



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

Week of 27 September 2010 - 1 October 2010

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



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Table of Contents

Equity Market Indicators	3
Technology, Media, Telecommunications and Life Sciences Market Activity	4
Weekly Highlights	5
International	5
Japan	5
Korea	7
China	7
Taiwan	8
Hong Kong	10
Singapore/Malaysia/Philippines/Indonesia/India	10
United States/Canada	14
Europe	16
South Africa/Middle East/Latin America	17
Other Economic Data	19
Currency Exchange Rates	19
Fixed Income Prices and Yields	19

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



Week of 27 September 2010 - 1 October 2010

Equity Market Indicators					
Index	Closing Level (10/1/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,146.24	-0.2%	7.4%	2.8%	26.9%
Dow Jones Industrial Avg.	10,829.68	-0.3%	6.4%	3.9%	23.4%
Dow Jones Tech. Index	405.94	0.4%	9.3%	0.8%	61.5%
Dow Jones Telecom. Index	229.99	0.6%	8.7%	4.8%	15.1%
NASDAQ Composite	2,370.75	-0.4%	9.8%	4.5%	50.3%
Japan Nikkei 225	9,404.23	-0.7%	2.8%	-10.8%	6.1%
JASDAQ	47.92	-0.7%	-1.2%	-0.9%	-0.6%
Japan Mothers	369.85	0.3%	0.3%	-11.1%	14.3%
Korea KOSPI Composite	1,876.73	1.6%	6.6%	11.5%	66.9%
Korea Kosdaq	495.06	2.0%	6.2%	-3.6%	49.1%
Taiwan Stock Exchange	8,244.18	0.9%	6.5%	0.7%	79.6%
Singapore Straight Times	3,616.05	-0.3%	1.2%	20.9%	105.3%
Hong Kong Hang Seng	22,358.17	1.1%	7.8%	2.2%	55.4%
Hong Kong GEM	808.93	-0.2%	7.7%	19.5%	109.9%
China Shanghai (A-Share)	2,782.02	2.5%	0.1%	-19.1%	45.5%
China Shenzhen (A-Share)	1,223.25	2.1%	0.8%	-3.0%	110.4%
China Shanghai (B-Share)	262.77	3.1%	1.6%	4.1%	136.9%
China Shenzhen (B-Share)	761.61	4.8%	11.2%	21.7%	180.7%

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



Week of 27 September 2010 - 1 October 2010

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						

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



Week of 27 September 2010 - 1 October 2010

Weekly Highlights

International

Telecommunications

- **Hibernia Atlantic will build a new trans-Atlantic communications cable aimed at high-frequency traders, shaving 500 kilometers from the shortest existing route and cutting execution times by about 8 percent.** The cable group's plan is the latest effort to link financial centers with new infrastructure, providing ever-faster trading times, and would be the first new line across the Atlantic in more than a decade. The trans-Atlantic market is the world's second-busiest for financial trades after London-Frankfurt. A new, shorter cable route developed by Spread Networks recently was opened on the third-ranked New York-Chicago corridor. Hibernia Atlantic says that it will sign any definitive customer contracts for the project. It is targeting high-frequency traders and related financial firms with round-trip speeds of less than 60 milliseconds, compared with 65 milliseconds using the existing AC-1 trans-Atlantic network. The company aims to start construction next spring and complete the 6,000-km cable running from Somerset in southern England to Halifax on Canada's eastern seaboard by mid-2012.
- **According to iSupply, worldwide optical telecommunication network equipment revenue will reach US\$13.5 billion this year, up 7.7 percent from US\$12.5 billion in 2009.** Revenue will continue to rise in the next four years until it reaches US\$22.1 billion in 2014. This is in contrast with the previous years when growth was not sustainable especially in 2008 and 2009 when the market shrank to depressed levels again. The revival of optical networking is being fuelled by the continued expansion of the internet. The internet is still expanding at a CAGR of around 45 percent. Major factors driving the internet's growth include high-bandwidth video traffic, peer-to-peer traffic, the rapid expansion of China's broadband market and the deployment of FTTH systems. The demand for bandwidth is prompting optics in existing fiber networks to be upgraded to higher speeds.

Semiconductor

- **According to Gartner, global semiconductor companies will double their capital spending this year from 2009 as they will invest more following last year's recession.** Gartner estimated that chipmakers' total capital expenditures will grow 96 percent year-on-year to US\$50.7 billion this year. That compares with capital spending of US\$25.9 billion in 2009 during the recession, a 41-percent plunge from 2008. Global semiconductor makers, including Samsung Electronics, Hynix Semiconductor and Toshiba will sharply increase spending this year as the industry comes out of the oversupply cycle. Spending will boost chip prices. Industry data showed that prices of DRAM and NAND flash memories will decline 6 percent to 22 percent in the fourth quarter from three months earlier, which will soon cause a declining profit.

Japan

Hardware

- **Hewlett-Packard Japan Ltd. will lift the personal computer production capacity at its Akishima factory in Tokyo to 2.1 million units a year next spring from 1.4 million units to keep up with growing corporate demand.** The company hopes to achieve the capacity hike by adding another assembly line. The amount of investment involved was not disclosed. The Akishima factory

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



Week of 27 September 2010 - 1 October 2010

assembles desktop PCs, workstations and servers. Its output accounts for slightly more than 60 percent of the products Hewlett-Packard Japan ships in the domestic market.

- **Konica Minolta Holdings's operating profit might boost 13 percent year-on-year to about 11 billion yen (US\$130.5 million) in the July-September quarter, due to robust European demand for copiers.** Although Konica Minolta is feeling the heat from the strong yen and the impact of inventory adjustment by LCD panel makers, its copiers are selling well among European companies, which have regained earning power amid the weak euro and resumed information technology investment. Overall sales are seen edging up 1 percent on the year to 205 billion yen (US\$2.5 billion). Sales volume for copiers is climbing 30 percent even after the strong April-June quarter. Konica Minolta has largely resolved the issue of product delivery delays stemming from that quarter's parts shortage.
- **LG Electronics will re-enter the Japanese television market, selling 10 LCD models through major discount retailers starting in November.** The company hopes to secure at least a 5 percent share of the Japanese market within five years. Including the 55LX9500, which is expected to sell for around 480,000 yen (US\$5,698), some models will offer added features such as 3D capabilities. As a start, LG will sell TVs through three major discount retailers: Edion Corp., Bic Camera Inc. and Yodobashi Camera Co. LG currently commands the second spot in the market with a 12.2 percent share. LG thought to enter the Japanese TV market as local brand recognition boosted due to its cellular phones. LG has been selling handsets through NTT DoCoMo since 2006. Leveraging good designs, the South Korean firm has sold roughly 4 million units in Japan so far.

Telecommunications

- **Equinix will build its third International Business Exchange (IBX) data center, called TY3, in Tokyo, Japan.** The US\$70 million, 79,600 gross-square-foot TY3 IBX data center, targeted for completion in mid-2011, will offer 960 cabinet equivalents to industries including cloud and IT services providers, online content and financial market participants doing business in Japan. The TY3 IBX data center will have direct fiber connectivity to Equinix's two other IBX data centers in the city, TY1 and TY2. Current and prospective customers will have direct access to more than 50 networks including both international and domestic carriers.

Semiconductor

- **Elpida Memory Inc. has set its sights on Samsung Electronics Co., which will begin mass-producing DRAM chips with a low-30-nanometer line width in December.** Samsung began mass-producing upper-30nm DRAM chips in July, a first for the industry, but Elpida's latest advance means the Japanese DRAM maker will beat the South Korean rival by about 5nm in circuit width. The gap translates to just one-16,000th of a hair's thickness, but it makes a huge difference in the chip business. The shift will boost the number of chips it can harvest from a wafer by 45 percent, dramatically raising productivity and pushing down production costs by 30 percent. With personal computer makers slashing orders amid fears of a global economic slowdown, the price of mainstay DRAM chips fell to US\$2.4 apiece in late August from the upper US\$2 level in June.

Internet

- **Tonchidot Corp. closed its Series B financing of US\$12 million.** Major Japanese investors from this round include mobile operator KDDI, media conglomerate Recruit, and mobile advertising company SPiRE. Japanese venture capital firm, JAFECO also contributed along with Series A investors DCM and ITOCHU Technology Ventures. Proceeds from the funding will be used to drive global

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



Week of 27 September 2010 - 1 October 2010

expansion of Tonchidot's new AR gaming platform. Tonchidot launched its flagship product Sekai Camera for iPhone in 2009. It launched its beta version of the industry's first AR social gaming platform called "SoLAR."

Korea

Telecommunications

- **Intel Capital, the investment unit of Intel, said that it has invested US\$20 million in a wireless technology joint venture with KT Corp. and Samsung Electronics Co.** The investment in Wibro Infra Co., which started with an initial capital of 250 billion won (US\$219 million), will be used to advance the high-speed mobile wireless technology WiMAX in South Korea. KT will expand the WiBro wireless service to 82 cities by March, covering some 85 percent of the population. The service currently covers Seoul and its metropolitan area. The expansion of wireless broadband service is designed to meet the surging demand for wireless Internet, sparked by booming markets for mobile devices, such as smartphones and tablet PCs. SK Telecom will enhance the capacity of networks as more people stream videos, download multimedia content and exchange e-mails with handheld devices.

Investments/ Ventures

- **South Korea's five leading conglomerates plan to set aside a special 1 trillion won (US\$871 million) fund to help grow small- and medium-sized enterprises (SMEs).** Samsung Electronics Co., Hyundai Motor Co., SK Telecom, LG Electronics and POSCO will set up the fund by 2012 to help technology development, train personnel and improve productivity of SMEs that provide parts, components and other services for the country's largest business groups. The move to create the fund comes as Seoul called on large businesses to do more to help SMEs and to share economic gains that have mainly benefited conglomerates.

Hardware

- **Samsung Electronics Co. ventured with Virgin Media Inc. to expand its presence in Britain's 3D TV market.** Virgin Media will use Samsung's 3D TVs to display its 3D content, as the company began offering 3D TV service in the European country. Virgin media provides broadband, television, phone and mobile services. Samsung's partnership with the British cable operator signals another 3D TV battle in Britain. Samsung's domestic rival LG Electronics, merging with Virgin Media's rival BSkyB Ltd., begins its 3D service in October. Virgin Media, which has 3.9 million video-on-demand subscribers, kicked off 3D movies on demand. Samsung accounted for 73 percent of the British 3D TV market as of August.

China

Mobile/Wireless

- **According to Digitimes, China ended August with 823.06 million mobile subscribers, up 1.10 percent from July and up 15.84 percent year-on-year.** User penetration stood at 60.5 percent. There were also 302.34 million fixed-line subscribers, with a penetration of 22.9 percent.

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



Week of 27 September 2010 - 1 October 2010

Telecommunications

- **China Telecom launched two internet data centers, one in Hong Kong and one in Singapore.** The company has invested HK\$200 million (US\$25.8 million) in the data center expansion. The two data centers are said to complement the company's existing 260 data centers interconnected in 280 cities across the globe. The data center in Hong Kong covers 27,000 sq feet, while the Singapore data center covers 3,500 sq feet.
- **China Telecom is looking for overseas acquisitions and is in talks with three Indian telecommunications firms to establish a cable connection between China and India.** China Telecom is awaiting approval from the Indian government to establish a representative office in New Delhi. The company ventured with Bharti Airtel, Reliance Communications, and Tata Communications to establish a cable connection over land between the countries. The company will seek for opportunities to expand through acquisitions in the Asia Pacific region.
- **ZTE Corp. will invest a total of 316.5 million yuan (US\$47.2 million) in two new venture capital funds.** ZTE will invest 300 million yuan (US\$44.8 million) in the ZTE Venture Capital Fund in high-growth industries supported by the industrial policy of the state. The fund will center on technology, media, and telecommunications, with at least 70 percent of its investments to be in those sectors. The ZTE Venture Capital Fund will be a 1 billion yuan (US\$149 million) fund, with the remainder of its capital to be raised from specific investors, including institutional and individual investors. ZTE will invest 16.5 million yuan (US\$2.5 million) to establish ZTE Capital Management Co., which will engage in the raising and management of venture capital funds.

Software

- **According to Asia Pulse, China's software industry's revenue increased 29.8 percent year on year to 828.6 billion yuan (US\$123.832 billion) in the first eight months of 2010.** The industry accomplished software business revenue of 105.5 billion yuan (US\$15.8 billion) in August. Revenue from value-added information technology (IT) services posted outstanding progress in the first eight months of 2010, and revenue from software design and development showed a robust rebound. In the first eight months of this year, software business revenue growth in eastern China rebounded rapidly, while that in western China climbed slowly. China's software export value grew at a slow pace in the first eight months of this year, and the outsourcing service export value showed steady development. 15 sub-provincial cities accomplished software business revenues of 430 billion yuan (US\$64.2 billion) in the first eight months of 2010. Revenues from the software industry in five cities posted year-on-year growth of over 40 percent.

Taiwan

Telecommunications

- **Taiwan Mobile Co. President and Chief Executive Officer Harvey Chang resigned after seven years leading the firm.** The company will appoint a replacement internally. Mr. Chang will become vice chairman of Taiwan Fixed Network Co.
- **ZTE Corp. inked a contract with Taiwan-based VIBO Telecom Inc, a subsidiary of Taiwan Kinpo Compal Group, to supply WCDMA wireless equipment.** Pursuant to the contract, ZTE will offer more than 3,500 3G stations, based on ZTE's software defined radio or SDR technology, to replace its partner's existing network around Taiwan within one year. Zhang Jianguo, a senior official

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



Week of 27 September 2010 - 1 October 2010

from ZTE, said that Taiwan's 3G subscriber accounted for 60 percent of the total in the first quarter of 2010. So far, ZTE has sold more than 250,000 SDR-based stations to 60 operators in over 40 countries, including China.

- **Chunghwa Telecom is set to sign a memorandum of understanding (MOU) with IBM for cooperation on cloud computing.** IBM is expected to offer development tools for the Platform-as-a-Service product. IBM is applying for the approval from the Ministry of Economic Affairs to establish an IT Appliance Center in Taiwan. If the application is approved, Chunghwa Telecom, IBM and the Ministry of Economic Affairs will form a complete industrial chain promoting the development of cloud computing in Taiwan. In the future, the software services developed in Taiwan will be embedded on hardware products whose OEM or ODM will be assigned to Quanta, Inventec, Foxconn, Wistron, and even including the brand manufacturers such as MSI and Asus. The integration of the software providers and hardware providers is expected to create advantages aiming at not only the China market but also the global markets.

Mobile/ Wireless

- **Hon Hai Precision Industry Co. Ltd. will issue US\$1 billion worth of overseas convertible bonds to meet funding demand for overseas production material purchases.** The capital to be raised from the bond sales will also be used to repay debt in an attempt to cut interest payments. The convertible bonds will have a maturity of three years with a zero coupon rate, the company said, adding that it has set a conversion price of NT\$152.75 (US\$4.90) for each Hon Hai share for bondholders who would like to exchange their bonds for company shares. Hon Hai scrapped an earlier bond sales plan as its stock price failed to reflect the company's value after the stock got hammered following a string of suicides by workers at its Shenzhen complex in China earlier this year. The cancellation of the bond issuance plan was due to the date of issuance approved by the Financial Supervisory Commission had expired.
- **According to a report released by Digitimes, the majority of handsets in Taiwan are sold through operators which now accounts for 65 percent of total handsets sold.** This figure is expected to rise further in 2011. Taiwan Mobile and Sony Ericsson Taiwan recently launched the Xperia X8, and the companies expect sales for the device to reach 100,000 units per month. Taiwan Mobile expects smartphones to make up 30 percent of its handset procurement value this year and up to 40 percent next year.

Media, Gaming and Entertainment

- **The acquisition of Kbro Co. is expected to be approved by early October.** Daniel Tsai, chairman of Fubon Financial Holding Co., and Richard Tsai, chairman of Taiwan Mobile Co., will acquire the cable TV provider from the Carlyle Group for a reported NT\$65.3 billion (US\$2.09 billion) through a private company set up to get around a law banning public ownership of media groups. NCC blocked the deal as Taipei City government had a 15 percent stake in Taiwan Mobile's majority shareholder, Fubon Financial Holding Co., also controlled by Tsai family. The Taipei City government stake would have violated the media ownership ban, the NCC said at the time. Once the acquisition is approved, the Tsai family will be able to reach up to 1.7 million cable TV households, becoming the most influential cable TV group in Taiwan.

Alternative Energy

- **Inventec Corp. will set up a multicrystalline silicon solar cell joint venture to tap the growing green energy market.** Inventec will team up with Inventec Appliances Corp., Inventec Besta Co.

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



Week of 27 September 2010 - 1 October 2010

Ltd., Win Semiconductors Corp. and other unspecified investors to establish a NT\$6 billion (US\$191 million) solar cell production company. In the first stage, the four partners will invest NT\$3 billion (US\$96.5 million) in the new company, with Inventec holding a 40 percent stake, Inventec Appliances 10 percent, Inventec Besta 5 percent and Win Semiconductor 23 percent. With the NT\$3 billion (US\$96.5 million) investment, the new solar cell company will be equipped with an annual production capacity of 1.8 million megawatts.

Hong Kong

Media, Gaming and Entertainment

- **Orange Sky Golden Harvest Entertainment (Holdings) Ltd invested nearly 170 million yuan (US\$25 million) in Legendary Pictures, a U.S. film producer.** The company produced more than 600 films since it was founded in 1970. The film producer's businesses cover capital investment, film production, movie circulation and cinema operation. Orange Sky Harvest Entertainment ran 29 cinemas with 229 screens on the mainland, Hong Kong, Taiwan and Singapore. The Chinese company will get priority in areas such as film production and circulation, developing online games and other movie derivatives, with Legendary Pictures. There are many game elements in Legendary Pictures' movies, and since Orange Sky Harvest Entertainment is quite experienced in the online game business, the prospect of cooperation in this field is expected to be promising for both parties.

Mobile/ Wireless

- **Hong Kong ended June with 12.885 million mobile users, up from 12.713 million in May, according to figures from regulator OFTA.** Of the total, 6.308 million were prepaid users, down from 6.193 million a month earlier, and the number of postpaid users stood at 6.577 million versus 6.520 million. The number of 3G users grew to 4.533 million in June. 910,936 mobile users connected through an MVNO. Total SMS sent reached 569.21 million or 50 per subscriber. The mobile data usage rose to 213.0 MB per 2.5G/3G customer.

Singapore/Malaysia/Philippines/Indonesia/India

Software

- **Kyocera Mita Corp. will acquire Epson Software Engineering (Philippines) Inc. by the end of October from the Epson Group.** Kyocera Mita has two software development bases in Japan and two in the U.S. state of California, so this will be its fifth. Epson Software Engineering develops software for printers and copiers. Its staff of 70 is around half the size of those at Kyocera Mita's Tokyo development bases. The newly acquired company will be renamed Kyocera Mita Technology Development Philippines Inc. Kyocera Mita established a wholly owned subsidiary in Hong Kong to consolidate its sales activities in the Asia region. With a software development base in the region, the company expects to bolster its product development capabilities and expand more rapidly.

Telecommunications

- **Reliance Communications has received substantial interest in the 26 percent stake in the company it has put up for sale.** The group is also considering an initial public offering of shares for its towers infrastructure arm, said chairman Anil Ambani. Ambani said there is substantial interest in the market for the company, given that it is the only operator in the country without a foreign partner. There is also the possibility, if considered appropriate, of combining such a transaction with an IPO,

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



Week of 27 September 2010 - 1 October 2010

for which the company has the necessary approval from the Securities and Exchange Board of India, he added. The company has spent nearly 350 billion rupees (US\$7.9 billion) in capital expenditure over the past three years, and the investment this year was projected in the range of 30 billion rupees (US\$676 million) or less than a fourth of the earlier average.

- **ITI Ltd. faces a slowdown in orders from its largest customer, Bharat Sanchar Nigam Ltd., which might weigh on revenue this fiscal year.** ITI has been hit by losses and slow revenue growth over the past seven years as global players like China's Huawei and France's Alcatel-Lucent stormed into the market with the latest technology and low-cost products. But ITI received a further blow after BSNL decided to put its US\$6 billion expansion plan on hold, partly because it had to scrap tenders after the government said all telecom purchases should be reviewed as local security agencies feared some imported equipment, particularly from China, may contain spying software. Chinese vendors ZTE Corp. and Huawei Technologies Co. were among the bidders for the contracts. ITI relies heavily on orders from BSNL and smaller operator Mahanagar Telephone Nigam Ltd. to sustain operations. The two state-run companies, which are mandated by the government to give at least 30 percent of their orders to ITI, account for about 70 percent of ITI's revenue.
- **Globe Telecom will strengthen its cellular business to defend its market share in a nearly maturing industry.** Globe will still invest on network capacities and to address customer demand for unlimited services. The Globe executive added that the company is not satisfied with its position in the industry. The operator of Sun Cellular, Digital Telecommunications Philippines Inc. now has a market share of 14 percent. Sun Cellular also claimed that it is now the leading telecom company in the postpaid market having a million subscribers compared to Globe's 909,466 subscribers as of June. Globe will continue offering promos to attract more subscribers. Globe had net income of P5.1 billion (US\$116.2 million) in the first six months of the year. The mobile phone penetration in the country was at 80 percent.
- **Globe Telecom Inc. had board director Mark Chong Chin Kok step down his position due to his reassignment within the Singapore Telecommunications Ltd. group.** SingTel, a major shareholder in the Philippine-listed telecommunications firm, nominated Hui Weng Cheong, the Singapore company's CEO International-designate, as Chong's replacement on the board. Hui Weng's nomination will be submitted to Globe's board for approval.
- **Digital Telecommunications Philippines (Digitel), which operates the Sun Cellular brand, has seen the number of its postpaid subscribers reach 1 million.** The company claims it is signing up seven out of every ten new postpaid subscribers. Sun Cellular began commercial operations in 2003 and now has some 7,000 base stations across the Philippines. Rival Globe Telecom had 909,000 postpaid subscribers at the end of H1, while Smart Communications ended the first half with 439,844 postpaid subscribers.
- **Telstra Corp. assured investors it can comfortably maintain its dividend payment in the current financial year as Chief Executive David Thodey outlined will spend A\$1 billion (US\$972 million) revitalizing the group's business.** Telstra was expected to lessen its dividend payment as it is struggling in its key markets and sliding revenues in its once-core fixed line phone business. Telstra shares have been languishing around all time lows amid concerns about its outlook. The company said it will spend A\$1 billion (US\$972 million) in the current financial year to gain more market share from rivals like Singapore Telecommunications Ltd.'s Optus arm and Vodafone Australia. The group also flagged a company-wide program named Project New, to simplify operations and cut costs in coming years. Telstra would lessen spending on third parties, develop

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



Week of 27 September 2010 - 1 October 2010

online customer service, field workforce productivity, simplify prices and reduce the company's operating costs.

- **Telstra Corp. will still cut jobs but it didn't specify the number of employees who will be removed.** The cuts come as Telstra implements a program of simplifying customer processes, reducing bureaucracy especially in management layers, and introducing optional self-service systems online. Telstra will cut at least 6,000 jobs, or 15 percent of its workforce over three years.
- **Telecom Corp. of New Zealand Ltd. Chief Executive Paul Reynolds said the company is prepared for any challenges as the government rolls out its planned NZ\$3 billion (US\$2.23 billion) private-public ultra-fast broadband development plan.** The telecommunications industry faces tough times and profound challenges in New Zealand and all around the world. Competition in traditional voice and data services causes falling revenues, as growth areas like mobile, information technology and broadband are pressured to fill in the gaps. Although there is demand for new investment in the sector, the necessary assets are capital intensive. The company plans to center on cost management this year by reducing staff numbers by 200 people.
- **Thailand's failed attempt to hold an auction of 3G mobile licenses is estimated to cost the industrial regulator National Telecommunications Commission less than THB80 million (US\$2.6 million).** The Supreme Administrative Court upheld a lower court's injunction against a planned auction of 3G mobile licenses to private operators. TOT PCL and CAT Telecom PCL had filed separate petitions to the Central Administrative Court to challenge the authority of the NTC to allocate the 2.1-gigahertz frequency spectrum used for 3G services. The two firms risk losing revenues should private firms acquire the 3G licenses and migrate their customers to the new technology. The simultaneous multiple-round auction was scheduled to kick off on Sept. 20 at a secured beach side resort in Hua Hin, about 200 kilometers south of Bangkok, to ensure no price collusion, and the auction was expected to take several days to be completed. The NTC spent THB10 million (US\$331 million) on a roadshow to draw interest from potential foreign investors; THB20 million (US\$662 million) on an exhibition conducted in Bangkok to educate the public on 3G technology; and THB25 million (US\$829 million) on software that would facilitate the auction.
- **The Thai government has told TOT PCL and CAT Telecom PCL to support a national broadband project, instead of worrying about 3G licensing.** The government aims to make broadband available for as little as THB 150 (US\$5.0) to THB 200 (US\$6.6) per month to boost uptake of broadband. According to ICT minister Juti Kririksh. All parties involved in planning for 3G should now shift their focus to a single broadband network and that 3G is only part of the national broadband project. The ministry is considering combining the telecommunications networks of the three state-owned electricity firms, TOT, and CAT Telecom, and the three private mobile operators into a single broadband network. The plan would expand broadband coverage to 80 percent of the population by 2015 and to 95 percent in 2020. Monthly fees would be no more than 2 percent of average incomes, which would be around THB 150 (US\$5.0) to THB200 (US\$6.6).
- **TOT PCL's planned THB19.98 billion (US\$653 million) investment in a 3G mobile phone network has been approved by the Thai Cabinet.** The construction of the 3G network will support the government's policy of greater broadband accessibility. Its services haven't been successful because of a lack of investment for a network roll out and an inability to compete with private operators. The approval of TOT's investment should partially speed up the roll-out of 3G services in the country even though uncertainty over the fate of 3G licensing remains. The government wants

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



Week of 27 September 2010 - 1 October 2010

TOT to manage its network as a wholesaler and tie up with other private operators to avoid duplication in network investment.

- **Advanced Info Service (AIS) will start providing commercial 3G services in partnership with state-owned operator TOT as a MVNO, once contracts with the state are signed.** TOT will enable 50,000 AIS mobile numbers to roam its 3G network for data services in exchange for voice roaming by TOT's 20,000 customers on AIS's nationwide 2G network. AIS would operate the MVNO service after it obtains a license from the NTC while the 3G data roaming service will be handled under its 2G umbrella. AIS chief executive Wichian Mektrakarn said AIS would differentiate its services by providing customized content and applications.
- **ZTE Corporation signed a memorandum of understanding (MOU) to cooperate and participate in Cambodia's Economic Acceleration Platform (CEAP) project which was launched by Cambodian National ICT Development Authority (NiDA).** The deal was made with Cambodian Deputy Prime Minister and Minister of Council of Ministers Sok An and Chinese Ambassador to Cambodia Pan Guangxu. The company promised to venture with NiDA with efficiency. Cambodian NiDA will improve Cambodia's Economic Acceleration Platform to promote the building of a nationwide high-speed fiber optic information network which will help the building of electronization of commerce, finance, communication, digital television, education, medical, customs administration and others.
- **Smart phone sales in Indonesia are forecasted to surge 78 percent year-on-year in the third quarter of this year.** Rizki Muhammad Ridwan from the International Data Corp (IDC) Indonesia, said that the decline in prices will spark the rise in sales. Competition in the market has resulted in the price deceleration. Rizki said that sales of smart phones in the country would continue to scale up to reach 981,000 units in the 3rd quarter from 900,000 units in the 2nd quarter and 860,000 units in 1st quarter of this year. The sales will rise by 12 percent in the last quarter of this year.
- **Packet One Networks (P1) has confirmed that it will receive a 20 MHz block of 2.6 GHz spectrum.** The company has received a letter from the Malaysian Communications and Multimedia Commission (MCMC) to inform the company of the allocation. The 4G spectrum can be used from 1 January 2013 and the location of block would be decided later. P1 is required to submit a detailed business plan on its intended use of the spectrum before it will actually receive the spectrum license. Redtone will get a block of 2.6 GHz of spectrum and other firms thought to have received spectrum include Celcom Axiata, DiGi.Com, Maxis, and U Mobile, as well as Asiaspace and YTL Communications.
- **Redtone International has confirmed that it will receive a 20 MHz block of 2.6 GHz spectrum.** The company has received a letter from the Malaysian Communications and Multimedia Commission (MCMC) to inform the company of the allocation. The spectrum can be used from 1 January 2013 and the location of block would be decided later. Redtone is required to submit a detailed business plan on its intended use of the spectrum before it will actually receive the spectrum license.
- **Maxis has confirmed that it will provide a business plan for a 20 MHz block of 4G spectrum allocated by the government.** Local media recently reported that Malaysia's regulator allocated 2.6 GHz spectrum to nine communications companies that can be used after 1 January 2013. Each company was allocated with 20 MHz of bandwidth, but the exact location of the blocks will be decided soon.

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



Week of 27 September 2010 - 1 October 2010

Internet

- **Facebook, Inc. opened an office in the southern Indian city of Hyderabad, in a move that might aid the company in boosting advertiser numbers and in bringing in more software developers.** A status update posted on Facebook India showed there were 12 million users on July 22. India has one of the largest bases of application developers in the world, which has already drawn in the likes of Microsoft, Sun Microsystems and Oracle Hindustan Unilever, a unit of Unilever PLC, Procter & Gamble Hygiene & Health Care and Coca-Cola are spending millions on advertising locally to tap India's ever-expanding youth and middle class.

Mobile/ Wireless

- **The mobile value added services (VAS) market in India is estimated to gross 145 billion rupees (US\$3.3 billion) this year, contributing 14 percent to operator's revenues, a report by the Internet and Mobile Association of India says.** Last year the mobile VAS industry generated revenues of 93 billion rupees (US\$2.09 billion) and in 2008 some 75 billion rupees (US\$ million). Entertainment makes up 57 percent of the mobile VAS revenues.
- **Mobile phone sales in India reached an all-time high of 38.63 million units in April-June this year, growing 6.3 percent quarter-on-quarter.** The researcher said that shipments of mobile handsets were driven primarily by low-cost handsets from the domestic brands. With a portfolio of low-priced and feature-rich handsets, domestic companies like G'Five, Micromax and Spice have consolidated their position in the Indian mobile phone market with a collective market share of 33.2 percent. The top five mobile handset vendors in India were Nokia, Samsung, G'Five, Micromax and Spice. Samsung followed with 8.2 percent share and G'Five emerged on the third position with 7.3 percent market share.

United States/Canada

Media, Entertainment and Gaming

- **NBC Universal (NBCU) Chief Executive Jeff Zucker will leave the media giant after its corporate parent, General Electric Corp., completes a deal to sell a majority stake of the company to Comcast Corp.** Comcast's chief operating officer, Steve Burke, a former Disney executive, will be in NBCU. Zucker would report to Burke, who would oversee the merger. Comcast's landmark deal to control NBCU has been held in limbo since it was announced last year, subject to a regulatory approval process in Washington, D.C., that has grown heated at times amid controversy over the consolidation of media companies.
- **According to Nielsen, single digital music sales in the U.S. stalled during the first half of 2010 compared with the same period last year.** The latest numbers are a reversal from growth seen in recent years, including surges of 13 percent from 2008 to 2009 and 28 percent for the same 2007-2008 period. Combined with album sales, overall growth was 5 percent. The stagnant U.S. sales figures may be caused by the decelerating consumer confidence, and some confusion over the different ways to purchase online music.

Telecommunications

- **AT&T Inc. had a one-time US\$8.3 billion gain in the third quarter related to the depreciation of assets from its acquisition of Cingular Wireless in 2006.** The gain boosted AT&T's third-quarter earnings per share by US\$1.40. The company will announce third-quarter earnings later this

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



Week of 27 September 2010 - 1 October 2010

year. The change will affect AT&T's cash flow over a 15-year period, starting in 2008. The company will also announce the gain as a reduction in income- tax liabilities. AT&T will spend US\$300 million to the agency in the fourth quarter to settle a disagreement regarding the company's 2008 tax return.

- **Clearwire Corp. said three Sprint Nextel Corp. executives serving on its board have stepped down.** The move could potentially clear the path for Clearwire to strike another deal as Sprint Chief Executive Dan Hesse and fellow executives Keith Cowan and Steven Elfman have resigned from its board. The company will name replacement directors in the next few months. In the meantime, Sprint has named its general counsel, Charles Wunsch, as an independent observer to the Clearwire board. The shift comes as Sprint and Clearwire wrestle with the timing and strategy of the deployment of Clearwire's 4G wireless network, as well as a looming need for additional funding.
- **EarthLink Inc. said it has agreed to buy ITC DeltaCom Inc. for US\$191 million plus debt, as the company moves further away from simply offering consumers Internet services and toward a heavier focus on businesses.** The company also raised the low end of its financial estimates for the year. The acquisition marks the continued migration toward more lucrative business Internet services. Earthlink plans to wed ITC DeltaCom's operations with its own burgeoning business-services arm, New Edge Networks. Rather than just resell Internet access through another provider's network, EarthLink is obtaining physical assets, which the company views as vital to offering business services. EarthLink will pay US\$191 million in cash and assume US\$325 million in debt. ITC holders will get US\$3 a share. The stock was down 21 percent this year. EarthLink said it expects the deal to mildly weigh on results next year but add to its cash flow by 2012.

Internet

- **AOL said it would buy technology blog TechCrunch Inc. as the company looks to expand its offerings of critical content to its audience.** AOL also bought Thing Labs Inc., which makes Web-based social-networking software, and Web video-syndication company 5min Media. AOL said it expects to eventually include some of Thing Lab's Brizzly applications in its Lifestream social aggregator and publisher and its AIM messaging platform. Brizzly apps allow users to view and post updates to social-networking sites Twitter and Facebook and enable group chat. The founders of Thing Labs, who will join AOL, previously helped create Google Reader. The companies didn't disclose the terms of the deals, but a person familiar with the matter said AOL paid about US\$30 million for TechCrunch. The acquisitions show that AOL, spun off from media giant Time Warner Inc., is doubling down on ad-supported Web media content, a business that has largely been a disappointment for the traditional media industry, which is shifting toward online subscription models as a way to generate revenue from digital businesses.
- **Google is hiring more sales and engineering staff as it aims to gain new advertisers in China.** Besides China, Google's YouTube was also banned in Turkey for two years, and videos critical of authorities are restricted in Thailand. The company doubled its staffs who are assigned to manage government relations globally by at least 20 percent in the past year. Google's license to operate in China was renewed in July, and the company sees to accept renewal again next year.
- **Google gave five groups which will be sharing US\$10 million that the company is investing in ideas that promise to change the world.** More than 150,000 ideas from 170 countries were submitted to "Project 10-to-the-one-hundredth" launched two years ago. The non-profit Khan Academy will get two million dollars to bolster its free online library of educational videos and translate core works into the world's most widely spoken languages.

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



Week of 27 September 2010 - 1 October 2010

- **Facebook and Skype SA are in negotiations regarding the cooperation of their communications services.** Facebook users will be able to sign into Skype through their Facebook Connect accounts. Those users will be able to text message, voice chat and video chat with their Facebook friends from within Skype. The integrated functions are built into Skype's upcoming 5.0 version, which is expected to be released in the next few weeks. The partnership might challenge Google enabling in-browser voice and video chat on Facebook would be a logical progression to the partnership. The partnership will more tightly link Skype's 560 million registered users --124 million of whom use it at least once a month with Facebook's 500 million members.
- **Yahoo confirmed the departures of three high-level executives.** One of Yahoo's top U.S. executives, Hilary Schneider, who was responsible for business partnerships and advertising sales in the Americas. No reason was given for her departure. Yahoo also confirmed the departures of Senior Vice President David Ko, who worked in North American audience, mobile and local operations, and Jimmy Pitaro, a vice president of media.

Software

- **Microsoft Corp. Chief Executive Steven Ballmer's total compensation rose 5.5 percent to US\$1.4 million in the fiscal year ended June 30, restoring his pay package to near its 2008 level.** But Ballmer won't receive stock awards again this year. As with a number of companies, a greater percentage of his pay is coming from salary rather than a bonus. The salary portion of Ballmer's pay package edged up 0.6 percent to US\$670,000, while his bonus climbed 12 percent and all other compensation rose 3 percent. Of the five executives listed in the proxy statement, getting the most compensation was Chief Operating Officer Kevin Turner. His nearly doubled to US\$10.4 million on increases in cash incentives and the value of stock awards. The prior year's best-compensated--Robert J. Bach, president of Microsoft's entertainment and devices division--saw his compensation package rise 2.8 percent to US\$7.4 million as his bonus jumped 25 percent to US\$1.4 million.

Hardware

- **Hewlett-Packard Co.'s appointment of former SAP AG Chief Executive Officer Leo Apotheker to its top job made the analysts conclude that the companies may venture into merging.** HP appointed Ray Lane, managing partner at Kleiner Perkins Caufield & Buyers and a former Oracle Corp. chief operating officer, as its non-executive chairman. HP needs new software businesses to lessen its dependence on low-margin computers and be competent to challenge Oracle, Cisco Systems and IBM. SAP had 15 percent surge in second-quarter profit as it accelerated spending on technology. SAP is extending to applications accessed via the Internet and mobile devices. It acquired Sybase Inc. worth US\$5.8 billion.

Europe

Telecommunications

- **Deutsche Telekom AG will spend 45 million euros (US\$62 million) to modernize its customer support and sales operations.** Telekom wishes to have nine service and marketing centers, 28 additional marketing centers, as well as five information technology centers. It means 3,640 employees will be relocated by the end of 2012. The moves hope to boost its competitiveness.
- **Deutsche Telekom AG's Chief Executive Rene Obermann said mobile markets aren't saturated.** The number of connected devices will jump to between 10 and 20 in the years to come from average of between 1.2 and 1.3 currently. Obermann reiterated the company's commitment to its

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



Week of 27 September 2010 - 1 October 2010

business in the U.S. Deutsche Telekom invested around US\$10 billion in the past three years and will continue to invest billions of dollars in the coming years. The mobile internet will grow faster in the U.S. than elsewhere. Deutsche Telekom's U.S. operations, once the growth engine of the German incumbent telecom provider, struggled in recent quarters, leading to rumors Deutsche Telekom could spin off or sell its business in the U.S.

- **France Telecom will invest 60 million euros (US\$82.1 million) over the next three years as it modernizes its French broadband network.** The group aims to increase the amount of households able to connect to a broadband line to 99 percent in 2013 from 98.6 percent at present. The announcement is part of Chief Executive Stephane Richard's new strategic plan presented in July.
- **France Telecom acquired Elettra, which is specialized in the laying and maintenance of submarine cables for the telecommunications industry, and has an enterprise value of 20 million euros (US\$27.6 million) after this sale.** "This transaction, which involves the acquisition of two cable ships, reinforces France Telecom's position as a major cable ship operator, the group said.
- **Telefonica SA had between 3.3 billion euros (US\$4.6 billion) and 4.2 billion euros (US\$5.8 billion) in synergies from merging mobile company Vivo Participacoes SA and its fixed-line company Telecomunicacoes de Sao Paulo S/A, or Telesp.** Telefonica will spend 7.5 billion euros (US\$10.3 billion) to take over Vivo, as it aims to boost its presence in the lucrative Brazilian market.
- **Everything Everywhere Ltd. had second-quarter sales and operating profit declined.** On a pro-forma basis, EBITDA in the quarter ended June 30 came in at GBP309 million (US\$489 million) with margin declined by 3 percentage points. Revenue for the period was down 4.8 percent to GBP1.72 billion (US\$2.7 billion), as mobile service revenue fell by 5.3 percent. The company had lower mobile termination fees and restructuring charges, in addition to higher customer acquisition costs, as reasons for the decline. Everything Everywhere, the banner for the Orange and T-mobile brands in the U.K., had 27.93 million customers at the end of the second quarter, a 3.4 percent surge. The number of customers on contract, who generate much higher sales than prepaid customers, was up 8.6 percent on year. It also reiterated the synergy targets of the joint venture of at least GBP3.5 billion (US\$5.5 billion), net of integration costs, to be realized in coming quarters, and its aim to an EBITDA margin of over 25 percent by 2014 against 21 percent now.
- **Zoom Technologies Inc. raised its 2010 mobile-phone sales target by 17 percent, with orders remaining strong in the second half of the year.** The boost came as one of its biggest customers will boost orders by two-thirds starting in the fourth quarter. The company has a positive revenue outlook as the mobile-phone market in China has a relatively low penetration rate of about 55 percent, compared to above 90 percent in many developed countries. Zoom now expects 2010 sales of its Leimone-brand mobile phone to be at 700,000 units, up 100,000 from prior estimates, with 580,000 of the sales coming in the second half of the year., Zoom had its second-quarter profit rose 20 percent, though revenue declined as it made more phones for which the customers supplied parts.

South Africa/Middle East/Latin America

Mobile/ Wireless

- **Mobile connections across Latin America reached a total of 530 million in Q2, as in Western Europe the number of connections declined sequentially to 515 million from 520 million.** Brazil accounts for just over a third of all mobile connections in Latin America, with 188 million by the end of the second quarter. Wireless Intelligence said it expects mobile penetration in Brazil to

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



Week of 27 September 2010 - 1 October 2010

reach 100 percent - with connections totaling 200 million – by the end of the year. Penetration in the region as a whole reached 90 percent in Q2. Asia-Pacific is still by far the world's largest mobile region. India and China are its two growth engines. Africa added 16.2 million mobile connections during the second quarter giving it a total of 496 million. The new additions mean Africa is now the world's fourth-largest mobile region, accounting for 10 percent of the global total, and moving above Eastern Europe.

Telecommunications

- **Emirates Telecommunications Corp., or Etisalat, will acquire 46 percent of Zain for US\$11.7 billion. Zain has 4.275 billion shares outstanding.** Etisalat's stake acquire would be one of the biggest recent corporate deals in the Mideast, competing the US\$11.6 billion purchase in 2007 of General Electric's plastics unit to Saudi Arabia's petrochemical giant Saudi Basic Industries Corp. Zain's ownership includes the government of Kuwait and a large merchant clan in Kuwait. Mohamed Abdulmohsin Al Kharafi and Sons Co. holds a 12.4 percent stake in Zain. Bankers expected a response from Zain.
- **Empresa Brasileira de Telecomunicacoes SA, or Embratel, is planning to sell 3.5 billion Brazilian reais (US\$2 billion) in senior unsecured debentures, which will be used to acquire up preferred shares in cable TV operator Net Servicos de Comunicacao SA.** Embratel will sell BRL3.15 billion (US\$2.0 billion) in notes due 2013 and BRL350 million (US\$207 million) due in 2014, to pay for the tender offer which will be held on Sept. 29. The acquisition of Net is "fundamental" to America Movil's will operate in the Brazilian market, as along with Embratel and mobile telephone operator Claro, the Mexican firm could merge the three operations to create a fully integrated telecom service provider.

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



Week of 27 September 2010 - 1 October 2010

Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 10/1/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	83.1900	-1.2%	-1.7%	-10.5%	-9.8%
Hong Kong dollar	HK\$/ US\$	7.7583	0.02%	-0.3%	0.1%	0.1%
Chinese renmenbi	RMB/ US\$	6.6895	-0.2%	-1.7%	-2.0%	-1.9%
Singapore dollar	S\$/ US\$	1.3125	-0.7%	-3.2%	-6.6%	-10.2%
South Korean won	KRW/ US\$	1,130.0000	-2.1%	-5.1%	-2.9%	-14.2%
New Taiwan dollar	NT\$/ US\$	31.2900	-0.2%	-2.3%	-2.1%	-4.5%
Australian dollar	US\$/A\$	0.9716	1.3%	8.9%	8.3%	36.8%
New Zealand dollar	US\$/NZ\$	0.7442	1.4%	5.3%	2.7%	27.2%
Philippine peso	PHP/ US\$	43.6200	-0.1%	-3.5%	-6.1%	-7.6%
Euro	US\$/€	1.3790	2.2%	8.9%	-3.7%	-0.6%
British pound	US\$/£	1.5815	0.0%	2.3%	-2.1%	8.9%

Fixed Income Prices and Yields

Note	Currency	Current (on 10/1/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	102.83	3.75%	101.42	3.80%	105.24	3.67%
Japan 30-year	¥	102.93	1.88%	102.40	1.88%	110.45	1.60%
Hong Kong 10-year	HK\$	103.10	2.19%	102.48	2.14%	102.93	2.05%
China (06/16)	US\$	109.76	2.83%	109.47	2.87%	110.17	2.01%
Singapore 10-year	S\$	110.79	2.05%	111.00	2.02%	110.69	2.78%
South Korea 20-year	KRW	11,744.13	4.34%	11,466.78	4.48%	11,223.16	4.68%
Australia 15-year	A\$	104.36	5.14%	104.76	5.20%	107.31	4.93%
New Zealand (12/17)	NZ\$	107.72	5.12%	106.80	5.14%	106.75	5.17%
Philippines 20-year	PHP	142.48	8.31%	139.69	8.36%	138.75	8.50%
India 30-year	INR	99.29	8.54%	99.25	8.37%	98.94	8.40%
UK 30-year	£	105.88	3.94%	103.69	4.03%	106.50	4.01%
Germany 30-year	€	137.16	2.89%	134.38	2.97%	142.50	2.91%

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