



IRG Technology, Media and Telecommunications Weekly Market Review

Week of 24 January 2011 -30 January 2011

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Equity Market Indicators					
Index	Closing Level (1/28/2011)	Percent Change 1 Week Ago	Percent Change 1 Month Ago	Percent Change 12/31/2010	Percent Change 12/31/2009
S&P 500	1,276.34	-0.5%	1.5%	1.5%	14.5%
Dow Jones Industrial Avg.	11,823.70	-0.4%	2.3%	2.1%	13.4%
Dow Jones Tech. Index	465.92	1.1%	3.7%	3.5%	15.7%
Dow Jones Telecom. Index	236.62	-0.1%	1.5%	0.9%	7.8%
NASDAQ Composite	2,686.89	-0.1%	0.7%	1.3%	18.4%
Japan Nikkei 225	10,360.34	0.8%	0.0%	1.3%	-1.8%
JASDAQ	54.26	1.9%	4.2%	3.7%	12.2%
Japan Mothers	470.94	6.6%	8.6%	8.6%	13.1%
Korea KOSPI Composite	2,107.87	1.8%	4.2%	2.8%	25.3%
Korea Kosdaq	527.46	0.3%	6.2%	3.3%	2.7%
Taiwan Stock Exchange	9,145.35	2.1%	2.8%	1.9%	11.7%
Singapore Straights Times	3,830.73	0.6%	-0.6%	-2.0%	28.0%
Hong Kong Hang Seng	23,617.02	-1.1%	3.4%	2.5%	8.0%
Hong Kong GEM	750.68	-2.7%	-6.0%	-7.4%	10.9%
China Shanghai (A-Share)	2,881.97	1.4%	-1.0%	-2.0%	-16.2%
China Shenzhen (A-Share)	1,239.49	0.6%	-6.0%	-8.3%	-1.7%
China Shanghai (B-Share)	304.63	1.5%	2.0%	0.1%	20.7%
China Shenzhen (B-Share)	825.98	0.2%	0.4%	0.1%	32.0%

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Technology, Media, Telecommunications Market Activity						
NASDAQ/NYSE TMT IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

NASDAQ/NYSE Equity Markets: TMT IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 1/28/11	% Change From Offer
1/25/11	Demand Media [NYSE: DMD]	Provides freelance generated online content and domain name registration services	151.3	US\$17.00	US\$21.62	27.2%
1/25/11	Nielsen [NASDAQ: NLSN]	Measuring and analyzing consumer behavior	1,642.2	US\$23.00	US\$25.99	13.0%
1/27/11	BCD Semiconductor Manufacturing [NASDAQ: BCDS]	Analog chip maker specializing in power management integrated circuits	63.0	US\$10.50	US\$10.50	0.0%
1/27/11	InterXion Holding N.V. [NASDAQ: INXN]	Provider of carrier-neutral co-location data center services in Europe	265.2	US\$13.00	US\$14.27	9.8%
1/27/11	Velti [NASDAQ: VELT]	Provider of mobile advertising and marketing software solutions	150.0	US\$12.00	US\$14.16	18.0%

Asian Equity Markets: TMT IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

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

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Weekly Highlights

International

Mobile/ Wireless

- **Global mobile handset shipments reached 1.36 billion in 2010 according to Strategy Analytics.** The numbers were boosted by strong growth in the smartphone space, which had 293 million shipments last year, up significantly from 175 million in 2009 and almost double 2008's 151 million units. Apple shipped 47.5 million iPhones in 2010. The U.S. firm had a particularly strong fourth quarter, shipping 16.2 million devices or 4.1% of the market.
- **Worldwide mobile application store downloads are forecast to reach 17.7 billion this year, at least double 2010's total, as alternative offerings to Apple's App Store gain some traction, according to Gartner Inc.** Gartner projected worldwide mobile application store revenue to surpass US\$15.1 billion this year, a huge jump from 2010's US\$5.2 billion. Free downloads are expected to account for 81% of total downloads this year.

Japan

Telecommunications

- **NEC and Fujitsu have signed an agreement with NTT Communications, the Philippines Long Distance Telephone Company, StarHub and Telekom Malaysia to construct the Asia Submarine-cable Express system.** This is a 40G optical submarine cable system that will link Japan to Singapore, Hong Kong, the Philippines and Malaysia. Overall project management will be carried out jointly by the NEC and Fujitsu consortium. The manufacture and installation of all submersible plants such as Repeaters, OADM Branching Units and Cables, the Power Feeding Equipment and submersible plant monitoring system will be implemented by NEC. The manufacture and installation of Submarine Line Terminal Equipment and the Management Controller will be implemented by Fujitsu. The ASE will meet the demand for intra-Asia connectivity between South East Asia and North Asia.
- **KDDI Corp.'s net profit fell 2.5% during fiscal year third-quarter, as lower revenue from voice calls and higher promotion costs weighed on the operator.** The sluggish earnings indicate that it might take a while for KDDI to start cashing in on the growing popularity of smartphones, after making a late entry last year into the segment led by iPhone. KDDI's net profit for the three months ended Dec. 31 fell to 65.67 billion yen (US\$795.4 million). Revenue declined 1% to 853.42 billion yen (US\$10.4 billion). Operating profit declined 1.3% to 124.19 billion yen (US\$1.5 billion). In KDDI's mainstay mobile business, operating profit fell 18% and revenue declined 2.5%. Average revenue per user-a key industry gauge to determine the long-term growth rate of telecom operators-fell 9% to 4,980 yen (US\$61.1) as revenue from voice calls fell 17%.
- **NTT Docomo's revenues for its fiscal third quarter December reached 1.07 trillion yen (US\$13.1 billion), while operating profit improved 4.4% to 227 billion yen (US\$2.8 billion) thanks to cost reductions.** Net profit was little changed year-on-year at 134 billion yen (US\$1.6 billion) while the EBITDA margin improved 1.8% points to 38.1%. The operator finished December with 57.210 million customers. DoCoMo, whose smartphone lineup includes Samsung's Galaxy S and Sony Ericsson's Xperia. The company sold 1.26 million smartphone handsets in the nine months

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through December. With the lineup expanding in recent months, President Ryuji Yamada said DoCoMo now expects its smartphone sales for the year through March to top 2.5 million units, far above its initial target of 1.3 million units. In the next fiscal year, the company aims to more than double the figure to about 6 million units, or about one-third of DoCoMo's total handset sales. The Japanese research company MM Research Institute forecasts the country's smartphone shipments will more than double to 15.45 million units in the next fiscal year, from the 6.75 million units estimated for the current fiscal year. Although DoCoMo commands about half of Japan's mobile market and has a stable subscriber base, Yamada acknowledged that the iPhone has helped Softbank get ahead in the race for new subscribers. He said DoCoMo will address this challenge by launching a range of attractive smartphones on Google Android platform, while enhancing the services available for smartphone users. As part of its smartphone campaign, DoCoMo announced Friday a new monthly fee scheme to offer two types of flat rates for data transmission fees. Under the new scheme, which kicks off March 15, users thinking of switching to smartphones would be more likely to find a payment plan that meets their needs, a company spokesman said.

- **NTT Docomo reacquired 138,141 of its own shares for an aggregate price of 19.99 billion yen (US\$244 million).** The shares were bought between 20 December and 26 January on the Tokyo Stock Exchange.
- **Jupiter Telecommunications (J:Com) saw its net income go up by 24% in the year ended 31 December 2010.** J:Com had a net income of 37.69 billion yen (US\$462 million) versus 30.45 billion yen (US\$374 million) in 2009. Before-tax income was 63.17 billion yen (US\$775 million), up 9% year-on-year. For 2011, J:Com projects net income of 37.50 billion yen (US\$460 million) and revenues of 370 billion yen (US\$4.5 billion).

Information Technology

- **NTT Data Corp., the network-services unit of Japan's largest phone company, may spend as much as 300 billion yen (\$3.7 billion) on acquisitions, focusing on targets with Brazilian operations, President Toru Yamashita said.** NTT Data is in talks with several targets that may result in purchases within a year. The company aims to capitalize on the expansion by Japanese manufacturers including Toyota Motor Corp. and Komatsu Ltd. in Latin America. NTT Data, which in December bought Boston-based Keane International Inc., is relying on acquisitions to quadruple sales outside Japan over three years. Toyota is spending US\$600 million on a third plant in Brazil, while rival Nissan Motor Co. earlier this month said it is aiming to raise its market share in the country to 5% by 2015. Komatsu, Panasonic and Nidec are looking to expand Brazil operations. Brazil's central bank forecasts the economy will expand 4.5% this year after rising 7.3% in 2010, the fastest pace in more than two decades. The purchase of Keane will probably bolster overseas revenue to about 180 billion yen (US\$2.2 billion) in the year ending March 31, making it necessary for the company to pursue more acquisitions to reach its midterm goal.
- **Fujitsu lowered its outlook for results in the fiscal year to March, citing a delayed recovery in the Japan IT market and lower profitability on some projects outside its home market.** The sales outlook was cut by 100 billion yen (US\$1.2 billion) to 4.57 trillion yen (US\$56 billion). The operating profit outlook drops by 40 billion yen (US\$491 million) to 145 billion yen (US\$ million), and net profit guidance was cut by 20 billion yen (US\$245 million) to 75 billion yen (US\$920 million). Fujitsu had revenues for fiscal Q3 to December of 1.096 trillion yen (US\$13.4 billion). Excluding the appreciation of the yen, sales would have been flat. Operating profit fell to 21.2 billion yen (US\$260 million), while net profit improved sharply to 16.5 billion yen (US\$202 million).

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Internet

- **Yahoo! Japan had revenues for the fiscal third quarter to 31 December of 750 billion yen (US\$9.2 billion).** Yahoo attributed the higher revenues to growth in listing advertising, display advertising, information listing and Yahoo! Shopping-related revenues. Net profit reached 247 billion yen (US\$3.03 billion). The investment in BB Mobile achieved its goal of offering support for Softbank's mobile phones for its services and surging mobile page views.

Korea

Telecommunications

- **SK Telecom Co.'s fourth-quarter profit surged 48% to 361.4 billion won (US\$323 million), the fastest pace in two years, helped by demand from smartphone users.** SK Telecom benefited from surging demand for handsets such as Samsung Electronics Co.'s Galaxy S that let users connect to the Internet and download applications. Smartphone subscribers surged to 3.9 million at the end of 2010. SK spent 20.8% of its revenue on marketing in the fourth quarter, in line with the country's communications regulator's guidelines. The Korea Communications Commission said in March that it will require phone companies to limit marketing costs to 22% of total revenue in 2010. SK Telecom sold 1.4 million smartphones in the fourth quarter, helping it exceed its cumulative year-end sales target of 3.3 million handsets, David Lee, a Seoul-based analyst at CLSA Asia-Pacific Markets said.
- **KT Corp. returned to the black in the fourth quarter of 2010 from a net loss a year earlier, helped by brisk sales of iPhone.** Net profit reached 105.1 billion won (US\$94.3 million) in the October-December period. The loss in the year-earlier period was caused by early retirement packages. Sales surged 9.3% to 5.2 trillion won in the fourth quarter, while operating profit reached 304.7 billion won (US\$273 million). The biggest profit growth in the quarter came from the wireless data sales, which jumped 15% from the previous year, thanks to the boost in KT's data-gobbling smartphone users. The company secured 2.73 million smartphone subscribers as of 2010, including 2 million iPhone users. South Korea's smartphone users are estimated at 7 million users. KT introduced the iPhone in the country five months later in the same year, stirring the smartphone boom in the saturated local wireless market.

Mobile/Wireless

- **LG Uplus Corp. swung into the red in the fourth quarter of 2010 from one year ago, hurt by depreciation costs.** Net loss reached 49.2 billion won (US\$44.1 million) in the October-December period. The mobile operator had lost money in the three-month period due to the depreciation costs that amounted to 88.9 billion won (US\$79.8 million). Sales jumped 68% from a year ago to 2 trillion won while it logged operating loss of 48.6 billion won (US\$43.6 million) in the same period, compared with a 88.6 billion won (US\$79.5 million) operating profit in the year-earlier quarter. LG Uplus net income surged 23.3% on-year to 570 billion won (US\$512 million). Its 2010 operating income inched up 0.2% to 655.3 billion won (US\$589.5 million) and annual sales surged 12.1% to 8.5 trillion won (US\$7.6 billion).

Investments/ Ventures

- **The number of one-man businesses in South Korea sharply expanded in 2010 on the back of the country's rapidly growing mobile content market.** The rise came on the heels of a smartphone boom that hit South Korea last year following the release of Apple iPhone and Samsung Electronics's Galaxy S smartphone. There are an estimated 7 million smartphone users in the country. South

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Korea's one-man creative enterprises reached 235,000 last year, up 15.7% from a year earlier, according to the data by the Small and Medium Business Administration (SMBA). Standalone creative enterprises are one-person companies that offer services and knowledge. More than 23% of the total engaged in media and information technology services, including mobile services, the SMBA said. More than 60% of them were established by people who received bachelor's degrees or higher academic education.

Hardware

- **Samsung Electronics Co.'s fourth-quarter net profit surged 13% from a year ago as strong smartphone sales and high-end chips outweighed TV losses.** Net income reached 3.42 trillion won (US\$3.07 billion) in the October-December period and sales surged 7% to 41.87 trillion won (US\$37.6 billion). Operating profit fell 12% from one year ago to 3.01 trillion won (US\$2.7 billion) on slumping LCD and TV prices. All figures are consolidated including results from overseas affiliates.
- **LG Electronics Inc. swung to a net loss for the fourth quarter, weighed down by its struggling handset business and sluggish demand for flat-screen televisions amid stiff competition and weakness in European markets.** This was LG's first loss in seven quarters, coming in below market forecasts but the company said its profitability will improve on expectations its core handset business will start to pick up after heavily investing in new models. LG had a net loss of 256.4 billion won (US\$229.3 million). The electronics maker also had an operating loss of 245.7 billion won (US\$220 million) for the fourth quarter, reversing, while sales edged up 1.8% to 14.70 trillion won (US\$13 billion). For the full year, the company had a net profit of 1.28 trillion won (US\$1.1 billion). Its 2010 operating profit was 176.5 billion won (US\$158 million).

China

Internet

- **Tencent plans to establish a 5 billion yuan (US\$758 million) investment fund.** The investment targets for the fund include online game companies, social game, mobile game, e-commerce, and new media firms, the Wall Street Journal reports. The company is seeking new sources of revenue growth as the growth in online games has slowed.
- **Alibaba Group plans to build a nationwide network of warehouses across China and with an investment of 20 billion yuan (US\$3.1 billion) to 30 billion yuan (US\$4.5 billion) over the next few years.** The company aims to mobilize partners to contribute to an integrated logistics platform from warehousing to deliveries, the report said. The company plans initial warehousing facilities with a combined area of 3 million sqm in three locations, servicing the Beijing and Tianjin region, the Yangtze Delta region and the Pearl River Delta area. Alibaba Group's individuals-focused e-commerce platform Taobao planned to open delivery centers in 52 cities over the next two years.
- **Sohu.com's revenues for the fourth quarter increased by 27% year-on-year to US\$173.2 million.** Brand advertising revenues surged 31% to US\$60.1 million, while online game revenues surged 30% to US\$91.7 million, and wireless and other revenues fell to US\$14.8 million. Sponsored search revenues surged 126% to US\$6.6 million. Gross margin fell to 74% from 75%. Net profit attributable to Sohu.com surged to US\$44 million. Cash and cash equivalents amounted to US\$678.4 million at the end of the period. Aggregate registered accounts for Changyou's games surged 38% to 111.4 million, while aggregate peak concurrent users for Changyou's games surged 7% year over year to 1.03 million. ARPU for Changyou's games surged 12% year-over-year to 219 yuan (US\$33.20). For Q1, Sohu

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estimates total revenues to be US\$ 164.5-169.5 million. Sohu sees brand advertising revenues of US\$ 55-57 million, while online game revenues of US\$ 91-93 million and search revenues to be around US\$ 6.5 million.

- **China's internet user base reached 457 million by the end of December 2010, an increase of 19.15% year-on-year, according to the China Internet Network Information Center's (CNNIC).** The number of mobile internet users surged by 69.3 million to reach 303 million over the year, representing a slowdown in growth from 2009. Search engines were the most-used service, with a customer base amounting to 375 million, or 81.9% of internet users. E-commerce related services maintained rapid growth in 2010, with the number of online shopping users surging 48.6% annually to 160.51 million. Online banking users surged 48.2% year-on-year to 139.48 million, as online payment users surged 45.8% over the year to reach 137.19 million by the end of December. Online social products also logged fast rates of expansion, with instant messaging users up 29.5% year-on-year to 352.58 million, blog users up 33% year-on-year to 294.5 million and SNS site users reaching 235.05 million, up 33.7% year-on-year. The country's Twitter-like microblogs had a combined 63.11 million users by the end of the year, while group shopping services registered 18.75 million users. Entertainment services had slowing rates of growth in 2010. Online game users came to roughly 304.10 million, up 15% year-on-year, but with a 2.4% age point reduction in usage rate to 66.5%. Online video audiences reached 283.98 million in 2010, up 18.1% year-on-year but with a 0.5% age point decline in usage rate to 62.1%.
- **Baidu Inc. took up 75.5% share in China's search engine market in the final quarter of 2010, according to market research firm Analysys International.** Market share of Google China declined for the fourth consecutive quarters to 19.6% in October-December of 2010, breaking below 20% for the first time since the second quarter of 2007. According to Analysys International, market share of Baidu surged steadily in each quarter of 2010. Its open platform strategy and new products and services surged the traffic continuously, and attracted more advertisements. Google China gained more revenues in 2010, but due to unclear strategy and cooperating mode, it surged slower than the rivals, which dragged down its market share.
- **At least a year after Google threatened to pull out of China, Google says it remains committed to the country even as it now sets its sights on Southeast Asia for further growth.** In line with its strategy to expand in Southeast Asia, Google is opening a new office in Kuala Lumpur, its first new Asia office in four years, after Google set up offices in Singapore and South Korea in 2007. Malaysia has very high mobile penetration and most of the Internet users that are coming online will likely start to interact with the Internet through mobile phones rather than PCs.

Telecommunications

- **China Mobile Ltd. is interested in making investments in the U.S. and Europe, Xinhua News Agency reported, citing China Mobile Chairman Wang Jianzhou.** Wang also said the timetable for China's rollout of 4G services depends on the results of tests of the technology. China Mobile would start large-scale testing of TD-LTE planned and organized by the country's Ministry of Industry and Information Technology and the tests will last about one and a half year. China Mobile is also conducting TD-LTE tests with foreign operators in the U.S., Sweden and Japan, Xinhua said.
- **Telefonica SA said that it will widen its strategic partnership with China Unicom (Hong Kong) Ltd., with each company investing US\$500 million to boost their cross shareholdings.** Telefonica will raise its stake in China Unicom to 9.7% from around 8.4%, while the Chinese telecommunications firm will boost its ownership in the Spanish company to 1.37% from about 0.9%.

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The Spanish telecoms giant said the strategic agreement and investment plan is unprecedented in China's coveted market, which still has low penetration rates and high growth potential. The expanded agreement also comes at a time when Telefonica's mature Spanish home market is suffering from the lingering impact of a severe contraction and record unemployment.

- **According to the Ministry of Industry and Information Technology (MIIT), China's telecommunications revenues rise 20.5% year-on-year to 3.1 trillion yuan (US\$469 billion) in 2010 despite an overall price decrease of 11.7%.** Main business revenues went up 6.4% to 898.8 billion yuan (US\$136 billion) while fixed asset investment declined 14.2% to 319.7 billion yuan (US\$48.4 billion). The number of telephone subscribers went up 8.7% to 1.15 billion. The number of mobile users surged 15% to 859 million, with 3G users making up 47.05 million, while the number of fixed telephone users decreased 6.2% to 294.38 million.
- **China Unicom expects its profit for the financial year ended 31 December 2010 to drop by over 50%.** Unicom said that although revenue had grown rapidly last year, it faced high pressure due to the fast boost of depreciation and amortization, networks, operations and support expenses, as well as selling expenses, particularly the 3G handset subsidy, in relation to the initial operation stage of the company's 3G business. China Unicom is seen to announce its financial results for 2010 in March.
- **ZTE Corp.'s preliminary 2010 net profit surged 32% because of an increase in sales, investment income and the listing of an associate company.** Preliminary net profit for the 12 months ended Dec. 31 totaled 3.25 billion yuan (US\$492 million), according to Chinese accounting standards. Preliminary operating revenue surged 17% to 70.33 billion yuan (US\$10.6 billion). ZTE will issue audited figures that may differ from the preliminary figures in March.

Media, Entertainment and Gaming

- **Shanda Games plans to release a game for Microsoft's) "Xbox" game console this year.** The company will launch its licensed MMORPGs Dragon Ball Online and Final Fantasy XIV in mid-2011, 17173.com had separately citing Tan.

Semiconductor

- **The Chinese market for light emitting diodes (LEDs) is estimated to have reached 26.6 billion yuan (US\$4 billion) in 2010, surged by soaring domestic demand.** LED sector has grown 17% in 2010. The growth was attributable to burgeoning demand for outdoor light displays, as more cities are being developed in one of the world's most rapidly growing economies. The Chinese government has been giving extensive funding to local LED suppliers. Local authorities also have offered tax and utility payment benefits to Chinese LED suppliers.

Taiwan

Telecommunications

- **Local telecom firms are looking to the visit of Wang Xiaochu, chairman of China Telecom, who may bring huge business opportunities for the procurement of 60 million 3G mobile phones and those associated with its 10 million broadband Internet access subscribers, exceeding NT\$240 billion (US\$8.3 billion) in total value.** Local telecom-equipment suppliers will expect to score major gains in dealing with China Telecom, since they are major exporters of mobile phones featuring CDMA2000 technology, embraced by China Telecom, and equipment for broadband Internet access, for which Taiwan boasts the largest output value worldwide.

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- **Taiwan Mobile sold 449,000 smartphone units in 2010, up from 103,000 units in 2009.** The company had fourth quarter revenues of NT\$17.90 billion (US\$617 million). However, as operating cost went up by 28%, operating income fell by 21% to NT\$4.09 billion (US\$141 million). Taiwan Mobile saw EBITDA fall to NT\$6.37 billion (US\$219 million) and net income totaled NT\$3.19 billion (US\$109 million). In 2011, Taiwan Mobile is planning to achieve revenues of NT\$73.96 billion (US\$2.5 billion). The company has set a capex of NT\$6.4 billion (US\$220 million), consisting of NT\$4.6 billion (US\$158 million) in mobile, NT\$1.2 billion (US\$41.3 million) in fixed-line, and NT\$0.6 billion (US\$21 million) in cable TV operations.

Hardware

- **Compal Electronics expects smartphones to account for 90% of shipments this year.** Shipments of smartphones are predicted to take off in the second quarter. The company shipped 3.91 million units last year, far short of the projected 10 million units due to less-than-expected orders from U.S. clients. Compal is currently involved in several smartphone projects, the company said.
- **Taiwan-based equipment makers will ship 69.446 million wireless network interface cards and 16.981 million WLAN routers in the first quarter of this year, according to Digitimes Research.** Network interface card shipments are seen to go up 0.14% year-on-year but would be down 5.05% from the fourth quarter of 2010. WLAN router shipments are forecast to rise 16.47 year-on-year and 5% quarter-on-quarter.

Alternative Energy

- **Hon Hai Precision Industry Co. has made its first investment in a solar-cell company by acquiring a 36.77% stake in E-Ton Solar Tech Co. for NT\$4.04 billion (US\$139 million) through a private placement, making it the latest Taiwanese technology firm to seek higher profits by investing in the renewable-energy sector.** Hon Hai, the world's largest contract maker of electronic products by revenue, already makes some solar-power components and has been considering expanding into the fast-growing solar-energy market for several years. The company joins Taiwan Semiconductor Manufacturing Co., United Microelectronics Corp. and AU Optronics Corp. in using its manufacturing and technology know-how by moving into the solar-energy sector. Hon Hai will invest US\$144.52 million via its subsidiaries in China to surge production of cell phones and tablet devices. Hon Hai's board approved a plan to invest US\$49 million in a tablet-production facility and US\$4.94 million in a cell-phone production plant, both of them in southwestern China's Sichuan province.

Hong Kong

Telecommunications

- **PCCW Ltd. entered into arrangements with Australia's Telstra Corp. to restructure the majority of the operations of their 50-50 joint venture Reach Ltd., to more efficiently and effectively serve their customers.** The restructuring of Reach, a submarine cable joint venture, is expected to be completed in the first half and isn't expected to affect PCCW's 2010 results.
- **Hong Kong's mobile user base reached 13.265 million in November, up from 13.145 million in October, according to regulator Ofta.** Of the total, 6.486 million were prepaid users and the number of postpaid users reached 6.778 million. The number of 3G users surged to 5.113 million in November from 5.012 million in the previous month. Furthermore 927,946 mobile users connected through an MVNO, up from 924,687 MVNO users in October. Total SMS sent reached 603.161

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million, or 51 per subscriber, down from 615.173 million or 52 per subscriber a month earlier. The mobile data usage surged to 277.5MB per 2.5G/3G customer, up from 274.6MB in the prior month.

- **Hong Kong's number of fixed-line users raised to 3.683 million in November from 3.676 million subscribers in October, according to Ofta.** The number of business users surged to 1.789 from 1.784 million and the number of residential users inched up to 1.893 million. The number of IP telephony users surged to 576,786 from 564,010 a month earlier. The total comprises 59,781 business users and 517,005 residential IP telephony users. The number of local leased lines fell to 142,047 from 142,213 in October.

Singapore/Malaysia/Philippines/Indonesia/India

Internet

- **Groupon announced the launch of Groupon Malaysia through acquisition of daily deal site GroupsMore.** Using the principles of collective buying, Groupon negotiates unprecedented discounts with popular businesses and shares them with subscribers via free daily emails. The deals are activated only when a minimum number of people agree to buy, encouraging subscribers to share the promotion with family and friends. By guaranteeing a large number of new customers, Groupon has created a powerful new marketing vehicle for local merchants in thousands of cities worldwide. This innovative approach to e-commerce has brought millions of dollars in new revenue to local businesses while saving more than US\$1.5 billion for consumers around the world.

Mobile/ Wireless

- **LG Electronics Thailand intends to become Thailand's number three mobile-phone manufacturer in 2011, with a 15% share of a market that is seen to reach 12 million units this year, the Nation reported.** The head of the company's Mobile Communications Group, Somsak Athisaitrakul, said LG is confident of driving its mobile business to achieve a target sales volume of 1 million units, with a ratio between smartphones and normal phones of 30:70. If LG reaches its sales target of 1 million units in 2011, it will have achieved a substantial leap from last year's 700,000. To gain market share, it will launch two sub-brands called LG Wink for normal phones and LG Optimus for smartphones. Somsak said the company will launch three LG Optimus models at the upcoming Thailand Mobile Expo 2011. They are the LG Optimus 2X, LG Optimus Black, and LG Optimus ME. All of them are Android phones.

Telecommunications

- **Idea Cellular Ltd. exceeded expectations with a 43% surge in third-quarter consolidated net profit, as surged use of its mobile telephony services in the festive period outweighed the impact of intense competition.** India's crowded telecom sector has been hit by a price war as new players offered cheap call rates to gain market share and forced existing ones such as Idea to also match. However, higher spending during the Hindu festival of Diwali, and Christmas in the past three months saw Idea's main performance indicators ticking up. Net profit for the October-December period jumped to INR2.43 billion (US\$52.9 million). Total revenue surged 26% to INR39.56 billion (US\$861 million).
- **Tata Teleservices Maharashtra ended the December quarter with 16.2 million subscribers, growing 41% year-on-year.** Income slipped to INR 5.77 billion (US\$126 million) but income from telecommunications sales and services surged to INR 5.63 billion (US\$123 million). Tata Teleservices

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narrowed its net loss to INR 795.8 million (US\$17.4 million). EBITDA totalled INR 1.35 billion (US\$29 million).

- **GTL Ltd. had a 26% fall in its third-quarter consolidated net profit as higher costs and interest expenses outweighed a surge in revenue.** Profits for the three months through December decreased to INR483.44 million (US\$10.5 million). But consolidated revenue surged 57% to INR8.82 billion (US\$192 million). Profits were hurt after interest expenses nearly tripled to INR490.1 million (US\$10.7 million). GTL's raw material and services costs jumped 50% to INR3.75 billion (US\$81.6 million), while costs on traded goods purchase surged to INR2.48 billion (US\$54 million). Staff costs surged to INR1.19 billion (US\$25 million), as the number of employees surged to 7,733 as of Dec. 31 from 6,116 a year earlier.
- **The Indian government has collected nearly Rs 216 crore (US\$47 million) in penalties from new telecom service providers for not rolling out their networks within the stipulated timeframe after getting license and spectrum.** The DoT had issued 119 notices to new telecom operators for missing their network roll-out obligations last month and imposed hefty penalties on them. As per sectoral regulator Trai's guidelines, in case show cause notices were issued for cancellation of licenses, the operators would be given 60 days time to respond to the notices before a final decision is taken. In the case of penalties imposed for missing roll-out obligations, the operators were supposed to make payment within 15 days of the notice.
- **India ended November with 764.76 million telephony subscribers, growing by 3.05% from 742.12 million telephony subscribers in October, according to telecommunications regulator Trai.** The teledensity reached 64.34% from 62.51% in the previous month. The wireless and mobile (GSM, CDMA, fixed wireless phone) subscriber segment surged to 729.57 million, up 3.24% from 706.69 million in October. Bharti Airtel remained market leader with a market share of 20.48% and 149.39 million customers, versus 146.29 million in October. Bharti's net additions for the month reached 3.1 million. Airtel was followed by Reliance with 122.36 million subscribers, up from 119.35 million subscribers a month earlier. Reliance had a 16.77% market share and the operator attracted 2.01 million customers in the month. Vodafone Essar was third with a 16.61% market share and 121.16 million subscribers, up from 118.04 million in the previous month.
- **Bharti Airtel Ltd. expects third-generation services to help stabilize its fast-dropping average revenue per user, a key gauge of profitability and add to earnings.** Third-generation services allow multimedia capabilities on mobile networks and might improve the operating performance of telecom companies as they can charge higher tariffs in a market where cut-throat competition has dented their revenue growth, margins, average revenue per user (ARPU), and profitability. ARPUs for Indian telecom operators have also declined over the past couple of years as companies tapped lower revenue generating rural customers. Bharti Airtel expects the 3G offering to attract customers from rival networks, especially after mobile number portability, which lets users change operators without changing numbers was launched in the country from Jan. 20.
- **Digital Telecommunications Philippines Inc. (Digitel) expected capital spending budget for the year to eachS\$350 million.** The company had capital spending of US\$250 million in 2009. Digitel plans to increase the number of cell phone transmission sites to around 9,000 by the end of the year from around 5,000 at the beginning of 2010.

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- **Philippine Long Distance Telephone Co. has programmed a higher capex this year to finance the expansion of its fixed and mobile networks.** Manuel V. Pangilinan, PLDT chairman said its capex for 2011 is most likely more than P30 billion (US\$674.7 million). The capex will fund the expansion of the network and continuous upgrading for fixed and wireless network. The bulk of the capex for the year is allotted for mobile network expansion. Mr. Pangilinan said that 2010 to 2012 would be a critical period in the PLDT Group's transformation, as it is being undertaken at a time when the operating environment is becoming increasingly price-competitive and market-share sensitive. PLDT, owned by Hong Kong's First Pacific Co. Ltd. and Japan's NTT Communications and NTT DoCoMo, had a net income of P31.99 billion (US\$724 million).
- **Philippine Long Distance Telephone is counting on the growth of its broadband business to offset the seen decline from traditional voice and SMS services.** PLDT was able to grow its revenue and profit in 2010. Revenues from traditional voice and text services, which currently make up two-thirds of the company's total earnings, began to decline last year as a result of a maturing market and surged competition. This trend is seen to continue but PLDT is planning to introduce new services this year to surge its results.
- **Mobile Internet company Spice i2i Ltd. is set to acquire Indonesia's Selular Group for US\$175 million.** Trading in shares of Spice i2i was halted on the Singapore Exchange pending an announcement. Spice i2i has been expanding its presence in southeast Asia, and in December acquired Thai mobile wholesaler NewTel Corp. for an undisclosed sum. Morgan Stanley is advising the owners of Selular on the sale.
- **DiGi.Com ended the fourth quarter 2010 with 4.2 million mobile internet users while the total subscriber base totaled 8.8 million.** The operator had fourth quarter revenues of MYR 1.43 billion (US\$467 million) due to surged competition on international traffic, a higher proportion of on-net traffic, as well as the MTR reduction which began in the third quarter. Full year revenues were MYR 5.4 billion (US\$1.8 billion). EBITDA in the fourth quarter was MYR 653.4 million (US\$213 million) and the EBITDA margin 45.7%, versus MYR 531.2 million (US\$173 million) and 42.6% in the year-ago period. Fourth quarter profit surged to MYR 332.03 million (US\$108 million) and full year profit was MYR 1.18 billion (US\$386 million).
- **Malaysian MVNO Tune Talk is aiming for MYR 250 million (US\$82 million) in sales this year.** The company achieved MYR 50 million (US\$16.33 million) in sales in 2010, Bernama writes citing chief executive Jason Lo. The company is working to expand its distribution system and is signing up two to three shops a week to sell its Sim cards and top-ups. The company currently sell through 50 shops and hopes to expand this to 100 this year.
- **Redtone International moved to a net loss of MYR 923,000 (US\$301633) in the second quarter ended 30 November 2010.** The loss was mainly due to professional fees for the corporate exercise involving Redtone Telecommunications China and additional costs incurred in DETV due to expansion of business. Revenue went up slightly to MYR 21.56 million (US\$7.04 million) due to revenue contributions from the Hotgate operation. The company said that its main revenue contributor, broadband and voice will continue to contribute positively to the group's performance this year. Redtone plans to focus on broadband offerings to corporate and enterprise customers and will continue investments in broadband and IPTV.

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- **Thailand's largest mobile operator by subscribers Advanced Info Service PCL expects to spend THB10 billion (US\$325.03 million) on network expansion this year, including efforts to boost third-generation mobile services.** AIS is also targeting revenue growth in 2011 of no less than 3%-5%, Pornrat Janejarassakul, Vice-President of Market Analysis and Planning said. Revenue in 2010 will likely exceed its 5% growth target, thanks to the strong economic recovery. The spending budget will go toward upgrading 2G to support the continual growth of use and extending service coverage area for 3G with HSPA (high-speed packet access) technology on 900 mhz frequency. Of the budget, THB2.5 billion (US\$81 million) has been earmarked for 3G coverage expansion.
- **PT Telkomsel will allocate Rp10.5 trillion (US\$1.11 billion) for capital spending this year.** Approximately 60% of the fund will be used to strengthen broadband networks. Telkomsel will use 15 new units to boost the number of its broadband city to 40 units. The company will also build 4,000 new units of base transceiver station (BTS) to bring the number to 11,700 units.
- **Singapore's telecommunications regulator IDA plans to bring the roll out of 4G (Wimax and LTE) services in Singapore forward.** The regulator will re-allocate the 2.3 and 2.5 GHz bands as early as next year, Channel News Asia reports. However, take-up of the allocation would start once the current contracts expire on 30 June 2015. IDA will also allow operators to deploy LTE on their existing spectrum rights in the 900/1800 MHz and 2.3/2.5 GHz bands.
- **True Corp. PCL signed contracts with state-owned CAT Telecom PCL to provide third-generation mobile phone services on CAT's network.** True Corp.'s Real Move unit will resell 3G mobile services on CAT's High Speed Packet Access, or HSPA, network for approximately 15 years to 2026, True Corp. said in a statement to the Stock Exchange of Thailand. Under the contracts, True will upgrade equipment at CAT's 3,000 base stations to convert CAT's Code Division Multiple Access network to HSPA. True will spend THB5 billion to THB6 billion (US\$162 million-US\$194 million) to install the equipment and convert the 3,000 stations within two years, True Corp. Chief Executive Supachai Chearavanont cited. The deals with CAT Telecom will allow True to secure its future as its 2G mobile phone concession, granted by CAT Telecom, is due to expire in 2013 while the fate of 3G spectrum licensing in Thailand remains unclear because of legal challenges.
- **Telstra is at risk of missing a mid-year deadline to present shareholders with a vote on a multibillion-dollar deal with NBN Co because of complexity and slow bureaucratic processes, according to analysts at Goldman Sachs.** Shareholders have been promised a vote on Telstra's proposed deal with government-owned NBN Co, which is building an underground optical-fibre network to replace existing copper telephone lines. The deal will see Telstra lose its monopoly on Australia's fixed telephone lines in exchange for compensation of US\$11 billion and future contracts with NBN Co. The ACCC is working on a fixed-line pricing review that is crucial to Telstra completing its agreement with NBN Co. Once the deal is finalized, the ACCC must also approve a structural-separation undertaking and migration plan, and a special-access undertaking from NBN Co.
- **An unexpected outage caused by repair works on the SEA-ME-WE 3 submarine cable system out of Perth temporarily knocked out iiNet's Cape Town contact centre from the weekend, punching a hole in the firm's 24/7 contact centre support.** But the ISP has responded rapidly, securing an alternative route to get the centre back online. Meanwhile, any impact on iiNet's actual customers has been minimized with the firm acting to reroute relevant traffic via Sydney instead; other SEA-ME-WE 3 customers, including Telstra, have remained unaffected. Telstra said its own network had not been affected by the outage, while Optus had minimal effect.

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Media, Gaming and Entertainment

- **Sun TV Network's net profit surged 48.40% to Rs 225.49 crore (US\$49.2 million) for the quarter ended December 31, 2010.** Total income surged 50.47% to Rs 607.06 crore (US\$133 million) for the reported quarter. During this quarter, the company released a blockbuster movie simultaneously in three languages titled 'Enthiran' in Tamil and 'Robot' in Telegu and Hindi. The company has spend Rs 132 crore (US\$29 million) on the production of this blockbuster.

Investments/ Ventures

- **The Indonesian government has set a target of Rp60.78 trillion (US\$6.74 billion) for 17 publicly-listed state companies' net profit for 2011.** Publicly-listed state companies' financial performance had grown significantly all the time. The 17 state companies are construction companies PT Adhi Karya, PT Pembangunan Perumahan and PT Wijaya Karya, mining companies PT Aneka Tambang, PT Timah and PT Bukit Asam, pharmaceutical companies PT Indofarma and PT Kimia Farma, toll road operator PT Jasa Marga, steel maker PT Krakatau Steel, and gas company PT Perusahaan Gas Negara, The other are state banks PT Bank BNI, PT Bank BTN, PT Bank Mandiri and PT Bank Rakyat Indonesia, cement maker PT Semen Gresik, and telecommunication operator PT Telekomunikasi Indonesia. The minister said five of the 17 state companies including Telkom Indonesia, Bank Mandiri, Bank BRI, PGN, and Bank BNI were seen to see the largest operating income last year.

United States/Canada

Mobile/Wireless

- **Nokia's lacklustre U.S. performance is one of CEO Stephen Elop's biggest causes for concern, as the Finnish handset said that device sales in North America declined 32% in the fourth quarter.** The handset maker sold 2.6 million phones in North America in the three months ended 31 December, down 32% from 3.8 million a year earlier, and down 19% sequentially from 3.2 million. Worldwide, Nokia sold 123.7 million devices in Q4, down 3% from 126.9 million in the year-ago quarter.

Media, Entertainment and Gaming

- **EMC Corp. had a 61% increase in fourth- quarter profit and will have full-year earnings topping analysts' estimates as companies upgrade their data centers.** Profit surged to 42 cents a share, EMC said. Sales surged 19% to US\$4.89 billion, topping the US\$4.79 billion average estimate. Companies are spending more on information technology and investing in new storage computers to hold the increasing amounts of data and manage disaster recovery, according to Daniel Ives, an analyst at FBR Capital Markets. New products are helping EMC sell more to the largest corporations, as demand remains stable among mid-sized companies. EMC has a majority stake in VMware Inc.

Telecommunications

- **Verizon Communications Inc. had revenue growth this year that topped analysts' estimates, as it sells more smartphones including iPhone.** The company will surge revenue 4% to 8% this year, Fran Shammo, chief financial officer said. Verizon will start selling the iPhone in February, ending AT&T Inc.'s exclusive hold on the device in the U.S. Verizon may grow earnings per share by 5% to 8% if the company sells 11 million iPhones. Customers were able to spend less on wireless calls

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due to discounts in family and unlimited plans. Verizon and other carriers plans to combat this trend by promoting data which will let smartphones download games and connect to the Internet.

- **VMware Inc. announced that margins would be flat this year and forecasting a slowdown in new license sales.** New license sales may surge between 14% to 19% in 2011, VMware said, a slowdown from last year when new licenses surged 36%. Operating margins may not expand in 2011 as well. The company will spend more on staff and on international expansion, Chief Financial Officer Mark Peek said. Revenue this quarter will be US\$800 million to US\$820 million.
- **Tellabs Inc. and Verizon Wireless forecasted first-quarter sales that missed analysts' estimates will revenue decline to US\$315 million to US\$335 million.** AT&T's migration toward cheaper Ethernet products made by Cisco Systems Inc. and other competitors is leading to revenue and gross margin losses, Ehud Gelblum, an analyst at Morgan Stanley said. Fourth-quarter profit excluding some items was 2 cents a share, missing the average analyst estimate of 8 cents. The company had a net loss of US\$11 million compared with net income of US\$62 million a year earlier. Revenue surged 5% to US\$410 million from US\$389 million a year ago. The average analyst estimate was US\$418 million. Gross margin of 38% was seven percentage points lower than a year ago and missed the company's projection.

Internet

- **Google's outgoing CEO Eric Schmidt has plans to sell more than a half million company shares throughout the year as part of his asset-diversification plan, his first such sale in more than three years.** The sales, worth about US\$335 million, will lower Schmidt's stake and voting power, and comes as co-founder Larry Page will replace Schmidt as chief executive. Schmidt will become executive chairman in April. The stock-trading plan, unveiled in a filing with the Securities and Exchange Commission, said Schmidt intends to sell as much as 534,000 Class A shares during the course of the year. Schmidt's holdings amount to about 2.9% of Google's outstanding capital stock and represent 9.6% of the company's voting power.
- **Google ramped up its investment in online entertainment with the purchases of a startup devoted to movie talk and another that connects celebrities with fans.** Flick was launched about six months ago by four former Digg employees. Google did not disclose the purchase price, which has been rumored to be about US\$10 million. SayNow, a startup founded in 2005 and based in the Silicon Valley city of Palo Alto, said it has been acquired by Google. SayNow claims at least 15 million users and thousands of celebrities for its products and platforms.
- **Google is aiming 2011 as its biggest hiring year yet, adding at least 6,000 employers to bring its total headcount to at least 30,000.** The hiring will be pretty much across the board, Alan Eustace, Google's senior vice president of engineering and research said. Much of the hiring that Eustace disclosed will be in and around Google's headquarters in Mountain View, Calif., but it will also add at least 1,000 workers in Europe, many of them in and around its hub in Munich, Germany, outgoing CEO Eric Schmidt said.
- **Facebook Inc. is taking the next step toward making its virtual currency the default payment mechanism on the social network by requiring all game developers to accept Facebook Credits.** Third-party game developers could still use their own in-game currencies, but they would nonetheless be required to process those transactions with Facebook Credits. Facebook is aiming to build an online payments business that observers believe could one day augment its advertising business, the company's primary source of revenue. The company touts Facebook Credits as a

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convenient option for users because they enter their payment information once in order to can acquire, earn and spend credits across many different games. But Facebook's push to drive adoption of its virtual currency has been controversial among game developers because the social network takes a 30% slice of every transaction made with Facebook Credits.

- **Yahoo Inc. is expected to have a sharp gain in earnings alongside a decline in sales as it continues seeking to wring more profits from its online advertising businesses while fending off younger rivals.** Wall Street analysts polled by FactSet Research expect Yahoo to have earnings of 23 cents a share for the period ended in December, and US\$1.19 billion in net revenue. Yahoo and Microsoft completed their search partnership, which has Microsoft delivering the paid search results on Yahoo web pages in North America in a revenue-sharing arrangement, in October. Yahoo is likely to sound upbeat about results of the Microsoft deal during its conference call to discuss fourth-quarter results, RBC Capital Markets analyst Ross cited. Sandler expects to see margin improvements from Yahoo, and possibly also better expense management. Meanwhile Yahoo likely saw its sales of online display advertising grow at or above 10% compared the period in the prior year, Sandler wrote.
- **Facebook Inc. raised US\$1.5 billion, a transaction that included a controversial private placement led by Goldman Sachs Group Inc. that values the company at US\$50 billion.** Goldman Sachs completed an offering to its non-U.S. clients in a fund that invested US\$1 billion in Facebook Class A common stock. The other portion included a US\$500 million direct investment by Goldman and Russian investment firm Digital Sky Technologies in late December. Facebook saw its valuation jump sharply from its US\$10 billion valuation in 2009 as a result of the investment.
- **LinkedIn Corp. will raise as much as US\$175 million in what's likely to be the first public offering for a major U.S. social-networking site.** LinkedIn hired Morgan Stanley, Bank of America Corp. and JPMorgan Chase to lead the offering. The social-networking site could draw strong demand in the public markets because it has steadily surged sales from advertising, subscriptions and hiring services, said Tom Taulli, an independent technology analyst. The company was profitable in the nine months that ended in September and its sales at least tripled from 2007 to 2009. Biggest shareholders include co-founder Reid Hoffman and his family and trust, with 21%; Sequoia Capital, with 19%; Greylock Partners, which holds 16%; and Bessemer Venture Partners, with 5.1%. LinkedIn Chief Executive Officer Jeff Weiner owns 4.1%.
- **Amazon.com said first-quarter profitability may be lower than analysts predicted as it steps up spending on warehouses for products and data centers to support its Web Services unit.** Operating profit will be US\$260 million to US\$385 million this quarter with sales as low as US\$9.1 billion. Chief Executive Officer Jeff Bezos is using part of the company's growing cash hoard to build at least seven new fulfillment centers this year to handle a growing range of products sold via the Web. Amazon, whose shares have almost quadrupled in two years, is also expanding a business that delivers computing tasks over the Internet.
- **VeriSign Inc. swung to a fourth-quarter loss as the Internet-domain company had a US\$109 million interest payment related to a special dividend.** The company's adjusted profit and revenue growth narrowly exceeded Wall Street's expectations. VeriSign has shed at least a dozen businesses and thinned its employee ranks in recent years, but VeriSign's narrowed focus has made it more dependent on a mainstay Internet domain operation. VeriSign in August sold the identity authentication business to Symantec Corp. for US\$1.3 billion. That business had revenue of US\$410 million last year, or about 40% of VeriSign's total. Revenue surged 13% to US\$178.8 million. Operating margin widened to 37.7% from 29.9%.

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- **EBay Inc. has struck an agreement with an online advertising services specialist in a bid to ramp up it's underperforming display ad business, a move the company hopes will drive on-site sales and surge marketing revenue.** The company is expected to announce an exclusive deal with Triad Retail Media, which will sell and manage all on-site display advertising for eBay.com and eBay Motors, according to a person familiar with the agreement. Tampa, Fla.-based Triad will work with eBay to develop new types of display ads designed to showcase items for sale on and sometimes off--eBay's marketplace pages. For example, a TV maker might want to showcase its products by placing a banner ad on eBay's home page.

Semiconductors

- **Texas Instruments Inc.'s fourth-quarter profit surged 44%, boosted by demand for smartphones and network gear.** Net income surged to US\$942 million with sales surged 17% to US\$3.53 billion. Texas Instruments is the biggest maker of analog chips, which go into everything from weapons-guidance systems to kidney-dialysis machines. Even with sales boosted last quarter by increased demand for smartphones and networking equipment, the company surged stockpiles of unsold chips and that orders slipped. Inventory surged by US\$318 million to US\$1.52 billion from a year earlier, and was up US\$96 million from the third quarter. Orders were US\$3.13 billion, down 4% from a year earlier and 9% from the third quarter.
- **Qualcomm Inc. had record results for the fiscal first quarter and surged its guidance for the year on soaring demand for wireless devices.** The San-Diego-based semiconductor company has benefited from its high exposure to the sweet spot for consumers, specifically smartphones and other mobile devices. Its chips are used in 3G cellphones, including the upcoming iPhone for Verizon Wireless, and it also is providing chips for the next-generation mobile broadband network Long-Term Evolution. Qualcomm boosted its year guidance and projected better-than-expected fiscal second-quarter results. The second-quarter results will include a 9-cent per-share earnings benefit, or US\$250 million in revenue, from the resolution of a licensing dispute with an unidentified company. The company said shipments of CDMA devices should total 750 million to 800 million units in calendar year 2011, up 15% to 23% from the expected 640 million to 660 million units in 2010. Both yearly shipment estimates are a surge from Qualcomm's expectations in November.

Software

- **Microsoft Corp. had better-than-expected revenue and profit as consumers snapped up the company's Windows and Office products during the holidays, but the software giant offered little indication as to how it will address the fast-growing smartphone and tablet computer segments where it has little presence.** In the quarter ended Dec. 31, Microsoft touted strong sales of the latest version of its Windows operating system, the mainstay software powering most of the world's PCs. Microsoft's Office productivity applications package, which contains the Word text-processing and Excel spreadsheet programs, was popular with consumers, selling 50% more copies than the previous version had at the same period in its life cycle. The software giant has struggled to match its dominance in personal-computer operating systems in such markets as smartphones and a new breed of consumer tablet computers that Apple Inc. has come to lead.
- **Symantec Corp.'s fiscal third-quarter profit slid 56% on lower operating margins, although greater-than-expected deferred revenue drove higher sales commissions during the quarter.** The company also projected a fiscal fourth-quarter profit of 35 cents to 36 cents a share on revenue of US\$1.59 billion to US\$1.61 billion. Analysts polled by Thomson Reuters expected 35 cents and US\$1.58 billion, respectively. Sales of security software held up rather well during the economic

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slowdown, as fending off viruses and hackers remained a top information-technology concern. Chief Executive Enrique Salem said mobile, virtualization and cloud-computing products would help drive the company's growth. The company projected a profit of 32 cents to 33 cents on revenue of US\$1.57 billion to US\$1.59 billion. Wunderlich Securities believed management issued a conservative guidance for the December quarter, adding an improvement in the European IT market and solid momentum in year-end enterprise spending positioned Symantec to deliver results at or above the high end of its October projection.

Europe

Telecommunications

- **Ericsson AB had fourth-quarter sales beating analysts' estimates with revenue surged 8% to 62.8 billion kronor (US\$9.6 billion).** Net income surged to 4.32 billion kronor (US\$742 million). Sales increased by 14% in the network-equipment division as Ericsson completed its first full year with new capacity acquired from Nortel Networks Corp. Phone companies upgraded their mobile broadband networks to cope with demand for music, video and Internet access on smartphones. Ericsson expects the strong uptake for mobile broadband to continue in 2011, CEO Vestberg said. Low- end smartphones and tablets will help drive the growth.
- **BSkyB PLC agreed to buy Wi-Fi connectivity group The Cloud Networks for approximately 50 million pound (US\$80 million).** The Cloud Network operates public Wi-Fi networks for international retailers and leisure groups. News Corp. has a 39.1% stake in BSkyB, but is looking to acquire the remaining 60.9% stake. Ofcom strongly recommended the government refer the bid to the Competition Commission on the grounds that it could reduce the diversity of news provision in the U.K. below an acceptable level.
- **France Telecom's (FTE) Orange entered in exclusive talks to acquire a 49% stake in French video-sharing website Dailymotion for EUR58.8 million (US\$81 million), the second deal announced in a week under the group's new content strategy.** The deal should allow Orange to gradually boost its shareholding in Dailymotion to 100% from 2013, and should allow for the integration of new business partners. France Telecom will form a joint venture with Canal Plus Groupe, a unit of Vivendi SA (VIV.FR), to merge its cinema channels with Canal Plus's movie channel TPS Star.
- **Telit Communications PLC will acquire Motorola Solutions Inc.'s machine-to-machine wireless communication subsidiary for US\$26 million, in a deal that boosts Telit's share of the fast-growing m2m market, and is seen to enhance earnings in the first full year following completion.** Telit is raising GBP19 million (US\$30.6 million) in a placing to fund the acquisition of Motorola m2m. Motorola m2m, headquartered in Tel-Aviv, Israel, specializes in the development of machine-to-machine wireless modules for a variety of communication standards. Telit said the combined company would have had a share of at least 20% of the global m2m market, and US\$180 million in revenue, in 2010.
- **The chief executive of Royal Philips Electronics NV, Gerard Kleisterlee, is in the lead to become Vodafone Group PLC's next chairman.** Three people have been identified as potential successors to Chairman John Bond, and Kleisterlee is the U.K. mobile-phone operator's preferred candidate.

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- **TalkTalk Telecom Group PLC will shed 580 jobs, or 13% of its workforce, as part of a major restructuring, which the U.K.-fixed line and broadband provider hopes will improve customer service by integrating its technological capacity and simplifying its operations.** TalkTalk has been in the spotlight over the past few months. Ofcom launched a second investigation into the group's sales and marketing of fixed-line telecommunication services following complaints from consumers. Ofcom found that the company had wrongly issued customers with bills for services that had been cancelled. The group's priority is to run more efficiently and effectively while continuing to enhance the quality of service we provide. The job losses are mainly in areas such as finance, human resources and IT.

Semiconductor

- **STMicroelectronics NV swung to a fourth-quarter profit, with adjusted results exceeding analysts' forecasts, as the European chipmaker's sales and margins improved.** The company also forecast current-quarter revenue falling 7% to 12% sequentially, indicating a range of US\$2.49 billion to US\$2.63 billion. STMicro, which supplies chips for the handset, computing, automotive and industrial sectors, has seen strong demand for its chips and has cut costs to improve margins. STMicro had a fourth-quarter profit of US\$219 million. Revenue jumped 9.7% to US\$2.83 billion. The company had forecast US\$2.71 billion to US\$2.84 billion. Gross margin surged to 39.9% from 37%. ST-Ericsson, STMicro's wireless joint venture with Telefon AB L.M. Ericsson, also had wider fourth-quarter loss, as sales declined 22%.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 1/28/11)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2011	% Change 1/1/2010
Japanese yen	¥/US\$	82.1000	-0.6%	-0.8%	1.2%	-11.6%
Hong Kong dollar	HK\$/ US\$	7.7880	-0.03%	0.1%	0.2%	0.4%
Chinese renmenbi	RMB/ US\$	6.5819	-0.02%	-0.7%	-0.1%	-3.6%
Singapore dollar	S\$/ US\$	1.2846	0.1%	-1.1%	0.16%	-8.6%
South Korean won	KRW/ US\$	1,115.6000	-0.2%	-2.9%	-0.4%	-4.1%
New Taiwan dollar	NT\$/ US\$	29.0500	-0.1%	-1.4%	-0.4%	-9.1%
Australian dollar	US\$/A\$	0.9931	0.4%	-1.1%	-2.7%	10.7%
New Zealand dollar	US\$/NZ\$	0.7725	1.9%	3.1%	-0.8%	6.7%
Philippine peso	PHP/ US\$	44.0800	-0.7%	0.1%	1.0%	-5.1%
Euro	US\$/€	1.3613	0.0%	3.5%	1.8%	-4.9%
British pound	US\$/£	1.5860	-0.9%	2.9%	1.7%	-1.8%

Fixed Income Prices and Yields

Note	Currency	Current (on 1/28/11)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	95.45	4.53%	94.80	4.57%	97.47	4.40%
Japan 30-year	¥	97.46	2.14%	97.34	2.15%	98.82	2.06%
Hong Kong 10-year	HK\$	95.31	2.89%	95.31	2.88%	94.53	2.98%
China (06/16)	US\$	104.72	3.71%	105.50	3.55%	104.77	3.71%
Singapore 10-year	S\$	105.35	2.61%	105.25	2.63%	104.50	2.71%
South Korea 20-year	KRW	9,940.12	4.85%	9,943.59	4.84%	11,143.31	4.61%
Australia 15-year	A\$	101.51	5.57%	100.38	5.70%	101.41	5.58%
New Zealand (12/17)	NZ\$	103.64	5.50%	103.01	5.58%	100.84	5.87%
Philippines 20-year	PHP	126.28	8.49%	127.98	9.35%	141.90	8.17%
India 30-year	INR	97.36	8.55%	97.12	8.57%	98.53	8.44%
UK 30-year	£	96.77	4.45%	96.56	4.46%	99.54	4.28%
Germany 30-year	€	120.30	3.62%	120.30	3.60%	122.46	3.51%

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