



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

Week of 11 October 2010 - 17 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	6
China	6
Taiwan	8
Hong Kong	9
Singapore/Malaysia/Philippines/Indonesia/India	9
United States/Canada	12
Europe	14
Other Economic Data	15
Currency Exchange Rates	15
Fixed Income Prices and Yields	15

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



Week of 11 October 2010 - 17 October 2010

Equity Market Indicators					
Index	Closing Level (10/15/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,176.19	0.9%	4.9%	5.5%	30.2%
Dow Jones Industrial Avg.	11,062.78	0.5%	5.1%	6.1%	26.1%
Dow Jones Tech. Index	422.11	3.0%	8.2%	4.8%	67.9%
Dow Jones Telecom. Index	235.21	1.2%	5.9%	7.2%	17.7%
NASDAQ Composite	2,468.77	2.8%	7.8%	8.8%	56.5%
Japan Nikkei 225	9,500.25	-0.9%	2.2%	-9.9%	7.2%
JASDAQ	47.58	-0.5%	-1.7%	-1.6%	-1.3%
Japan Mothers	346.08	-5.8%	-8.0%	-16.9%	7.0%
Korea KOSPI Composite	1,902.29	0.3%	4.8%	13.0%	69.2%
Korea Kosdaq	509.59	2.5%	5.8%	-0.8%	53.5%
Taiwan Stock Exchange	8,205.30	-0.5%	0.9%	0.2%	78.7%
Singapore Straight Times	3,650.74	1.3%	-0.9%	22.0%	107.2%
Hong Kong Hang Seng	23,757.63	3.5%	9.5%	8.6%	65.1%
Hong Kong GEM	814.72	0.3%	1.7%	20.3%	111.4%
China Shanghai (A-Share)	3,113.66	8.5%	10.5%	-9.4%	62.9%
China Shenzhen (A-Share)	1,268.59	0.9%	0.3%	0.6%	118.2%
China Shanghai (B-Share)	274.20	2.3%	5.1%	8.6%	147.2%
China Shenzhen (B-Share)	803.43	2.7%	11.0%	28.4%	196.2%

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



Week of 11 October 2010 - 17 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 11 October 2010 - 17 October 2010

Weekly Highlights

International

Hardware

- **According to IDC, worldwide sales of personal computers surged more slowly than expected in the third-quarter, hampered by weak consumer spending in the U.S.** PC shipments surged 11 percent to 89.7 million units in the July-September period, below forecast of 13.5 percent. Other regions came in roughly in line with its expectations. Top vendors Hewlett-Packard, Acer and Dell all came in below market performances in the third-quarter.

Semiconductor

- **According to iSuppli, rising development costs among consumer-semiconductor companies could squeeze out smaller players in coming years and lead to consolidation in the current market.** The cost to develop leading-edge application-specific chips continues to rise. The smaller companies will be faced with the option of designing with an older semiconductor-manufacturing technology might have higher production costs or getting out of the market altogether. The fragmented nature of the consumer-semiconductor market has led to more intense competition. The top 10 companies like Toshiba and Sony, take up less than half the market's share. As a result, iSuppli sees the market to consolidate over the next five years. A potential sector shakeout would come as iSuppli sees the space's revenue jumping 28 percent to US\$57.2 billion this year and reaching US\$69.4 billion in 2014.

Japan

Mobile/ Wireless

- **Shipments of mobile phones in Japan went up 6.2 percent year-on-year to 2.04 units in August, up for the second consecutive month.** Shipments of mobile phones rose 4.7 percent to 1.96 million units and PHS handset shipments jumped 58.9 percent to 85,000 units, the Nikkei reports citing figures from the Japan Electronics and Information Technology Industries Association. The data excludes models manufactured by Apple, Samsung Electronics, and other overseas players.

Telecommunications

- **Fujitsu has built a private cloud computing environment in collaboration with Daiwa House Industry for the Daiwa House Group's accounting system inside Fujitsu's data centre in Japan.** Utilizing Fujitsu's cloud services, Daiwa House can immediately use just the amount of ICT resources it needs, when it needs them, depending on the status of its work or an expansion of its business. Daiwa House plans to optimize and standardize operations within its group companies, deploy SAP's ERP service, and further increase the efficiencies of its ICT investments by using its new cloud environment to build a management information platform for group-wide optimization as well as shared platforms for group accounting and human resources functions.

Software

- **Access Co. said that it has licensed patents applicable to smartphones to U.S.-based Microsoft.** Access said that the smartphone market's explosive growth will significantly boost the value of its patents in this segment. The company obtained about 200 patents when it acquired U.S.

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



Week of 11 October 2010 - 17 October 2010

mobile device software developer PalmSource Inc. in 2005. These holdings and others related to basic smartphone technology are included in the portfolio of patents licensed to Microsoft, the fees for which have not been disclosed. For this deal, Access partnered with Acacia Research Corp. subsidiary Smartphone Technologies LLC, which negotiated the licensing agreement with Microsoft.

Korea

Telecommunications

- **KT Corp. said it is seeking to take over a local credit card company as it aims to boost its convergence business in telecommunications and finance.** KT signed a preliminary agreement with Woori Bank earlier to buy a stake in BC Card Co. and build a strategic partnership with Woori Bank. The company plans to announce specifics of the agreement before the end of the year, it added. In August, Woori Bank said the lender plans to sell 20 per cent of its 27.65 per cent stake in BC Card to KT. BC Card issues credit cards in business association with 11 local banks. KT, which recently launched a new phone embedded with a mobile payment technology, will become the largest shareholder in BC Card with a 35 per cent stake, if it completes the deal to buy Woori Bank's 20 per cent stake in BC Card.

Hardware

- **Samsung Electronics Co. will invest US\$9.2 billion in semiconductors next year, topping capital expenditures by other chipmakers for two straight years.** The projection represents a slight decline from the company's capital expenditure this year. Samsung Electronics revised up its chip investment for 2010 to US\$9.6 billion in a bid to widen gaps with its second-tier rivals. Intel was forecasted to spend US\$5 billion, down US\$200 million, in semiconductor capital expenditures next year. Taiwan Semiconductor Manufacturing Co. was seen to be the industry's third-largest in terms of capital investment, spending US\$4.9 billion next year. Toshiba was projected to double its investment from 2010 and invest US\$3.6 billion, and South Korea's Hynix Semiconductor will likely increase capital expenditure to US\$2.8 billion.

China

Telecommunications

- **China's homegrown 4G mobile communication standard based on TD-LTE network is seen to be selected as the international 4G standard by International Telecommunication Union (ITU).** ITU held the working conference on 4G standard selection in southwest China's Chongqing Municipality. The organization would start to examine six draft 4G technology standards in October, and announce the final international standard at the beginning of 2011. Vodafone, Verizon and DoCoMo and SoftBank Corp. all plan to adopt TD-LTE to establish 4G networks in future. Vodafone and Verizon have joined hands with Chinese companies, namely China Mobile, tested the TD-LTE network for several times.
- **With Indian 3G network deals from Bharti Airtel and others coming its way, Huawei expects to make up for the business lost in India in the coming year.** The government banned telecom operators from procurement from foreign vendors, following concerns raised by the Home Ministry that telecom equipment from some countries could have spyware or malware that gives intelligence agencies across the border access to telecom networks in India. The entire issue has slowed the growth

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



Week of 11 October 2010 - 17 October 2010

of the company in India. Huawei was one of the first vendors to agree to the demand for providing access to key software code.

- **China Mobile has obtained all the necessary approvals and completed the acquisition of a 20 percent stake in Shanghai Pudong Development Bank (SPD Bank).** The company's subsidiary Guangdong Mobile has been registered as a shareholder of SPD Bank. In March this year, China Mobile announced it would buy a 20 percent stake in Shanghai Pudong Development Bank for a total cash consideration of 39.5 billion yuan (US\$5.9 billion). China Mobile and SPD Bank also signed a memorandum of understanding on the development of mobile finance and mobile e-commerce services.
- **China Unicom has issued US\$1.84 billion worth of guaranteed convertible bonds at yield of 0.75 percent.** The five-year bonds will mature on October 18, 2015 and could be converted into shares at price of HK\$15.85 (US\$2.04) per share both on the Hong Kong Stock Exchange and the New York Stock Exchange. The funds raised will be used to replenish the company's working capital and support its 3G and broadband businesses. This convertible bonds issue is the largest ever international convertible bond issue by a Chinese issuer.
- **ZTE is investing 1.5 billion yuan (US\$226 million) to set up a financing company and a supply-chain services unit.** The company announced the plans in a filing with the stock exchange following approval by the board. ZTE Finance, with registered capital of 1 billion yuan (US\$150.5 million), will handle treasury management and financing for the network equipment maker. The other 500 million yuan (US\$75.2 million) will go to finance ZTE (Heyuan), the company's new production and support site.

Media, Entertainment and Gaming

- **Amico Games (AMCG) has launched a mobile phone game distribution portal.** The new portal will act as a delivery hub for AMCG's mobile phone games, like "Miracle Journey to the West," which has some 15 million registered users due to its massive appeal as an adaptation from classical Chinese culture into an engaging MMORPG. Distributing the games via the new portal would allow AMCG to capture 90 percent of the in-game revenues by reducing reliance on independent distributors, which can take up to 70 percent of the game revenue from the end users.
- **China Cablecom Holdings reported revenues for the second quarter of this year of US\$13.98 million, up 30.6 percent from US\$10.7 million in the second quarter of 2009.** The increase in revenues was due to growth in paying subscribers and revenues generated in subscription and installation fees. The company's Hubei operations' revenues grew 29 percent to US\$10.9 million. Binzhou operations' revenues stood at US\$3.1 million, an increase of 34 percent. Net loss decreased to US\$2.4 million or US\$0.39 per share from US\$4.4 million or US\$1.37 per share. Cash and cash equivalents amounted to US\$24.7 million at the end of the quarter. For the full year, China Cablecom reiterates its revenue guidance of US\$50-55 million. This includes total paying subscribers of 1.8 million and consolidated digital subscribers of 750,000.

Hardware

- **China's e-book reader sales came to 264,600 units in the third quarter, up 9.93 per cent from Q2, according to statistics released by the Analysys International.** The increase in sales is attributed mainly to price cuts of the e-book device both on domestic and foreign markets and increasing public recognition of e-readers. China's e-book reader sales this year have amounted to

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



Week of 11 October 2010 - 17 October 2010

749,100 units by end-Q3 and the annual sales are forecast to top 1 million units as sales in Q4 continues to pick up, the Analysis International said.

Alternative Energy

- **For the third quarter of 2010, LDK Solar sees to have revenue in the range of US\$610 to US\$640 million with wafer shipments of 550 to 570 megawatts (MW), and module shipments of 80 MW to 90 MW.** The company's prior guidance for the third quarter was revenue of US\$570 to US\$600 with wafer shipments of 520 to 550 MW, and module shipments of 75 to 85 MW. LDK Solar's manufacturing capacity reached, as previously planned, 11,000 MT in polysilicon, 2.6 gigawatts (GW) in wafers, 120 MW in cells, and 760 MW in modules. As of the end of the third quarter, cash balances, including pledged bank deposits, were approximately US\$800 million.
- **Hon Hai will jointly invest in a solar energy materials plant in China's Shanxi province with China's Yingli group.** Initial investment in the project would be some 26.6 billion yuan (US\$4 billion), and annual production would be some 6,000 tons. Several Taiwan tech firms have begun a push into the US\$35 billion global solar market, eyeing new growth prospects. Yingli Green Energy is on track for about a 10 percent share of the U.S. solar modules market by volume this year.

Taiwan

Telecommunications

- **Chunghwa Telecom's net profit surged 10 percent year on year in the third quarter of this year, due to an increase in revenue from value-added services for smart phones.** The company said in a statement that its net profit for the period from July to September was NT\$11.99 billion (US\$391 million). The company's revenue for the third quarter declined 6.6 percent year on year to NT\$50.1 billion (US\$1.6 billion) as a result of regulator-mandated tariff reductions. In the first half of this year, Chunghwa Telecom's net profit increased 12 percent year on year to NT\$25 billion (US\$815 million), while its revenue was NT\$99.3 billion (US\$3.2 billion), 2.2 percent at least in the corresponding period of last year.
- **Far EasTone Telecommunications (FET) ended September with 6.320 million mobile customers, up from 6.299 million in August.** The total comprises 3.8 million 3G postpaid subscribers, 1.147 2G postpaid subscribers, and 1.373 million prepaid customers. The churn rate dropped slightly to 1.9 percent from 2 percent a month earlier, and MOU rose to 1.383 billion from 1.373 billion in August. Blended ARPU fell to NT\$716 (US\$23.13) from NT\$720 (US\$23.26) in the prior month.
- Taiwan's executive cabinet has approved a Wimax development plan with a 2010-2013 budget of NT\$6.6 billion (US\$213.2 million). The plan will see government agencies adopt Wimax technology for various applications, such as disaster relief, transportation regulation, police patrols, as well as educational and medical applications in remote areas, according to the Ministry of Economic Affairs. The plan will also help Taiwan-based enterprises export Wimax products to China and other countries. Under the plan, the annual production value of Wimax products in 2013 would stand at NT\$130 billion (US\$4.2 billion), with a cumulative investment of NT\$50 billion (US\$1.6 billion) from the private sector. The plan also forecasts 2.2 million Wimax subscribers and the creation of 20,000 jobs.

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



Week of 11 October 2010 - 17 October 2010

- **Taiwanese manufacturers shipped 84.5 million WLAN devices in the third quarter, down 12.2 from the second quarter but up 19.4 percent from a year earlier.** The quarterly decline was driven by a slowdown in notebook demand, weaker than expected retail sales during the back-to-school season, and healthy inventory levels in the sales channels slowing new orders

Hardware

- **The chairman of Asustek Computer Inc. said the Taiwanese personal computer maker's netbook PCs can coexist with the rapidly growing market for tablet-style devices such as Apple's iPad.** Asustek's Eee PC line of netbooks has been enjoying increasing brand-recognition worldwide. The new tablet segment, spearheaded by the iPad, is eating into the netbook market. Asustek will start selling its new tablet PC, called the Eee Pad, in the first quarter of next year. By offering both netbooks and tablets, Asustek aims to address different needs for different segments. The netbooks' biggest advantage is their compatibility with existing PC applications. Netbooks emphasize not only content consumption, but also content creation, fulfilling both office work and entertainment needs. Asustek in August lowered its forecast for combined notebook and netbook shipments for calendar 2010 on concerns about demand in Europe and the U.S. to 16-17 million units from 18 million. The company expects to sell 4.1 million units in the third quarter of the year.

Hong Kong

Mobile/ Wireless

- **Hong Kong mobile user base exceeded 13 million in July to 13.024 million, up from 12.885 million in June, according Ofta.** Of the total, 6.407 million were prepaid users, up from 6.308 million a month earlier, and the number of postpaid users stood at 6.617 million versus 6.577 million. The number of 3G users grew to 4.645 million in July, from 4.533 million in the previous month. Furthermore, 903,183 mobile users connected through an MVNO, down from 910,936 MVNO users in June. Total SMS sent reached 560.427 million or 49 per subscriber, down from 569.21 million or 50 per subscriber a month earlier. The mobile data usage rose to 214.1 MB per 2.5G/3G customer, up from 213.0 MB in the prior month.

Singapore/Malaysia/Philippines/Indonesia/India

Media, Gaming and Entertainment

- **Guthy-Renker is targeting a turnover of US\$50 million in India within the next five years.** The company, which sells its products only through teleshopping, said it is planning to rope in more Indian celebrities besides actress Celina Jaitley to localise its promotional content. The company registered sales of US\$3 million last year and is currently selling its products through 33 TV channels in India. As part of its strategy to increase customer base, the company is also looking at tying up with another outsourcing firm in the Southern region to take orders by phone. The firm is working with a Gurgaon-based call centre. Guthy-Renker is a US\$2 billion direct marketing company. It currently has 20 beauty and cosmetic brands in its portfolio.

Information Technology

- **Infosys Technologies said it has increased its head-count by 7,646 in the July-September period this year.** The company hired 14,264 employees in the second quarter this fiscal year, but nearly 6,618 employees left the organization during the same period. The company witnessed a 17.1

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



Week of 11 October 2010 - 17 October 2010

per cent increase in attrition rate in the first quarter of this fiscal from 10.9 per cent during the corresponding period in the previous fiscal. However, on quarter-on-quarter basis, the employee attrition rate in Infosys declined by 6.65 per cent from the April-June level this year.

Telecommunications

- **PT Telkom will soon acquire an information technology company priced at 1 trillion rupiahs (US\$111 million).** Acquisition is expected to be concluded in December but the company refuses to disclose the name of the acquiror. Telkom said it is facing three other bidders interested in the company, based in the country. Telkom has fund available to finance the acquisition and if necessary it has standby loan of 4 trillion rupiahs (US\$448 million) that could be used any time.
- **Advanced Info Service is pulling back some of the resources it had planned to devote to 3G for use in its emerging digital content business unit now that attempts to issue 3G mobile broadband licenses have collapsed.** The company is also spending an additional THB 2.4 billion (US\$80.2 million) to double its Edge broadband network capacity to serve users who want internet access from mobile phones, said vice-president for wireless business marketing Prattana Leelapanang. The company will ally with branded publishing firms, content production houses and technology developers under its policy to co-produce a full range of digital content services. AIS earlier set up a wholly owned subsidiary, Mimo Technology, to handle the 3G content business and mobile software platforms, with 100 employees. Another new subsidiary, Advanced Wireless Network, was established to bid for a 3G licence and operate the service.
- **Tata Communications expanded its cloud offering by launching two new more scalable, cost-effective and instant services like InstaCompute and InstaOffice to help organizations further enhance their productivity and connectivity.** These offerings, coming from the company's managed services business, are on a self-service, pay-as-you-use IT application and data centre infrastructure services, accessed through the Internet, company president and chief operating officer Vinod Kumar announced at the launch.
- **Philippine Long Distance Telephone (PLDT) intends to invest PHP 1.5 billion (US\$34.4 million) this year to roll out additional base stations in remote areas across the country.** The company will add 500 mobile base stations to improve coverage. The investment is part of PLDT's planned capital expenditure this year of PHP 28.6 billion (US\$660 million). The operator already has over 9,000 mobile base stations across the Philippines, covering 99 percent of the population.
- **The media arm of Philippine Long Distance Telephone (PLDT), MediaQuest Holding, plans to borrow PHP 250 million (US\$5.7 million) from local banks to further finance the roll out of digital set-top boxes for its Cignal TV service.** The company has invested PHP 1.5 billion (US\$34.4 million) to build a nationwide, direct-to-home satellite service, with some PHP 650 million (US\$14.9 million) used to finance the set-top boxes, Business Insight reports citing MediaQuest chief executive Ray Espinosa. With the roll-out of set-top boxes, the company hopes to curb rampant illegal cable connections. The company estimates there is one illegal user for every legitimate subscriber. The company has around 90,000 subscribers, mainly located in the Visayas and Mindanao.
- **Qatar Telecom said it is in talks with San Miguel Corp. to expand its telecommunications venture in the Philippines and wants to hike its stake in Liberty Telecom Holdings Inc.** Qtel CEO Al-Thani also said that his company wants to increase its stake in Liberty Telecoms up to 40 per cent. At present, QTel, through its subsidiaries Wi-Tribe Asia Ltd. and QTel West Bay Holdings Inc., acquired 32.65 per cent of Liberty Telecoms. Wi-Tribe owns 5.9 per cent of Liberty shares while QTel

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



Week of 11 October 2010 - 17 October 2010

West Bay owns 26.75 per cent shares. SMC, through Vega Telecoms Inc., owns 39.3 per cent of Liberty and has disclosed that it would buy up to 49 per cent.

- **Globe Telecom will cut investment next year and continue on a downward trend following the completion of its broadband network infrastructure.** Albert M. de Larrazabal, Globe chief finance officer said that capital expenditure will be lower next year than the US\$500 million capex programmed this year and would be partly financed by internal funds and borrowings. Earlier, the Ayala-led telecom borrowed a PHP 5 billion (US\$115.8 million five-year term loan facility with the state-owned Development Bank of the Philippines). Globe had said that of the US\$500 million capex this year, US\$230 million will be invested in expanding and augmenting its high speed internet access networks and services, US\$170 million for mobile telephony business and US\$50 million for fixed line data networks.
- **Tata Teleservices Ltd (TTSL) has crossed the 80 million subscribers mark with the addition of 2.14 million new subscribers in September this year.** TTSL added 2.14 million new wireless and wireline subscribers in the month of September to take its client base to 80,306,495 users. Tata Teleservices is the country's fourth largest operator in terms of wireless subscribers, after Bharti Airtel, Reliance Communications and Vodafone. Both TTSL and TTSL (Maharashtra) offer dual technology mobile services across the nation. After its collaboration with Japan's NTT DOCOMO in November, 2008, TTSL launched GSM services under the 'TATA DOCOMO' brand in all 18 telecom circles where it received spectrum from the government. TTSL has also announced that it will launch next generation mobile services (3G) across all nine circles where it has received 3G spectrum on Diwali next month.
- **Bakrie Telecom is slated to acquire the CDMA unit of Telekomunikasi Indonesia (Telkom) in deal worth up to US\$1 billion.** The companies have been in talks about a deal merging their CDMA units for some time and are said to sign a deal by December. Under the deal, Bakrie Telecom will issue new shares and swap them for Telkom's CDMA assets worth between 7 and 9 trillion rupiahs (US\$785 and US\$1 billion). Telkom's CDMA unit Flexi has around 15 million subscribers while Bakrie Telecom has around 11 million subscribers. Telkom has yet to reach a final deal with Bakrie.
- **India's Comptroller and Auditor General (CAG) said that 72 out of 122 new 2G spectrum licences issued in January 2008 were awarded to companies that did not meet the eligibility criteria.** According to the government auditor, Datacom, STel, Unitech and Allianz Infratech, among others, were issued licenses in 2008 even though they did not meet the eligibility criteria prescribed by the department of telecommunications at the time of application, the Economic Times reports from CAG documents seen. The DoT has asked for access to the auditor's documents for further investigation and possible action against the operators.
- **The Indian telecom ministry's proposed new subscriber verification standards will slow down the pace of mobile customer additions by nearly 50 per cent to five million a month, and will also drive up the cost for telecoms to add users to their networks, according to domestic operators.** On average, telecom operators add 10 to 12 million subscribers every month. In August, operators notched up 18.18 million new subscribers, taking the total number of mobile users in India to 670.60 million, according to data from the regulator Telecom Regulatory Authority of India (TRAI). The proposed new verification norms will also increase the cost for operators to register new subscribers, Mathews added.

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



Week of 11 October 2010 - 17 October 2010

- **Nera Telecommunications' revenues for the third-quarter grew to S\$36.3 million (US\$27.6 million) from S\$33.0 million (US\$25.1 million) in the corresponding quarter last year.** EBIT rose to S\$2.1 million (US\$1.6 million) compared to S\$1.7 million (US\$1.3 million), while net profit was stable at S\$1.5 million (US\$1.1 million).

United States/Canada

Telecommunications

- **Broadcom Corp. will acquire a privately-held chip maker Beceem Communications Inc. for US\$316 million to accelerate its entry into providing technology for the next-generation mobile broadband network known 4G LTE.** Broadcom has been benefiting from the sharp demand for mobile devices. The company's chips are used to power Apple's iPad, and its mobile and wireless segment helped drive Broadcom to record second-quarter results. Broadcom competitor Qualcomm already has a strong 4G roadmap, and analysts said Broadcom's plans to acquire Beceem cleared up questions about its mobile strategy. A reasonable timeframe for the first chips with 4G LTE technology to start shipping is in the second half of next year.
- **Ciena Corp. will offer at least US\$175 million in eight-year convertible notes to institutional investors, seeking to use proceeds to repay shorter-term debt.** The company also affirmed its downbeat revenue forecast for the current quarter. Companies have flooded the market with new debt in recent weeks amid a record-low interest-rate climate as many issuers seek to refinance existing borrowings at lower rates. Ciena will use some of the proceeds from its planned offering to acquire back some of its convertible senior notes due in May 2013 or repay them when they come due. Standard & Poor's Ratings Services placed its junk-level ratings on Ciena on watch for downgrade, appears the company's cash balances will decline below S&P's minimum threshold of US\$450 million before the integration of Nortel Networks Corp.'s Metro Ethernet business is complete.

Internet

- **Google is talking to publishers about how to make money from content, said Philipp Schindler, managing director for Northern and Central Europe.** Apple is developing a digital newsstand for publishers that would let them sell magazines and newspapers to consumers for use on Apple devices, two people familiar with the matter said in September. Apple's effort is aimed at luring more consumers to the iPad and helping publishers sell subscriptions rather than single issues. The main hang-ups between Apple and publishers including Time Warner Inc., Conde Nast, Hearst Corp. and News Corp. are who controls data about users and how to split subscription revenue.
- **Google's third-quarter profit increased as businesses spent more on advertising for online consumers.** Net income surged 32 percent to US\$2.17 billion. Profit excluding some items was US\$7.64 a share. Google is benefiting from increased spending on search-based ads as it pursues opportunities in mobile communications and display advertising. Online spending is seen to account for 15 percent of total U.S. advertising this year, up from 12 percent in 2008. Google boosted its U.S. search market share in September to 66.1 percent from 65.4 percent a month earlier. The gains came after Google unveiled its Instant service that gives users search results as they type in their queries. Yahoo! declined to 16.7 percent from 17.4 percent, and third-place Microsoft edged up to 11.2 percent from 11.1 percent. Microsoft is merging its search operations with Yahoo this year to challenge Google's dominance.

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



Week of 11 October 2010 - 17 October 2010

- **Google confirmed that Marissa Mayer, vice president of search products and user experience, has been tasked with a new role overseeing the company's location-based and local services.** Mayer was also promoted to an influential operating committee, the senior governing body that makes decisions on everything from acquisitions to product development. Google unveiled Place Pages, or detailed descriptions of specific locations tied to the company's mapping services. Earlier this year, Google announced a mobile version of its Place Pages service, which includes addresses, contact information and user reviews of restaurants, cafes and other types of locations.
- **Yahoo shares boosted on speculation AOL Inc. and several private equity firms might be interested in acquiring the company.** Silver Lake Partners and Blackstone Group LP are among the firms that have expressed interest in either teaming up with AOL to acquire Yahoo or trying to take it private on their own. At least two or three other firms could be interested in participating if a formal buyout proposal is drawn up. Many analysts seemed to doubt the validity of the chatter, citing its complex nature and the likely high price Yahoo would require for a deal. Yahoo might not sell out for less than US\$22 to US\$25 a share.

Alternative Energy

- **Canadian Solar Inc. announced the appointment of Andrew Chen as Chief Financial Officer, effective immediately.** Arthur Chien, who previously served as Chief Financial Officer, will continue as a special advisor to the CEO's office until the end of the year. Before joining Canadian Solar, Mr. Chen served as Chief Financial Officer of Shengda Tech, Inc.

Software

- **Microsoft and Facebook unveiled an expanded partnership in which the software company's Bing search engine will incorporate data from the social network giant's user data to improve its search results.** Microsoft search chief Qi Lu said expanded partnership between the two companies will take Web search to the next level by incorporating social information from Facebook to enable Microsoft to predict people's intents as they look for information on the Internet. That will enable Microsoft's Bing search engine to provide users with better information so they can make decisions more quickly. Microsoft invested US\$240 million for a 1.6 percent stake in the social media company in 2007. The software giant's Bing also powers Web searches on Facebook's pages. Microsoft last year said it would integrate real-time Facebook news feeds into Bing search results and in June those results began appearing on a new Bing Social search page.

Hardware

- **IBM formally launched a set of hardware, software and services designed to make it easier for telecommunications companies to deliver cloud services to their business customers.** IBM's Service Delivery Manager is designed to take advantage of the market for cloud services, which IBM estimates will boost to US\$89 billion by 2015. IBM believes its own revenue opportunity from cloud can grow to US\$3 billion by that time. IBM, Hewlett-Packard and Cisco Systems have merged and acquired companies to position themselves for this growing opportunity. For IBM, the telcos represent a crucial link in the cloud food chain because they own the physical pipes connecting business customers.

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



Week of 11 October 2010 - 17 October 2010

Europe

Semiconductor

- **ASML had big rise in third-quarter net profit after riding a surge in chip consumption that may soon be petering out after chipmakers ramped up production.** The world's largest maker of semiconductor lithography had third-quarter net income jumped to 269 million euros (US\$373 million) compared with 20 million euros (US\$27.4 million) a year earlier. It beat a forecast of 246 million (US\$337.6 million). ASML had net bookings totaled 60 units versus an expectation for 63, while bookings for new systems at 42 was below an expected 50 units.

Hardware

- **Sony Corp. expects boosting Christmas holiday sales for its video-game consoles and exceed its target of sales of 15 million PS3s in its fiscal year, aided by strong demand in Europe and North America.** Sony Computer Entertainment Europe distributes and markets Sony's gaming products in 99 territories across Europe, the Middle East, Africa and Oceania. Since the launch of PlayStation 3 in November 2006, the company has sold at least 38 million units globally. Sony and Microsoft are introducing motion-activated products to compete with Nintendo Co.'s industry-leading Wii console. Sony unveiled its Move motion-activated peripherals, while Microsoft will begin selling a motion-sensing peripheral called Kinect in November.

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Week of 11 October 2010 - 17 October 2010

Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 10/15/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	81.3000	-0.8%	-2.1%	-12.5%	-11.8%
Hong Kong dollar	HK\$/ US\$	7.7581	0.01%	-0.1%	0.1%	0.1%
Chinese renmenbi	RMB/ US\$	6.6405	-0.5%	-1.5%	-2.7%	-2.7%
Singapore dollar	S\$/ US\$	1.2971	-0.6%	-2.7%	-7.7%	-11.2%
South Korean won	KRW/ US\$	1,110.4000	-0.9%	-4.2%	-4.6%	-15.7%
New Taiwan dollar	NT\$/ US\$	30.6600	-0.6%	-3.2%	-4.0%	-6.4%
Australian dollar	US\$/A\$	0.9936	0.9%	5.8%	10.7%	39.9%
New Zealand dollar	US\$/NZ\$	0.7562	0.1%	3.1%	4.4%	29.3%
Philippine peso	PHP/ US\$	43.2900	0.2%	-2.0%	-6.8%	-8.3%
Euro	US\$/€	1.4001	0.4%	7.7%	-2.2%	0.9%
British pound	US\$/£	1.5985	0.1%	2.9%	-1.0%	10.1%

Fixed Income Prices and Yields

Note	Currency	Current (on 10/15/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	98.08	4.03%	102.28	3.78%	101.31	3.80%
Japan 30-year	¥	100.74	1.98%	101.95	1.92%	99.46	2.03%
Hong Kong 10-year	HK\$	102.30	2.28%	102.75	2.13%	104.00	2.09%
China (06/16)	US\$	109.22	2.93%	110.27	2.74%	110.26	2.13%
Singapore 10-year	S\$	111.54	1.97%	111.45	1.98%	109.98	2.85%
South Korea 20-year	KRW	11,874.22	4.26%	11,839.88	4.28%	11,464.01	4.47%
Australia 15-year	A\$	105.24	5.15%	106.00	5.70%	104.77	5.20%
New Zealand (12/17)	NZ\$	107.37	5.15%	106.95	5.21%	104.48	5.41%
Philippines 20-year	PHP	146.08	8.02%	144.24	8.17%	138.41	8.47%
India 30-year	INR	98.61	8.60%	98.65	8.60%	99.05	8.39%
UK 30-year	£	102.83	4.11%	105.39	3.95%	102.85	4.09%
Germany 30-year	€	133.52	3.03%	136.64	2.90%	134.87	2.97%

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