



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

***Week of 29 November 2010 - 5 December 2010***

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



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Equity Market Indicators					
Index	Closing Level (12/3/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,224.71	3.0%	2.6%	9.8%	35.6%
Dow Jones Industrial Avg.	11,382.09	2.6%	1.7%	9.1%	29.7%
Dow Jones Tech. Index	439.53	2.7%	2.2%	9.2%	74.9%
Dow Jones Telecom. Index	230.53	1.4%	-3.3%	5.0%	15.4%
NASDAQ Composite	2,591.46	2.2%	2.3%	14.2%	64.3%
Japan Nikkei 225	10,178.32	1.4%	11.1%	-3.5%	14.9%
JASDAQ	50.55	3.3%	8.7%	4.5%	4.9%
Japan Mothers	392.29	2.2%	13.3%	-5.7%	21.3%
Korea KOSPI Composite	1,957.26	2.9%	2.0%	16.3%	74.1%
Korea Kosdaq	502.13	1.7%	-4.2%	-2.2%	51.2%
Taiwan Stock Exchange	8,624.01	3.8%	3.3%	5.3%	87.8%
Singapore Straight Times	3,816.59	1.5%	2.8%	27.6%	116.7%
Hong Kong Hang Seng	23,320.52	1.9%	-1.5%	6.6%	62.1%
Hong Kong GEM	855.20	3.3%	3.0%	26.3%	121.9%
China Shanghai (A-Share)	2,976.74	-1.0%	-6.7%	-13.4%	55.7%
China Shenzhen (A-Share)	1,362.98	-2.3%	-2.3%	8.1%	134.4%
China Shanghai (B-Share)	298.57	-1.0%	0.0%	18.3%	169.2%
China Shenzhen (B-Share)	835.59	-0.4%	-2.6%	33.5%	208.0%

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## Technology, Media, Telecommunications and Life Sciences Market Activity

### NASDAQ/NYSE TMT and Life Sciences IPO Filings

Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
12/3/10	Fluidigm Corp.	Life Science	US\$86.25 million	Develop, manufacture and market microfluidic systems for growth markets in the life science and agricultural biotechnology industries	Deutsche Bank Securities and Piper Jaffray	

### NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 12/3/10	% Change From Offer
12/2/10	New York Stock Exchange	Online provider of foreign exchange	US\$210.84 million	US\$14	US\$15.0	7.1%

### Asian Equity Markets: TMT and Life Sciences IPO Filings

Offering Date	Issuer	Industry Sector	Size (US\$MM)	Description	Sponsors	Underwriters
12/2/10	World Wide Touch Technology	IT Hardware	US\$94.4 million – US\$116.7 million	Manufactures capacitive touch displays for notebook computers and consumer electronics devices	CMB International Capital Corp	CMBI, Haitong, Saewoo Securities, OSK Securities, Wing Lung Securities
12/6/10	Huaneng Renewables Corporation Limited - H Shares	Alternative Energy	US\$955.8 million – US\$1.3 billion	Renewable energy company in the PRC with a primary focus on wind power generation	Morgan Stanley, CICC, Goldman Sachs, Macquarie	Morgan Stanley, CICC, Goldman Sachs, Macquarie, Haitong
12/7/10	China Datang Corporation Renewable Power Co., Limited - H Shares	Alternative Energy	US\$643.4 million – US\$878.1 million	Renewable energy generation company in China with a primary focus on the development, management and operation of wind power projects	UBS AG, China Everbright	UBS AG, China Everbright, Cinda, Credit Suisse, J.P. Morgan Securities, Macquarie

### Asian Equity Markets: TMT and Life Sciences IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 12/3/10	% Change From Offer
12/1/10	Sewoo Tech Co. Ltd.	Mini printers manufacturer	US\$7.17 million	KRW5,500	KRW5,830	6.0%
12/1/10	E-Guardian Inc.	Provides monitoring services for various internet media including bulletin boards, blogs, and online games	US\$5.58 million	JPY1,300	JPY3,150	142.3%

### Asian Markets: TMT and Life Sciences Convertibles

Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US\$MM)	Per US\$10,000 converts to	Convertible Until
N/A						

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## Weekly Highlights

### International

#### *Telecommunications*

- **According to Market research firm Infonetics Research, the global 2G and 3G mobile infrastructure market surged 2 percent in the third-quarter and reached US\$8.8 billion.** The overall market is still down year-over-year by 20.7 percent from Q3 2009, when the market was inflated by massive 3G rollouts in China. All major segments of the market had sequential gains, including radio access network, mobile switching subsystem, mobile packet core and home location register equipment. Since its peak of US\$42.5 billion in 2008, annual spending on base transceiver stations, base station controllers and remote radio heads is dropping almost US\$10 billion to an expected US\$33.4 billion this year. The GSM RAN equipment market bounced back in Q3, up 12.5 percent sequentially, led by major 2G capacity upgrades in China and India. Ericsson remains at the top, with double the revenue market share of its nearest competitor Nokia Siemens for worldwide macrocell RAN equipment.

### Japan

#### *Hardware*

- **Sony's PlayStation Portable and PlayStation 3 outsold Nintendo's DS and Wii machines in Japan in November, helped by releases of exclusive game titles.** The PlayStation Portable sold 236,775 units, compared with 147,016 for Nintendo's handheld DS, Enterbrain. The release of Capcom's "Monster Hunter Portable 3rd" title for the PSP on Dec. 1 helped the handheld top hardware sales in the country for the first time in six months. Sony sold 123,748 PlayStation 3 game consoles in Japan last month, beating the 109,660 units for Nintendo's Wii, Enterbrain said. "Gran Turismo 5," a PS3 exclusive, was the best-selling software title in Japan last month with 410,486 copies.
- **Toshiba Corp. will offer new TVs tailored specifically for emerging markets with the goal to at least double its sales in the region.** Toshiba will roll out in Indonesia, Vietnam and other nations new TVs that can address such chronic problems as poor reception and blackouts. Fast-growing markets in Asia, Africa, the Middle East and Latin America account for most of the rise in the global demand for liquid crystal display TVs, because of the ongoing shift to flat-panel TVs from traditional cathode ray tube models. Toshiba sees the overall LCD TV demand in the Association of Southeast Asian Nations region to jump 32 percent next fiscal year. Toshiba, wants its new Power TVs designed to hold up in challenging infrastructure environments will help it compete in Asia and other emerging markets with the world's two largest TV makers like Samsung Electronics and LG Electronics.

#### *Telecommunications*

- **KDDI Corp. is seeking mergers and acquisitions mainly in Asia to offer more consumer services in overseas markets, its new president Tanaka said, as the Japanese telecommunications operator looks outside of its saturated home market for further growth.** KDDI is said to be under negotiations with potential overseas partners. KDDI's current overseas business, accounts for a very small part of its total revenue. But given uncertain prospects in the mature, competitive domestic market, global expansion through consumer services is one of Tanaka's

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priorities. The company had previously set an overseas revenue target of 200 billion yen (US\$2.4 billion) by the fiscal year ending March 2013. KDDI sees group revenue at 3.4 trillion yen (US\$41 billion) for the current fiscal year. KDDI struggles to hold onto its domestic market share after lagging rival carriers in the fast-growing smartphone market. The largest carrier, NTT DoCoMo, maintains a solid subscriber base, while No. 3 player Softbank, Japan's only carrier of Apple's iPhone, has been stealing customers away from KDDI. With data traffic rapidly expanding, KDDI aims to differentiate itself from rivals by utilizing all the network platforms and seamlessly interconnecting the services.

- **Japan's Communications Ministry will allocate mobile bandwidth through competitive bidding beginning next year, opening up prime spectrum to accommodate the demand of smartphones.** The auctions will cover spectrum in 700MHz and 900MHz bands, with allocations reaching the equivalent of 100MHz in bandwidth by 2015. The two bands are now set aside for such uses as television broadcasts and taxi radios, but they remain underutilized due to inefficient allocations. Existing allocations would be realigned as part of the process, clearing bandwidth for mobile service providers. NTT Docomo and KDDI already have access to the 800MHz band, leaving Softbank and Emobile as the likely bidders on the new allocations.
- **NTT Docomo, KDDI and Softbank, as well as three other companies, are vying to become mobile TV providers.** The Nikkei reports that the six companies have expressed their interest to the communications ministry, which will select providers in 2011. The service is expected to begin in April 2012 and will use frequencies that will become available once analogue broadcasts end in July. The other applicants are Nagase Brothers, Gourmet Navigator, and an anonymous company.

## *Media, Entertainment and Gaming*

- **Multimedia Broadcasting, Inc. has been commissioned as the sole carriage operator providing nationwide multimedia broadcasting services for mobile devices scheduled to start following the termination of the analog broadcasting service in Japan.** It is the direct result of active efforts by the ISDB-T Multimedia Forum, a group of about 80 companies organized to promote the ISDB-Tmm standard. The ISDB-Tmm standard is a member of the ISDB-T family of digital terrestrial broadcasting technologies. As it is going to be put into commercial use in Japan, there is a growing hope for the adoption of the ISDB-Tmm standard in Latin America, where the ISDB-T format has been adopted, as well as in other parts of the world. In Japan, Multimedia Broadcasting, the newly commissioned carriage operator, and other members of the ISDB-T Multimedia Forum have been engaged in a wide range of activities targeted at commercial broadcasting services starting in the spring of 2012.

## *Internet*

- **Japan's anti-monopoly watchdog gave the official green light to a search-engine alliance between Yahoo Japan and Google.** Yahoo Japan would adopt Google's search engine, giving the two companies control of almost all of the domestic search market. The move triggered criticism from competitors Microsoft and domestic online retailer Rakuten. The Fair Trade Commission would continue to monitor the progress of the deal for any possible breaches of anti-monopoly laws. Yahoo Japan's move came as a surprise as it had been expected to follow Yahoo in choosing Microsoft as a partner. Microsoft's search technology was not strong enough for its needs, citing Japanese language search capabilities as one example.

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## Korea

### *Telecommunications*

- **As part of a management reshuffle that is due in 2011, LG Electronics Inc. will dismantle its business solutions unit and slim down its business to four divisions next year.** The latest restructuring will mainly focus on fast and accurate decision-making, boosting the development of advanced technology and strengthening new businesses. The four remaining divisions will be home appliance, air-conditioning & energy solution, home entertainment and mobile communications. The company has been under pressure to improve its operations after it had a whopping 99.2 percent decline in its third-quarter net profit.

### *Semiconductors*

- **Samsung Electronics Co. will make inroads into a new semiconductor sector in a bid to enhance its competitiveness in the mobile communications industry.** Samsung Electronics will tap into the near field communication (NFC) semiconductor market and start mass-production of the NFC chips early next year. NFC technology enables the wireless exchange of data between devices over a very short distance. Samsung's new NFC chips can facilitate short-range credit card payments and ticket reservations as well as data exchanges via mobile phones, the company said. The chip also features flash memory, which supports software upgrades. The tech heavyweight said it will offer various platforms for the use of the NFC chips and develop upgraded versions of the chip with heightened security features. Samsung hopes to expand the use of its new chip to various mobile gadgets, including smartphones, tablet PCs, and smart TVs. NFC chip-loaded mobile phones are forecast to be commercialized next year and are expected to claim 26 per cent of the global mobile phone market in 2015, according to IMS Research.

### *Hardware*

- **Samsung Electronics Co. has promoted the chairman's only son Jay Y. Lee to president from executive vice president, a widely expected move designed to refresh the senior executive line-up of the company.** The company's Chief Executive Choi Gee-sung will retain his post but is also elevated to the vice chairman post. The junior Lee, who was educated at Harvard Business School, joined Samsung Electronics in 1991 and was promoted to executive vice president and chief operating officer in late 2009, just a few months before Lee Kun-hee returned as the chairman of group's flagship technology unit in March 2010, thanks to a presidential pardon he received after being charged with tax evasion and indicted over financial irregularities at the group in 2008. The latest company-wide management shift comes as the world's top technology powerhouse is searching for new growth drivers to help cement its position in the intensifying technology battlefield.

## China

### *Internet*

- **Baidu Inc. will invest approximately 100 million yuan (US\$15 million) in online game developers to support the creation of games for Baidu platforms, Baidu's director of international communications Kaiser Kuo said.** Expanding the online games available on Baidu platforms could help the company diversify its revenue streams and encourage users to spend more time on its website. Baidu is China's top Internet search provider but relies mainly on search advertising for its revenue.

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## *Mobile/Wireless*

- **Funtalk China Holdings Ltd.'s second-quarter earnings at least doubled as the Chinese retailer and distributor of mobile phones had improved revenue and sharply higher margins.** The company, which has strong earnings growth in recent quarters, has been expanding its retail network, including the acquisition of stakes in other retail chains and the opening of new retail outlets. For the quarter ended Sept. 30, Funtalk had a profit of US\$9.8 million, or 18 cents a share, up from US\$4.6 million. Revenue surged 25 percent to US\$260.4 million, compared with Funtalk's August forecast for US\$240 million to US\$260 million. Gross margin climbed to 17.3 percent from 13.5 percent.
- **Linktone saw its revenues rise in the third quarter while profits slipped.** Gross revenues were US\$19.8 million, up 43 percent from US\$13.8 million in the year-ago quarter. Data-related services revenue (SMS, MMS, and Wap) was US\$11.4 million, representing 58 percent of gross revenues, and audio-related services (IVR and colour ring-back tones) accounted for 20 percent of gross revenues, or US\$3.8 million. Linktone had a net income of US\$600,000 compared with US\$700,000 a year earlier. For the fourth quarter, Linktone expects revenues to between US\$20 to 21 million.

## *Telecommunications*

- **The number of third generation (3G) mobile telecommunication users in China tripled year-on-year with the figure reaching 38.64 million by the end of October, according to the Ministry of Industry and Information Technology (MIIT).** Approximately 25.38 million users were new subscribers in the past year. The number of 3G users of each of China's top three telecommunication operators, China Telecom, China Mobile and China Unicom, exceeded 10 million by the end of October, the MIIT data showed. China aimed to have 150 million 3G mobile users by 2011, while investment in 3G development would hit 400 billion yuan (US\$60 billion). The number of mobile phone users was up by 94.83 million to reach 842 million during the Jan-Oct period, while fixed-line subscribers decreased by 13.65 million to about 300 million during the same period.
- **China Telecom saw a net increase of 2.53 million CDMA subscribers in October, and the operator's total CDMA users hit 85.51 million by the end of the month.** The monthly net increase of the operator's CDMA subscribers all surpassed 3 million in the first six months of this year, and the figure went down in July and August to 2.8 million and 2.62 million respectively. In September, the net increase of CDMA users exceeded 3 million again, but the situation failed to continue in October. The aggregate net increase of CDMA users of the operator reached 29.42 million in the first ten months of this year. Meanwhile, the operator lost 850,000 fixed line telephone users in October, reducing the total number to 177 million. The number of the operator's broadband users surged by 840,000 in October, bringing the total of subscribers to 61.91 million.

## *Media, Entertainment and Gaming*

- **Giant Interactive has acquired the entire equity interest in Softstar Entertainment, an indirect subsidiary of Beijing Julun Network Information Technology, including rights to Julun Network's 3D MMORPG Sanguo Zhanhun Online, for 15.1 million yuan (US\$2.3 million).**

## *Alternative Energy*

- **China plans to subsidize the installation of an additional 1GW of photovoltaic (PV) installed capacity per year after 2012, according to the Ministry of Finance.** Government support measures include subsidizing half the value of key equipment and contributing a one-time payment of RMB 4-6 per watt for remaining costs in projects approved under the "Golden Sun" program, and

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promoting use of solar power in development zones and industrial parks. The government will also simplify and speed up connection of new projects to the grid, and establish a mechanism to promote widespread commercialization of new technologies with the aim of lowering costs through economies of scale.

## Taiwan

### *Telecommunications*

- **Chunghwa Telecom will put money into more promising non-core businesses in 2011 for more profits, reports Cens.com.** The company and its investment arm, Chunghwa Investment will extensively explore investment opportunities in 2011 targeting green-energy and materials-technology industries. The reinvested businesses include information-technology retailer Senao International, real-estate developer Light Era Development, internet services provider Chief Telecom and Chunghwa Yellow Pages International. Chunghwa Telecom executives pointed out that the company still has TWD 12-13 billion (US\$396 - 429 million) of investment funds at hand.

## Hong Kong

### *Telecommunications*

- **Hong Kong is confirmed as the best value for consumer broadband with US\$0.028 per MB, according to a study by Point Topic.** While Singapore joins the top ten nations worldwide for the first time as the best value for consumer broadband with US\$0.271 per MB. In the standalone tariffs, bandwidth can vary from 150kbps up to 1Gbps. Many come with data limits, e-mail addresses or static IPs and that is before the 'special offers' are accounted for. The top ten countries for consumer broadband in the third quarter this year are Hong Kong, Japan with US\$0.048 per MB, Romania with US\$0.163 per MB, Sweden with US\$0.182 per MB, Latvia with US\$0.241 per MB and China (Mainland) with US\$0.247 per MB. This was followed by Singapore with US\$0.271 per MB, Russia with US\$0.353 per MB, Germany with US\$0.415 per MB and Finland with US\$0.443 per MB. Nine of the ten best value tariffs are either pure fibre or hybrid offerings where fibre is a significant part of the local loop.
- **Hong Kong's Hutchison Global Communications Ltd. and Tulip Telecom Ltd said they have signed a pact under which the two firms will be able to access each other's network infrastructure in diverse locations.** Tulip and Hutchison Global can jointly provide data connectivity and network management to customers worldwide. Tulip is India's largest MPLS VPN player.

### *Internet*

- **Tencent Holdings Ltd. will launch certain platforms for third-party developers to contribute applications, Tencent President Martin Lau said.** This could move that could eventually bring new revenue flows to one of China's biggest Internet companies. Tencent is strategizing to boost revenue growth as it faces a maturing online game market. Expanding third-party applications on its platforms could help Tencent draw more revenue from its large user base. Tencent's plans include to start allowing more third-party applications on its social-networking platform Qzone, expanding on a pilot program where it already has a revenue-sharing arrangement with certain app makers, Lau said in a recent interview. The company plans to launch its online payment platform, Tenpay, to more apps from external developers. Tencent is also considering opening its popular instant-messaging service,

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QQ, to developers and small websites. Tencent had 636.6 million active instant-messaging user accounts at the end of September.

## Singapore/Malaysia/Philippines/Indonesia/India

### *Mobile/ Wireless*

- **Cellular Operators Association of India (COAI) said the mobile telecom industry's profits may shrink further on account of strict subscriber verification norms and state government fees on erecting cell towers.** Lack of infrastructure facilities in rural areas coupled with stringent norms of customer verification before providing services is a deterrent for mobile penetration in most parts of the country, COIA Director-General Rajan S. Mathews said. Operators spend millions of rupees on the customer verification process. Currently, activating one customer includes a minimum expense of INR 600-700 (US\$13.00-15.00). In addition, the state governments have started levying taxes on cell towers. In Delhi, until recently the state government was charging INR 50,000 (US\$1115) per tower; that has now been raised to INR 500,000 (US\$11153). Some telecom operators are already incurring losses and the situation may further deteriorate with the new development. With the exception of a few companies, most of the operators had dip in the net in Q2 this fiscal year when compared to last year. Bharti Airtel Ltd had a 27 per cent dip in net profit to INR 1,660 crore (US\$370 million) in the second quarter earnings.

### *Telecommunications*

- **India's top court has ruled that Bharat Sanchar Nigam Ltd. can impose the maximum penalty on Reliance Communications Ltd. for wrongly routing its international calls as local calls on the former's telecommunications network, Press Trust of India reports.** BSNL has the right to levy a penalty on all calls routed by Reliance Communications, including local calls, based on the highest tariffs. The ruling will be by the three-judge Supreme Court bench headed by Justice S.H. Kapadia. Both companies decided that Reliance Communications would pay INR0.30 (US\$0.006) a minute as an interconnection charge and INR5.0 (US\$0.11) a minute for every international call routed through BSNL's network. It was also entitled to charge all local calls originating from Reliance Communications POI as international calls as well.
- **India's Union Minister of State for Communication Sachin Pilot said steps would be taken to restructure Bharat Sanchar Nigam Limited's public sector unit (PSU) which had a loss of over INR 1,800 crore (US\$393 million) in the last fiscal year.** While the competition has surged with the entry of private players, BSNL's landline business is declining. By 2012 all the post offices in the country will be digitally and electronically connected. Mobile number portability service, which was launched in Haryana yesterday, would be made available across the country by January 20 next year. The central government is making efforts to ensure that an environment of investment is created across UP and should not be limited to Noida and Greater Noida alone. The department is in the process of imposing a ban on unwanted calls to mobile users.
- **India cracked down on telecommunications companies that received licenses despite being ineligible and those which failed to launch services on schedule, as the government began cleaning up the mess in a sector mired in allegations of corruption and fraud.** The Department of Telecommunications (DoT) will issue notices within a week to 85 companies that received licenses in 2008 despite not meeting the eligibility criteria, asking why their licenses shouldn't be cancelled, Telecom Minister Kapil Sibal said. The DoT will also send notices to companies that haven't met time lines for rolling out services and may impose fines if it finds that rules were violated, Sibal said. The

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license holders only have 60 days to respond. India's telecom sector has been dogged by allegations of favoritism and manipulation after a government auditor earlier this month condemned the ministry's allocation of licenses and bandwidth in 2008 at prices fixed in 2001, saying it cost the government US\$38.9 billion in potential revenue. The allegations have already led to a change in guard at the ministry, with Sibal replacing Andimuthu Raja, who resigned on Nov. 14.

- **Spice Mobility Ltd. said its unit Spice Digital Ltd. will acquire 100% of Malaysia's Beoworld Sdn. Bhd.** Unlisted Beoworld offers third-party application development services and content for mobile devices on MediaTek and Android platforms. Spice Digital provides value-added services such as caller ring-back tones and short-messaging services to the telecommunications industry.
- **Tech Mahindra Ltd. is searching for potential acquisitions in Latin America jointly with its software outsourcing unit Satyam Computer Services Ltd. in a bid to bolster the two companies' foothold in the region and cater to global customers.** The Latin American market offers big business opportunities to many Indian outsourcing companies because the local economies there are experiencing strong growth and the region serves as a low-cost destination for developed markets. The expansion plans at both companies come at a time when the country's outsourcing industry is recovering from the effects of the economic slowdown triggered by a spurt in global technology spending. Tech Mahindra has been recovering from the economic recession at a slower pace as service providers globally have been hit by a drop in consumer spending.
- **India ended September with 723.28 million telephony subscribers, up 2.39 percent from 706.37 million in August.** Teledensity reached 60.99 percent from 59.63 percent in the prior month. The wireless and mobile subscriber base surged to 687.71 million. Bharti Airtel remained market leader with a market share of 20.84 percent and had 143.3 million customers. Bharti's net additions for the month stood at 2.04 million. Airtel was followed by Reliance with 117.34 million subscribers, up from 115.32 million subscribers a month earlier, and a 17.06 percent market share. Reliance won 2.01 million customers in the month. Vodafone Essar was third with a 16.8 percent market share and 115.55 million customers. Vodafone Essar signed up 1.78 million new customers in September. Tata Teleservices had 79.07 million subscribers against 76.94 million in August, and BSNL's subscribers surged to 78.32 million from 76.04 million. Idea ended the month with 74.21 million, and Aircel surged its customer base to 46.51 million. Sistema's subscriber base surged to 6.64 million, while Loop Telecom had 2.98 million customers. Videocon saw its subscriber base reach 4.48 million. The fixed subscriber base declined from 35.77 million in August to 35.57 million in September with state-owned operators BSNL and MTNL holding 83.48 percent of the fixed market. The total broadband subscriber base surged 2.08 percent to 10.29 million.
- **Internet connectivity has been partially disrupted in parts of India due to an undersea fiber cable issue.** Efforts are on to restore operations and services of Tata Communications Ltd. seem to be the most affected. Internet services of other players in the market seem to be affected to an extent as well. According to officials in Tata Communications, there seem to be a problem on SMW4 cable system between Jeddah and Alexandria. The South East Asia–Middle East–Western Europe 4 (SEA-ME-WE 4) submarine communications cable system connects South East Asia and Europe. The IP traffic has therefore been rerouted via New Jersey-Mumbai (Pacific Path). This has been the third time that disruptions have occurred in the last couple of months. Sources in Tata Communications reveal that there is service degradation to US and UK destinations also.
- **The cloud computing market in India is expected to surge at a CAGR of 40 per cent by 2014, from an estimated US\$66.7 million in 2009, driven by cost and performance efficiencies,**

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**according to the study by IDC.** Cloud computing is an internet-based facility to share technological resources, software and digital information. The emerging field would function on a pay-per-use model, helping companies bring down operational costs. This feature has sparked a high degree of interest and debate among technology vendors, users and channel partners alike. The study mapped the current adoption levels and preferences of Indian enterprises based on interviews with nearly 700 medium and large enterprises. The study noted that since cloud computing is at a nascent stage, there is an issue of lack of awareness, which affects the overall adoption of cloud computing in India. As the market matures and more industry vertical specific applications become available, we expect more and more Indian enterprises to see the benefit of adopting cloud computing.

- **XL Energy Ltd, earlier known as XL Telecom & Energy, said that Goldman Sachs has converted 1.87 million foreign currency convertible bonds (FCCBs) into equity shares and now holds 8.24 percent in the company.** The company has allotted 1,865,156 equity shares of INR 10 (US\$0.22) each at a rate of INR 150 (US\$3.30) per share to Goldman Sachs Investments (Mauritius) I, XL Telecom said.
- **Telekom Malaysia Bhd. sold 90 million shares in Axiata Group Bhd. through private placement at MYR4.60 (US\$1.5) a share.** The company said the sale of the 1.1 percent stake was completed after a book-building exercise and resulted in a disposal gain of MYR209.7 million (US\$86.8 million). After the sale, the group will still hold 101.5 million shares in Axiata. Telekom intends to sell its entire 2.27 percent stake in Axiata as part of a plan to divest non-core investments. The company said it has appointed CIMB as adviser for the deal, with CIMB and Credit Suisse Securities (Malaysia) Sdn Bhd. as joint placement agents.
- **Maxis Bhd. said its third-quarter net profit surged 13 percent from the previous quarter as growing demand for broadband and mobile Internet services boosted its revenue and subscriber base.** Maxis had a net profit of MYR601 million (US\$191.3 million) in the third quarter to Sept. 30, while revenue surged to MYR2.22 billion (US\$706 million). The company said in a stock exchange filing that it gained at least half a million mobile subscribers over the three month period to be at 13.53 million as at end-September. This is a 15 percent increase in subscriber base from a year earlier, it said. The firm's earnings before interest, tax and depreciation and amortization, or Ebitda, surged 11 percent to MYR1.14 billion (US\$362 million) in the third quarter, while Ebitda margin surged sequentially to 51.4 percent from 46.9 percent. Non-voice revenue continued to gain momentum, contributing 39.2 percent of mobile revenue, up from 36.6 percent in the previous quarter, Maxis said. Broadband revenue surged 36 percent on quarter.
- **Sales of Philippine telecommunication firms are expected to fall next year due to slowing mobile phone subscriber's growth, according to the National Telecommunications Commission (NTC).** Edgardo Cabarios said mobile phone subscribers might surge single digit next year due to market saturation. Cabarios projected that mobile phone subscribers will surge between 10 per cent and 11 per cent this year. The country's total mobile phone subscribers base stood at 84.5 million as of end-September this year, 44.1 million of which were cornered by the Philippine Long Distance Telephone Co. (PLDT); 25.2 million by Globe Telecom; and at least 15 million by Sun Cellular. The country's cellular phone subscribers hit 77.04 million last year. The country's mobile phone penetration rate reached 96 per cent and expected to be at 126 per cent by 2015. Broadband subscriber was expected to register three-digit growth in the next two to three years. The country's broadband subscribers stood at 3.6 million last year.

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- **Philippine Long Distance Telephone Co. completed a PHP2.8 billion (US\$63.6 million) expansion of its domestic fiber optic network.** The project, which started in January, involved the installation of 1,300 kilometers of new terrestrial and submarine fiber optic cables from Bicol region, south of Manila, to the central and southern regions of Visayas and Mindanao. The project expands the coverage of the network in 10 provinces, including Iloilo and Negros Oriental, which are potential expansion areas for the business process outsourcing industry. Eric Alberto, senior vice-president and head of PLDT's marketing group, said the project expands PLDT's fiber optic network to 10,050 kilometers connecting 68 nodes, with a total bandwidth capacity of 1.56 terabytes.
- **Telecom Corp. of New Zealand will cut staff over the next three years to improve its bottom line.** Telecom Chief Executive Paul Reynolds said the company's strategy for the next three years is to improve processes, capital efficiency and cost effectiveness with some changes resulting in job losses. The company will cater outsourced jobs back into the company. Telecom has been under significant pressure over the past few years after the New Zealand government imposed regulations on the company forcing a structural separation of its business units because of its dominant market share and vertical structure. The company's bottom line also continues to be under pressure. It has forecast adjusted net profit for the full year ending June 30, 2011, of between NZ\$330 million (US\$252.8 million) and NZ\$370 million (US\$283.4 million).

## United States/Canada

### *Mobile/Wireless*

- **The overhaul of the Blackberry continues, as Research In Motion Ltd., which makes the popular smartphone, said it acquired The Astonishing Tribe for undisclosed terms.** News of the acquisition was disclosed on RIM's Inside BlackBerry blog. TAT employs 150 people and the expertise of its team complements RIM's existing teams. David Yach, RIM's Chief Technology Officer, said TAT is renowned for its innovative designs and has a long history of working with mobile and embedded technology. Their design technology is used in a variety of industries including the consumer electronics and automotive sectors. The acquisition is the latest initiative by RIM to revamp the BlackBerry in the hope of regaining momentum in the fast-growing smartphone market. The company faces fierce competition from Apple's iPhone and a slew of devices running on Google's Android operating system. The BlackBerry's image has suffered, as RIM was late to recognize the importance of third-party applications, touch-screen interfaces and a snazzy operating system. This has translated into declining market share in the key North American market, though RIM continues to post strong growth internationally.
- **Motorola Inc. expects to ring up another loss in its mobile phone division next quarter.** Motorola's mobile phone division had a 20 percent increase in revenue to US\$2 billion last quarter and an operating loss of US\$43 million compared with an operating loss of US\$216 million a year earlier. Motorola Mobility, the mobile phone division, is to be spun off from the rest of the company Jan. 4. Motorola Mobility will focus on the media, mobility, internet and computing markets, while Motorola Solutions will target next-generation communications solutions to government, public safety and enterprise customers.

### *Internet*

- **Twitter will secure a fresh round of funding from Kleiner Perkins that values the micro-blogging service at US\$4 billion.** Techcrunch said that Kleiner has emerged as the frontrunner

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ahead of Russian investment company DST, which revealed two weeks ago that Twitter is on its radar. Twitter at the time was valued at roughly US\$3.4 billion by Sharespost. John Doerr, partner at Kleiner, is heading up the bid, according to Techcrunch. Kleiner Perkins turned down the opportunity to invest in Twitter in its early days. Despite boasting 175 million users as well as the high valuation, Twitter's recently-appointed CEO Dick Costolo attracted attention after admitting he is still unsure of the Website's purpose. Costolo had been serving as chief operating officer but replaced co-founder Evan Williams as CEO in October, as Twitter sharpened its focus on turning a profit.

- **Groupon Inc., an Internet-coupon service with more than 35 million users, walked away from an acquisition offer from Google Inc.** The proposed acquisition fell through amid hesitation by Groupon's founding team. The startup will instead decide next year whether to sell shares in an initial public offering. Google had offered US\$6 billion, including incentives that would be paid to the target's managers if performance targets were met, people familiar with the matter had said this week. Groupon would have helped its new owner expand in the \$133 billion U.S. local-ad market and lessen its reliance on Internet-search advertising.
- **Amazon.com Inc. invested US\$175 million in social shopping and discounting website LivingSocial.** The company will use the investment to steadily expand the cities it covers. LivingSocial generated revenue of at least US\$1 million a day on average and projected its revenue next year would eclipse US\$500 million. Consumers' use of social networking and mobile-communications devices for shopping has surged this year.
- **eBay Inc. bought local shopping search engine Milo, a move that will help the struggling e-commerce giant bridge the gap between online and in-store shopping.** Milo has developed software that can plug into a merchant's inventory management system, enabling the start up to instantly keep tabs on all of the retailer's products. The startup's website had its mission is to track every product on every shelf of every U.S. store in real-time so it can help brick-and-mortar retailers convert online browsers into in-store shoppers. Milo currently has 140 retail partners and can deliver search results for some 3 million locally available products in about 52,000 stores across the U.S. Terms of the deal weren't provided, but several blogs said the purchase price was US\$75 million. Milo's technology was complementary to the ecommerce giant's online strategy because it will enable eBay to provide shoppers with up real-time information about products that are available in local stores.
- **Google Inc. will acquire its New York office building for about US\$1.8 billion.** The sale might close by the end of the year. Google will expand beyond the 550,000 square feet (51,000 square meters) it currently occupies in the building. The sale is the biggest transaction for a single building in the U.S. this year, according to Real Capital Analytics Inc., a New York-based real estate research firm. The deal will cause an accelerated demand for Manhattan property as the market recovers, said Dan Fasulo. The former industrial warehouse has 2.94 million square feet, according to Real Capital. At that size, it has more floor space than the Empire State Building.

## *Media, Entertainment and Gaming*

- **News Corp. is open to selling MySpace after this month's relaunch of the social networking platform as an entertainment site.** The company would consider a sale or partnership among other options for the site, according to Reuters. A potential merger would have been largely a pretty tough sale process before the revamp. News Corp. owns Dow Jones & Co., publisher of Dow Jones Newswires and The Wall Street Journal.

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## *Telecommunications*

- **China Telecom Americas, a wholly-owned North American-based subsidiary of China Telecom Corp. Ltd. has announced the opening of a new full-service office in New York City. China Telecom Americas is a provider of data, IP and voice wholesale services to multinational companies, organizations and international carriers requiring China domestic services and international access to China and the Asia Pacific region.** China Telecom said China is one of the largest markets for the future growth of many of New York/New Jersey international businesses. China's five largest companies have their U.S. headquarters in the New York metropolitan area. 53 Chinese companies are listed on the New York Stock Exchange. China is the largest trading partner for the seaport of New York and New Jersey, accounting for over 30 percent of the port's export activity. In addition, New York State's economic development agency has offices in Hong Kong, Beijing, and Shanghai.
- **Level 3 Communications Inc. said cable carrier Comcast Corp. is trying to protect its TV business by charging Level 3 for delivering video to its customers.** The dispute is all about Web traffic that the two send to each others' networks. Because Level 3 sends more data its way than Comcast sends, Level 3 should pay for the difference. Level 3 said that argument isn't valid, because it's an Internet middleman who delivers traffic from content providers, while Comcast provides Internet service to consumers and controls that end-user relationship. Level 3 has accused Comcast of violating U.S. Federal Communications Commission guidelines by demanding the payments. By erecting the fee, Comcast is trying to prevent competing content from being delivered to its subscribers. Comcast has said it offered Level 3 the same terms it gives to other content delivery networks, and that Level 3 is trying to pressure Comcast into accepting at least a two-fold increase in the amount of data put on its system for free. Level 3 will carry films and TV shows for Netflix.
- **Clearwire Corp. sold US\$1.325 billion of bonds and exchangeable notes in a three-part offering, said Business Wire.** Clearwire sold the notes after last month saying it may not have enough funding to keep operating. The company issued US\$175 million of 12 percent first-priority senior-secured debt due in 2015. The debt was issued in a reopening of a November 2009 issue at a price of 105.182 cents on the dollar. Clearwire sold US\$500 million of 12 percent second-priority secured debt due 2017 and US\$650 million of 8.25 percent exchangeable notes due 2040. Proceeds will be for capital and corporate purposes, Clearwire said. The company marketed US\$500 million of exchangeable notes.
- **Rogers Communications Inc. is under negotiations to acquire 66% of Toronto Maple Leafs in a deal worth approximately US\$1.3 billion.** A deal with Rogers would include all of Maple Leafs Sports and Entertainment's sports properties, but not the company's real estate holdings.
- **Shaw Communications Inc. raised a total of C\$900 million (US\$896 million) from two bond issues.** The Calgary-based cable and Internet company raised C\$500 million (US\$498 million) from an issue of 10-year bonds, maturing December 2020, pricing the offering at 230 basis points over the relevant government of Canada benchmark to yield 5.548 percent. The bonds carry a coupon of 5.50 percent. It also raised C\$400 million (US\$398 million). The bonds were priced at 330 basis points over the benchmark to yield 6.963 percent. The bonds carry a coupon of 6.75 percent. Strapped with C\$815 million (US\$812 million) in debt in connection with the financing of its C\$2 billion (US\$2 billion) acquisition of Canwest Global Communications, this offering could help Shaw refinance the debt at lower costs.
- **DirecTV Group Inc. expects to generate approximately US\$30 billion in annual sales and serve 30 million customers by 2013.** For the fourth quarter, CEO White said he expects the

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company to add 200,000 customers, bringing its total base to 19.1 million. The company is expected to generate roughly US\$24 billion in revenue this year. DirecTV represents a rare case of a consumer-centric company that continued to surge even as people trimmed their budgets. The company's decision to focus on more upscale consumers kept it relatively insulated from the downturn in consumer spending. As a result, its subscribers were more willing to pay for premium services such as digital video recorders, extra pay channels and pay-per-view events, resulting in improved profitability and growth even as its cable competitors lost video subscribers.

- **Sycamore Networks Inc.'s fiscal first-quarter loss narrowed on fewer charges than last year earlier.** The provider of bandwidth management software and networking products also said it will pay a one-time dividend of US\$6.50 a share later this month, joining a fast-increasing slate of corporations taking the same step ahead of a potential increase of federal income taxes on dividends. The payout would cost Sycamore about US\$185 million. It doesn't issue quarterly dividends. The company had benefited from cost-cutting and wider margins of late, and its prior quarter resulted in the first profit in two and a half years. Recent interest has centered on Sycamore's IQStream product line, which helps mobile data carriers reduce congestion. But the latest results "reflect the fluctuations associated with the project-oriented nature of our bandwidth management business," said President and Chief Executive Daniel E. Smith. For the quarter ended Oct. 30, Sycamore had loss of US\$6.5 million.

## Europe

### *Telecommunications*

- **Cable & Wireless Communications will buy a majority stake in Bahamas Telecommunications for US\$210 million in a move to consolidate its position in the Caribbean despite the region's economic woes.** C&W also has the option to restructure the state-owned company and will have three years to retain exclusivity over mobile operations before the government opens up the market to competition. The acquisition is expected to be completed in the first quarter of next year, with the government of the Bahamas retaining a 49 per cent stake in the company.
- **Sweden's Telefon AB LM Ericsson wants to double the amount of revenue generated in the Middle East by 2015 as the region embraces networks based on long-term evolution, or LTE, technology, Ericsson's President for the Gulf Cooperation Council area said.** The Middle East contributed about 10 percent of Ericsson's total global revenues in 2009. The company's net sales last year amounted to SEK206.5 billion (US\$29.3 billion). He also expects countries within the GCC region to start adopting LTE, a fourth-generation technology that enables faster data downloads and uploads on mobile devices compared with third-generation networks. Many network operators like Ericsson are now pushing LTE as the next technological leap in their search for new sources of revenue growth.
- **French regulator Arcep is getting ready for the award of spectrum for the rollout of high-speed mobile services.** The regulator will award spectrum in the 800-MHz and 2.6-GHz bands; the TDD portion of the 2.6-GHz spectrum will be allocated after the FDD portion and the 800-MHz spectrum. Arcep is granting what it refers to as temporary authorizations to enable would-be spectrum winners to conduct technical trials before the deadline for the submission of applications. It is calling on potential trial lists to submit requests for temporary authorization within a timeframe that will enable the request to be processed and trials to take place before the allocation process gets underway. In order to grant a request the regulator will have to enter into dialogue with the current holders of the

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spectrum in question: the Ministry of Defense in the case of the 2.6-GHz band and French Broadcasting Authority for 800-MHz spectrum.

- **Avanti Communications Group PLC moved to a fiscal-year pretax loss after closing its interim service using rented satellite capacity, in preparation for the arrival of its own HYLAS 1 satellite.** The company also announced a US\$15.5 million five-year contract, its first involving capacity on HYLAS 1 and a second satellite HYLAS 2. The company had a pretax loss of GBP1.96 million (US\$3.1 million) on revenue that declined to GBP5.82 million (US\$9.2 million). The figures were relatively immaterial in the context of the successful launch last week of HYLAS 1. It hopes to fill the capacity on HYLAS 1 within three years and HYLAS 2 within five years. The contract was signed with TigrisNet, a satellite Internet provider in Europe and the Middle East.
- **France Telecom SA has completed the acquisition of a 40 percent stake in Moroccan telecom operator Meditel for 640 million euros (US\$858 million).** The stake will be consolidated into France Telecom's accounts from Dec. 2 by the equity model, France Telecom said. France Telecom will increase its share in Meditel to 49 percent on Jan. 1 2015 and will then fully consolidate Meditel into its accounts.

## South Africa/Middle East/Latin America

### *Telecommunications*

- **South Africa's Telkom SA Ltd. might sell the cellphone division of its troubled Multi-Links unit in Nigeria to Emirates Telecommunications Corp.** Officers at Multi-Links are involved in discussions with Etisalat regarding a sale even though this is against the wishes of Telkom's board.

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## Other Economic Data

### Currency Exchange Rates

Currency	Units	Current Rate (on 12/3/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	82.5400	-1.9%	2.4%	-11.2%	-10.5%
Hong Kong dollar	HK\$/ US\$	7.7625	-0.01%	0.2%	0.1%	0.2%
Chinese renmenbi	RMB/ US\$	6.6628	-0.1%	-0.2%	-2.4%	-2.3%
Singapore dollar	S\$/ US\$	1.3025	-1.3%	1.2%	-7.3%	-10.9%
South Korean won	KRW/ US\$	1,136.5000	-1.5%	2.3%	-2.3%	-13.7%
New Taiwan dollar	NT\$/ US\$	30.2200	-0.8%	-0.8%	-5.4%	-7.8%
Australian dollar	US\$/A\$	0.9926	3.0%	-0.7%	10.6%	39.8%
New Zealand dollar	US\$/NZ\$	0.7655	2.1%	-0.7%	5.7%	30.9%
Philippine peso	PHP/ US\$	43.7200	-0.9%	2.8%	-5.9%	-7.4%
Euro	US\$/€	1.3415	1.2%	-4.4%	-6.3%	-3.3%
British pound	US\$/£	1.5773	1.2%	-1.7%	-2.4%	8.6%

### Fixed Income Prices and Yields

Note	Currency	Current (on 12/3/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	98.88	4.36%	100.63	4.26%	98.98	3.93%
Japan 30-year	¥	97.35	2.13%	98.46	2.08%	101.02	1.95%
Hong Kong 10-year	HK\$	96.07	2.91%	98.73	2.70%	101.81	2.21%
China (06/16)	US\$	105.12	3.69%	104.93	3.73%	107.38	1.98%
Singapore 10-year	S\$	106.38	2.52%	108.15	2.33%	111.25	3.24%
South Korea 20-year	KRW	11,482.72	4.59%	11,283.74	4.74%	11,219.68	4.70%
Australia 15-year	A\$	101.63	5.56%	101.56	5.56%	103.81	5.31%
New Zealand (12/17)	NZ\$	101.90	5.84%	102.46	5.77%	105.51	5.28%
Philippines 20-year	PHP	142.56	8.29%	143.54	8.21%	144.72	7.97%
India 30-year	INR	97.81	8.68%	98.41	8.62%	98.75	8.41%
UK 30-year	£	98.44	4.40%	99.46	4.33%	101.95	4.13%
Germany 30-year	€	125.43	3.38%	128.58	3.25%	135.66	2.93%

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