with significantly more capacity to work with higher volumes of goods. C&W Worldwide is cooperating with FTSE 100 retailer, and 74 of the FTSE 100 companies are currently customers.
- **DirecTV Group Inc. will invest US\$46 million in Argentina to improve its satellite TV services and start offering Internet access.** News of DirecTV's plans came just hours after the Argentine government would shut down the country's top Internet provider, Fibertel, which is owned by the multimedia conglomerate Grupo Clarin SA. The government, which has been engaged in a fierce battle with Grupo Clarin over the future of Argentina's media industry, touted the announcement on its websites. DirecTV will invest the funds through 2011. Its plans to offer broadband access through DirecTV Net will initially be limited to the province of Mendoza. The company will start producing television decoders in the southern province of Tierra del Fuego. The government recently offered tax incentives to companies that move production facilities to the province.
- **U.K. consumers are spending less on television, radio, telecom and online services, but are spending more time on a wider range of communication devices.** U.K. household monthly spend on media communication services fell for the fifth successive year in 2009. U.K. television revenue also decreased for the first time since 2003. But ownership of smartphones has surged 81 percent to 12.8 million in May this year from 7.2 million a year earlier, while 26.5 percent of people in the U.K. in June this year said they had a smartphone--more than double the figure two years ago. Consumers are spending 45 percent of their time interacting with communication devices, including television and smartphones. Spend on communications accounted for 4.4 percent of total household expenditure in 2009 as overall household spend on telecom services has fallen by more than 17 percent in the last five years.
- **Ubisoft Entertainment is counting on digital distribution to help the company win a higher proportion of the industry's sales in Asia.** Ubisoft wishes to publish more games that are initially free to play and where users then have the option to buy items such as an extra weapon or ability. Electronic Arts Inc. disposed its 15 percent stake in Ubisoft in July for about 94 million euros (US\$120 million). Ubisoft's sales in the fiscal first quarter ended June 30 almost doubled from a year earlier to 160 million euros (US\$203.3 million) helped by sales of the "Splinter Cell" and "Assassin's Creed" titles. The group had a net loss of 43.7 million euros in the 12 months ended March.

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## *Software*

- **SAP AG saw a double-digit sales growth in its China business in the first half of 2010 and enjoyed a stable development in the local market.** The German company attributed its strong business performance to the increasing number of large enterprise clients and emerging segment in Chinese medium and small-sized firms. SAP positions China as a market of strategic importance. China Petroleum & Chemical Co. and China Eastern. It has also reached out to the medium and small-sized enterprises (MSEs) in China. SAP recorded a 16 percent growth in its global revenue of software and related services, amounting to 2.26 billion euros (US\$2.9 billion), while the Asia Pacific portion increased 18 percent to 307 million euros (US\$390 million).

## *Internet*

- **MasterCard Inc. will buy U.K. payment services company DataCash Group Plc for 333 million pounds (US\$520 million) in cash to expand its online commerce business and take market share abroad.** The network is paying 360 pence per share, a 54 percent premium. DataCash's shares rose to a 10-year high. The deal will improve MasterCard's ability to process payments online, especially in Europe and emerging markets, the company said. Its new chief executive, Ajay Banga, is trying to boost the company's profits by developing its online and mobile payments processing business. MasterCard and Visa are trying to compete with PayPal, which is synonymous with online shopping in the minds of many consumers. But Banga does not intend to change DataCash's relationship with PayPal.

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## Other Economic Data

### Currency Exchange Rates

Currency	Units	Current Rate (on 8/20/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	85.6100	-0.8%	-1.3%	-7.8%	-7.2%
Hong Kong dollar	HK\$/ US\$	7.7734	0.02%	-0.01%	0.3%	0.3%
Chinese renmenbi	RMB/ US\$	6.7900	-0.05%	0.2%	-0.5%	-0.5%
Singapore dollar	S\$/ US\$	1.3557	-0.5%	-1.5%	-3.5%	-7.2%
South Korean won	KRW/ US\$	1,183.2000	-0.04%	-2.5%	1.7%	-10.1%
New Taiwan dollar	NT\$/ US\$	31.9200	0.05%	-0.6%	-0.1%	-2.6%
Australian dollar	US\$/A\$	0.8940	0.1%	3.0%	-0.4%	25.9%
New Zealand dollar	US\$/NZ\$	0.7055	0.0%	0.0%	-2.6%	20.6%
Philippine peso	PHP/ US\$	45.0600	-0.3%	-2.9%	-3.0%	-4.5%
Euro	US\$/€	1.2705	-0.4%	-1.8%	-11.3%	-8.4%
British pound	US\$/£	1.5541	-0.4%	2.1%	-3.8%	7.0%

### Fixed Income Prices and Yields

Note	Currency	Current (on 8/20/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	103.84	3.70%	100.22	3.90%	106.85	3.98%
Japan 30-year	¥	114.28	1.69%	113.03	1.74%	108.02	1.88%
Hong Kong 10-year	HK\$	103.49	2.15%	102.35	2.28%	100.72	2.35%
China (06/16)	US\$	110.63	2.71%	110.18	2.80%	109.38	3.05%
Singapore 10-year	S\$	112.35	1.90%	112.20	1.92%	108.90	2.25%
South Korea 20-year	KRW	11,171.29	4.72%	10,817.02	4.98%	10,547.87	5.10%
Australia 15-year	A\$	106.59	5.01%	105.23	5.16%	104.60	5.23%
New Zealand (12/17)	NZ\$	106.76	5.24%	106.09	5.32%	105.19	5.33%
Philippines 20-year	PHP	138.27	8.67%	139.85	8.53%	100.76	8.67%
India 30-year	INR	98.85	8.58%	99.08	8.56%	83.01	8.41%
UK 30-year	£	104.00	4.06%	101.53	4.19%	100.85	4.20%
Germany 30-year	€	136.60	2.92%	130.60	3.15%	126.50	3.34%

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