



IRG Technology, Media and Telecommunications Weekly Market Review

Week of 12 February 2011 - 20 February 2011

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Equity Market Indicators					
Index	Closing Level (2/18/2011)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2010	% Change 12/31/2009
S&P 500	1,343.01	1.0%	3.8%	6.8%	20.4%
Dow Jones Industrial Avg.	12,391.25	1.0%	5.1%	7.0%	18.8%
Dow Jones Tech. Index	481.38	1.1%	2.5%	6.9%	19.6%
Dow Jones Telecom. Index	243.29	1.1%	3.4%	3.7%	10.8%
NASDAQ Composite	2,833.95	0.9%	2.9%	6.8%	24.9%
Japan Nikkei 225	10,842.80	2.2%	3.2%	6.0%	2.8%
JASDAQ	55.27	0.6%	3.1%	5.7%	14.3%
Japan Mothers	503.33	3.8%	5.6%	16.1%	20.9%
Korea KOSPI Composite	2,013.14	1.8%	-4.1%	-1.8%	19.6%
Korea Kosdaq	518.55	0.2%	-2.7%	1.5%	1.0%
Taiwan Stock Exchange	8,843.84	2.7%	-0.9%	-1.4%	8.0%
Singapore Strait Times	3,711.04	0.6%	-5.7%	-5.0%	24.0%
Hong Kong Hang Seng	23,595.24	3.4%	-2.3%	2.4%	7.9%
Hong Kong GEM	754.05	1.6%	-5.4%	-7.0%	11.4%
China Shanghai (A-Share)	3,036.30	2.6%	7.1%	3.3%	-11.7%
China Shenzhen (A-Share)	1,332.28	3.2%	7.9%	-1.4%	5.6%
China Shanghai (B-Share)	313.71	1.8%	5.6%	3.1%	24.3%
China Shenzhen (B-Share)	839.14	1.7%	5.0%	1.7%	34.1%

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Technology, Media, and Telecommunications Market Activity						
NASDAQ/NYSE TMT IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
2/16/11	Active Network, Inc.	Internet	150.0	Provider of cloud computing applications for online registration services	NA	NA

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/18/11	% Change From Offer
2/10/11	Kips Bay Medical, Inc. [NASDAQ: KIPS]	Medical Devices	16.5	8.00	7.45	-6.9%
2/10/11	Kinder Morgan, Inc. [NYSE: KMI]	Natural Gas Pipelines	2,200.0	30.00	31.37	4.6%
2/11/11	AcelRx Pharmaceuticals, Inc. [NASDAQ: ACRX]	Pharmaceuticals Manufacturers	86.0	5.00	3.65	-27.0%

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

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

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

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Weekly Highlights

International

Mobile/ Wireless

- **Wireless industry players are seen to move closer to launching the world's largest mobile application store in an effort to gain stronger footing in the industry by having one umbrella application marketplace for at least 20 global mobile operators, company officials said.** Global mobile carriers will work jointly towards opening the Wholesale Application Community (WAC), dubbed Super App Store, building a system that links mobile application developers to nearly two third of mobile phone subscribers around the world as their potential buyers. KT Corp. and LG Electronics Inc. will showcase WAC 2.0 platform-based mobile phones during the four-day Mobile World Congress in Barcelona. Two WAC 2.0 phones will demonstrate downloading and installing mobile tools and programs from Olleh Market, KT's mobile app store, which will be part of the upcoming Super App Store. The move comes as mobile operators struggle to reclaim ground lost to Google and Apple Helped by their mobile software and hugely successful application distribution channels, Google and Apple are wielding an increasingly bigger influence and loosening the once-tight grip of wireless carriers.
- **In 2010, the world's mobile operator community, composed of at least 900 operators globally, generated US\$965 billion in annualized service revenues, according to Informa Telecoms & Media.** As the impact of the economic downturn on the industry eases and as data continues to offset regulatory-driven pressures on core voice and SMS revenues, overall service revenues are forecast to exceed US\$1 trillion on an annualized basis during this year, before surging to reach US\$1.14 trillion by the end of 2015. The investments that operators make into deploying enhanced networks, into subsidizing high-end smartphones and building out multi-channel retail footprints are paying dividends in enabling to spur the growth of revenue lines. Informa forecasts that revenues from all mobile data services, including SMS, will surge to US\$453 billion in 2015.
- **Almost 50 percent of U.S. mobile phone users pay for mobile internet access, and the popularity of mobile data services will continue to surge revenues for carriers, according to Parks Associates.** Percentages of paying consumers are even higher for smartphone owners. Around 95 percent pay for SMS, 92 percent pay for internet access, 83 percent pay for mobile e-mail, 63 percent pay for mobile navigation, and 43 percent pay for mobile video. Parks Associates analysts forecast mobile data services, including messaging, internet, apps, entertainment services, and M2M, will generate US\$500 billion in global revenues for mobile carriers in 2015, up from US\$204 billion in 2010. Popular mobile content services include Verizon NFL Mobile, Sprint Navigator, China Mobile's mobile newspaper service, and Vodafone's MusicStation service.

Internet

- **Accenture reported that early tech adopters in Asia are highly willing to embrace m-commerce.** The company surveyed 1,100 respondents across 11 countries. All of whom use at least four different types of Internet sites and own at least four Internet-connected devices, and found that consumers in Asia were the most eager to use mobile phones for payments. Countries surveyed were China, Japan, Korea, Brazil, France, Germany, India, Italy, Spain, the U.K. and the U.S. Overall, 69 percent of Asian consumers were in favor of m-commerce. The charge in Asia was led by China by 76 percent, India by 75 percent, Korea by 56 percent and Japan by 47 percent. Brazil came out tops

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outside of Asia with 70 percent as respondents in the US and Europe raked in a dismal 26 percent showing in favor of mobile payments. Nearly half of survey participants in China indicated that had used a mobile phone to make payments in past six months, followed by Korea with 42 percent and Japan with 33 percent. Results also indicated consumers were in various stages of incorporating NFC into their retail lifestyles. 38 percent of Asian respondents had scanned a product's barcode as shopping as 36 percent had flashed a 'digital ticket' for event or flight admission. And 31 percent had either purchased an item or received a coupon via a 'smart' poster containing an electronic tag or barcode.

Telecommunications

- **The worldwide telecoms software market is forecast to surge from US\$20.1 billion in 2009 to US\$29.5 billion in 2014, at a CAGR of 7.9 percent, according to Analysys Mason.** Patrick Kelly, research director at Analysys Mason, said that economic recovery has been gradual, but uncertainty will persist in this year. Telecoms software spending will surge at about twice the rate of worldwide economic growth. Spending on mobile software will surge at a 10 percent CAGR due to surging subscriber numbers in emerging markets and the need to support mobile broadband. Service delivery platforms and customer care will be the fastest-surging telecoms software segments. The worldwide customer care market will surge from US\$2.1 billion in 2009 to US\$3.3 billion in 2014. The SDP market will surge from US\$3.4 billion in 2009 to US\$6.8 billion in 2014 and will account for 23 percent of the worldwide telecoms software market, overtaking the billing segment to claim the largest market share.

Semiconductor

- **Femtocells provide an opportunity for Internet service providers to differentiate their services by partnering with mobile operators, according to Ubiquisys.** The company explained that growing femtocell uptake by consumers might prompt fixed and mobile operators to re-think their relationship to one another. As macro base stations connect to the operator's core network via dedicated backhaul networks, femtocells rely on the customer's home broadband connection. Ubiquisys offers a raft of residential, enterprise and outdoor small cell products, and in late January unveiled its first attocell.

Japan

Media, Entertainment and Gaming

- **NHN Japan Corp. will strengthen distribution to smartphones, hoping to tap this market as such devices surge more popular.** The unit of South Korean portal operator NHN Corp. operates the Hangame site for personal computers. It began distributing content for iPhone in Japan last July and hopes to develop the smartphone content business in South Korea as well starting this summer. The company has set up a roughly 100-member South Korean content creation studio to develop and distribute action games and puzzles. NHN Japan aims to have 10 titles out in the Japanese market this spring and 100 titles released in Japan and South Korea combined this year. The company is accelerating development of games for systems running Google's Android operating system. It will also introduce features to let users exchange game content and other data with friends as well as compete against others.

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- **An anticipated fight over Japan-based publisher Gentosha Inc.'s plan to go private never materialized, with the brokerage that holds a crucial stake refraining from taking part in a special shareholders meeting.** Tachibana Securities Co. holds 35 percent of the voting rights in the midsize publisher on behalf of investment fund Isabel Ltd. The Cayman Island-based fund, which sought to launch a competing takeover bid, amassed the shares via margin trades through the brokerage. The charter amendments needed for the buyout required two-thirds of the votes cast by shareholders in attendance. Tachibana's absence cleared the way for the buyout proposal backed by Gentosha President Toru Kenjo, who owns 58 percent of Gentosha's voting rights. Tachibana said it could not comment on the matter. Gentosha will proceed with acquiring the remaining shares in the company, with an eye toward delisting from the Jasdak Securities Exchange on March 16.

Internet

- **NTT Prime Square Inc. will start an online content store that can be accessed using various types of devices, including cellular phones, smartphones and personal computers.** Seeking to sign up 1 million users in the first year, the joint venture between Nippon Telegraph and Telephone Corp. and Kadokawa Group Holdings Inc. will begin offering the service March 14 through a members-only Web site. The online store's offerings will cover various genres, including entertainment, hobbies, history and sports, from publishers and film studios. In addition to PCs and cell phones, the online store will be accessible via smartphones and tablet computers that run on Google's Android operating system, and eventually from Internet televisions. The service provider is still negotiating to include Apple's iPhone and iPad.

Korea

Telecommunications

- **Shares of South Korean telecom giant KT Corp. are seen as undervalued among foreign investors, as South Korea's telecom industry is seen to further expand, boosted by smartphones, a Hong Kong-based financial official told Yonhap News Agency, asking for an anonymity.** A different financial source explained that the recent volatility on South Korea's stock markets has dulled investors' appetite for riskier assets and surged preference for shares with stable dividends. The investors are paying close attention to how the South Korean telecom sectors will be affected by robust growth of smartphones. KT Corp. had last month that its fourth-quarter earnings declined below expectations, but painted a brisk outlook as rising smartphone sales, led by Apple Inc.'s iPhone, are seen to improve its margin. Net profit reached 105.1 billion won (US\$94.3 million) in the October-December period.

Mobile/Wireless

- **The popularity of Android smartphones in South Korea has been driven by its partnerships with the country's mobile device makers and wireless operators, top executives at Google said.** Since the first Android device was released about one year ago, South Korean consumers have seen a flux of Android devices made by Samsung Electronics, LG Electronics, Pantech, HTC and Motorola Mobility. The penetration rate of Android devices in the population is higher in South Korea than in any other country in the world, according to Google. Samsung and LG built their flagship smartphones and tablet computers on the Android system in efforts to play catch up with Apple and Research In Motion. Samsung, the world's second-largest mobile phone maker, recently manufactured the Nexus S phone with Google in the latest series of their collaboration.

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Media, Gaming and Entertainment

- **South Korea will create a film and entertainment complex modeled after Hollywood film studio by 2014 in its bid to promote local entertainment business and tourism.** The city government will spend 170 billion won (US\$151 million) on expanding the Digital Media City (DMC) in western Seoul to develop a cluster for the film, game and animation industries there with a central emphasis on South Korean pop culture, known as "Hallyu". The construction plan includes building the world's largest computer graphics center with three virtual studios, city-themed movie sets, pre/post production facilities as well as promotional exhibition halls of famous Korean dramas that are big hits across Asia by 2013. A theme park featuring famous game and animation characters will be set up there by 2012, officials said, noting the city government will gradually create a video game theme park in a nearby area to offer fans the opportunity to experience a fantasy world.
- **South Korea's communications regulator approved a 40 percent surge in the subscription fee to 3,500 won (US\$3.14) for public broadcaster Korea Broadcasting System (KBS).** The surge in the KBS subscription fee by the Korea Communications Commission is subject to approval by the National Assembly. The subscription fee for the public broadcaster has been frozen at 2,500 won for the past three decades.
- **South Korea's public broadcaster KBS had a greater-than-expected profit of 43.4 billion won (US\$38.9 million) for fiscal 2010 on the strength of surged revenues from advertising and subscription fees.** KBS reached revenue of 1.45 trillion won (US\$1.2 billion) and spent about 1.41 trillion won (US\$1.1 billion) last year. The profit figure marked a fall from 69.3 billion won (US\$62 million) in 2009 but far exceeded its original target of 300 million won (US\$269, 675) announced at the beginning of last year.
- **South Korea's advertising market expanded at least 16 percent in 2010 as companies beefed up marketing expenses amid a robust economic recovery.** It was the first time that the market size had exceeded the 8 trillion won mark. The on-year growth was led by a surge in online advertisements, which jumped 24.5 percent, Cheil Worldwide said. Commercials for cable television networks and outdoor advertisements also soared 23.8 percent and 19.9 percent on-year, respectively. By industry, the financial, technology and food sectors spent most heavily on advertising, according to Cheil Worldwide. Construction firms and state-run organizations, however, cut their advertising expenses.

Internet

- **Daum Communications saw its earnings in 2010 almost quadruple as ad-based revenues went up.** The company had a net profit of 112 billion won (US\$101 million). Sales went up 44 percent to a record 346 billion won (US\$311 million) and operating income at least doubled to 97.9 billion won (US\$88 million). Sales of search ads surged 44 percent to 179 billion won (US\$161 million) and sales of targeted display advertising surged 43 percent to 149 billion won (US\$134 million).

Hardware

- **LG Electronics Inc. aims to at least quadruple its smartphone sales from last year to 30 million units in 2011 in a bid to revive its money-losing mobile business, a company executive said.** LG will also lift its overall mobile phone sales by 30 percent to 150 million units, aiming to outnumber the industry's stagnant growth pace, said Park Jong-seok, president and chief executive of LG's mobile communications division. To achieve its goals, LG will release 20 new smartphone models and surge smartphone revenue to half of its total mobile device sales. Reinforcing smartphone

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business is seen as a key to turning around LG's mobile business, which did not have a premium smartphone lineup in 2010 to compete against the Galaxy S or the iPhone.

China

Internet

- **The value of China's online retail sales in the final quarter of 2010 surged 29 percent quarter on quarter to 172.8 billion yuan (US\$26.3 million) according to research firm Analysys International.** The market size topped 520 billion yuan (US\$79.2 million) last year in total in 2010. The B2C market size reached about 104 billion yuan (US\$15.8 billion), accounting for 20 percent of the total, and the market share continues to surge, said the research firm. The market research attributes the growth to vigorous demand as well as vigorous promotions by retailers. Clothing and 3C products were still the most popular goods in the online shopping market in the fourth quarter of 2010. But publications surged faster than other sectors, with the market size rising 39.6 percent from the previous quarter to 1.83 billion yuan (US\$278 million).
- **Alibaba.com Ltd. acquired a 25 percent stake in export services software maker Sinosoft Technology PLC for 170 million yuan (US\$26 million), Alibaba.com spokeswoman Linda Kozlowski said.** Alibaba.com has at least 2,000 customers who use Sinosoft's software, Kozlowski said.
- **Yahoo Inc. Chief Financial Officer Tim Morse said the company plans to name an additional member to Alibaba Group's board of directors, saying there is no need upset the state of affairs at the company.** Yahoo would install a board member when it finds the right person for the position. Relations between the two companies have been strained over the past few years amid a series of differences over censorship and business issues. Alibaba has repeatedly tried to buy back its shares, but Yahoo has rebuffed those approaches. Yahoo acquired a 39 percent stake in Alibaba by handing over control of its mainland Chinese operation to Alibaba in 2005, along with US\$1 billion, and since then it hasn't run its own operations in the world's most populous Internet market. Under terms of its partnership with the Chinese company, Yahoo has had the right to name another director to Alibaba's four-person board since last October. That would give it two seats, the same number controlled by Alibaba. Japan's Softbank holds the remaining seat.
- **The visit by chief executive officer Mark Zuckerberg apparently helped boost Facebook Inc.'s recognition in China, with the number of users surging from 300,000 to 700,000 in one month.** At least 720,000 Chinese checked into the social networking site, according to Socialbakers.com. The site had about 100,000 Chinese registrants. The ranks surged to roughly 300,000 at the start of January and reached the neighborhood of 500,000 by late that month. By gender, 80 percent of Chinese users are men, as 55 percent of U.S. subscribers are women. Those 34 and younger account for 83 percent of all registrants in China.
- **Ctrip.com International generated net income of 302 million yuan (US\$46 million) in the fourth quarter of 2010, up 59 percent year-on-year but down 6 percent from the previous quarter, bringing diluted earnings per ADS for the quarter to 1.98 yuan (US\$.301).** Net revenues in the quarter expanded 39 percent year-on-year but contracted 3 percent quarter-on-quarter to 787 million yuan (US\$120 million), which the company attributed to seasonal effects. Hotel reservations contributed 360 million yuan (US\$55 million), up 31 percent year-on-year, as air ticket booking revenues were 320 million yuan (US\$49 million), up 35 percent annually. Packaged-tour revenues came

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to 101 million yuan (US\$15.4 million), representing a 108 percent boost on an annual basis. For the full year, Ctrip made 2.9 billion yuan (US\$441 million) in net revenues, up 45 percent from 2009, as net income hit 1.0 billion yuan (US\$152 million), up 59 percent year-on-year.

Mobile/Wireless

- **The number of China's mobile phone users topped 859 million by the end of 2010 with penetration rate of 64.4 percent.** In Shanghai, the cell phone penetration rate reached 122.9 percent, ranking the country's first place. Beijing and Guangzhou respectively took up the second and third places, with the penetration rates reaching 121.4 percent and 99.9 percent. The number of 3G service subscribers in China surged 36.83 million to 47.05 million in 2010. Included were 14.06 million owned by China Unicom, 20.70 million from China Mobile, and 12.29 million of China Telecom. China's 3G users in 2011 are seen to exceed 100 million, said Chen Jinqiao, deputy chief engineer of the Chinese Academy of Telecommunication Research. The number of fixed-line phone users in China dwindled to 294 million by the end of 2010, and the penetration rate was 22.1 percent.

Telecommunications

- **ZTE Corp. said it has secured contract sales worth up to 100 billion yuan (US\$15.2 billion) and a growth rate of 26 percent, making ZTE the fastest-growing vendor in the global telecom sector.** The global market and domestic market in China both experienced deterioration in 2010, with an annual decline in telecom investment in each market by 3 percent and 14 percent respectively. ZTE has the highest compound annual growth rate (CAGR) among the top vendors in the global market. It had a CAGR of 28.01 percent between 2008-2010 and 37.48 percent between 2006-2010. ZTE has achieved 29 percent growth of its contract sales in overseas markets especially in Europe and North America.
- **China Telecom officially launched the Broadband China Optical Network City project on Feb. 16 and in three years the company plans to establish a fiber optic link with all of China's cities.** By the end of 12th Five-Year Plan period, the fiber optic network will cover all the family, government and enterprise users in the cities of southern China. By then, full 3G network coverage will be achieved and WiFi will cover the hotspot areas. This will mark the completion of the integration of wired and wireless high-speed broadband networks and provide ubiquitous and seamless coverage of broadband services.
- **China Mobile Ltd. said it is seeking partners to bid for network licenses overseas to share the risks of global expansion. China Mobile is looking for opportunities to expand abroad as the company faces the slowest revenue growth in its 13 years as a public company.** China Mobile's revenue rose an estimated 7 percent to 484 billion yuan (US\$73 billion) last year, according to the average estimate of 29 analysts compiled by Bloomberg. That would be the slowest increase since the company's 1997 Hong Kong listing, and the analysts estimate growth will keep decelerating through 2013. The operator first expanded overseas in 2007 when parent company China Mobile Communications bought Pakistan's Paktel Ltd. China Mobile has also said it is seeking opportunities for investments or partnerships to speed the global adoption of a Chinese-developed fourth-generation mobile system TD-LTE. The company announced the formation of the Global TD-LTE Initiative to promote development of the technology. Softbank Corp, Vodafone Group Plc and Bharti Airtel Ltd are among international companies that will cooperate on the new technology standard

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Media, Entertainment and Gaming

- **The size of China's mobile phone game market slid 4.9 percent quarter on quarter in October-December 2010 to 877 million yuan (US\$132.99 million), due mainly to a change in policy by Chinese telecom operators, according to Analysys International.** The research firm said that the market believes that Chinese carriers' policy of sending text messages asking for confirmation from mobile phone game players directly impacted revenues from standalone games. Large numbers of mobile phone games developed by overseas companies have swarmed into Chinese mainland market, which also influenced the development of local mobile phone game service providers. The number of mobile phone game service subscribers in China topped 135 million in the final quarter of 2011, up 11.9 percent from the previous quarter. The user base returned to normal growth last year after explosive growth in 2009, and the quarter-on-quarter growth started to climb in the fourth quarter of 2010.

Hardware

- **Lenovo Group Ltd.'s fiscal third-quarter profit surged 25 percent to US\$99.7 million as customers replaced aging machines and component costs declined.** Revenue surged 22 percent to US\$5.81 billion. The company benefited from businesses in China, U.S. and Europe replacing computers with machines running on Microsoft's Windows 7. The maker of Thinkpad laptops is buying control of NEC Corp.'s PC division to expand in Japan and is gaining sales in emerging markets such as Russia and India. Companies are a third of their way through the current computer replacement cycle, which is seen to continue for another two years, Chief Operating Officer Rory Read said.

Taiwan

Telecommunications

- **Chunghwa Telecom said it will expand its non-voice business by attracting more internet TV subscribers and focus on its mobile data business.** Non-voice revenues currently represent about 45 percent of its total revenues and Chunghwa aims to raise this to 50 percent by 2013. The company will surge the number of internet TV subscribers to 1 million by year-end and to 2 million within five years. The company will also expand the number of HD channels its offers on its media-on-demand (MOD) service to 30 from the current 17. The company will also focus on mobile data services. Chunghwa will integrate different services on the same cloud computing platform, allowing customers to access applications from different devices.
- **Chunghwa Telecom is increasing efforts to promote its online e-book store, Hami, to surge the number of users to 1 million by the end of this year.** Chunghwa launched the Hami e-book store in October 2009 and has around 500,000 users, the Digitimes reports. The company has been promoting the service on smartphones since launch and will expand the service to tablet PCs. Of the cumulative two million downloads to date, 70 percent have come from Chunghwa subscribers. Furthermore, 40 percent were paid downloads.
- **Far EasTone Telecommunications (FET) sees weak demand for tablet PCs during the first quarter as a result of limited choice of products on the market.** So far, only eight or nine tablet computers have been launched in Taiwan, and most consumers have been waiting for more models that are seen to go on sale in the second quarter of this year, according to Far EasTone executive vice president for marketing and consumer business Benjamin Ho. Ho made the comments at the launch of Samsung's Galaxy S i9003 smartphone. FET will sell another six or seven tablet PC models this

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year and sees average monthly revenues from tablet subscribers to be between NT\$900 and 1,000 initially which would go up with the introduction of more data services and applications.

Hardware

- **Asustek Computer said it will ship 1.5 to 2 million tablet PCs this year.** The company launched its first tablet PC, the 12.1-inch Wintel-platform Eee Slate EP121 in January this year and the company will launch a number of new models this year running on Android. In addition to focusing on tablet PCs this year, Asustek will also focus on emerging markets, such as Brazil and India, the Digitimes reports citing investor conference information. In the fourth quarter, Asustek had sales of NT\$83.69 billion (US\$2.8 billion) with full year sales of NT\$321.30 billion (US\$11 billion), up 29.5 percent. Fourth quarter net profit was NT\$4.02 billion (US\$137 million) and full year profit reached NT\$16.49 billion (US\$561 million), up 32.13 percent year-on-year. Notebook PCs generated 56 percent of Asustek's revenues last year, followed by Eee PCs at 16 percent and motherboards and cards at 16 percent.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **Tata Communications announced the completion of its acquisition of the US-based content delivery network provider BitGravity.** The acquisition of BitGravity, which built the first video delivery network to deliver video on demand and live streams on the Internet, is a logical next step to enhance Tata Communications' global CDN offering, according to a company release. The company did not disclose details of the deal. BitGravity's Chief Executive and co-founder Mr Perry Wu will continue to lead the existing team from its San Francisco office in conjunction with Tata Communications' global CDN team, the release added. In 2008, Tata Communications had entered into a strategic alliance with BitGravity by investing US\$11.5 million, which helped it bag clients such as NDTV, Web18, Quick Heal Technologies and Nimbus Communications.
- **BT Group PLC may sell about half of its 24.49 percent stake in Indian software company Tech Mahindra Ltd. later this year, according to Dow Jones Newswires.** Tech Mahindra is a joint venture between Mahindra & Mahindra Ltd., India's top utility vehicle and tractor maker by sales, and BT Group. BT sold a 5.5 percent stake in Tech Mahindra to Mahindra & Mahindra in November 2010. As part of the deal, the auto maker waived its right to buy the rest of BT's stake, paving the way for the U.K. telecom major to sell part or all of its holding to other investors. BT has been facing a high pension deficit and its stake sale in Tech Mahindra last year was seen as part of efforts to bridge that gap. Since November, the company's pension deficit has shrunk markedly. The CNBC-TV18 television channel reported that BT is in talks with Alcatel-Lucent, Siemens AG and L.M. Ericsson Telephone Co. to sell a stake in Tech Mahindra. Tech Mahindra started as an offshore center to service BT and added other clients later. BT is still the Indian firm's biggest customer and contributed 44% to its revenue in the October-December period, compared with 35% in the previous quarter and 46% a year earlier.
- **Indian telecommunications tower company Viom Networks will raise about INR 15 billion (US\$332 million) repayable over ten years through a mix of domestic and overseas borrowings from a consortium led by Deutsche Bank to bankroll possible acquisitions, reports The Economic Times.** The firm had recently put in a bid to buy Vodafone Essar's telecom towers. It has now lined up long-term debt-finance from a Deutsche Bank-led consortium that includes German

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development finance agency DEG besides Bank of India and Bank of Baroda. Interest rate on the external commercial borrowing and rupee finance will be about 350 basis points above Libor. Viom's immediate funds requirement for planned tower asset acquisitions is just under INR 20 billion (US\$443 million), of which roughly 80 percent is proposed to be funded through borrowings and the balance by the company's shareholders.

- **MTNL narrowed its net loss in the third quarter ended 31 December to INR 6.71 billion (US\$148 million) versus INR 9.20 billion (US\$204 million) in the year-ago period.** Total income went up to INR 9.51 billion (US\$211 million) as total expenditures declined to INR 12.46 billion (US\$276 million). MTNL ended the quarter with 5.12 million GSM subscribers up from 5.02 million in the second quarter, the number of basic wireline customers was stable at 3.47 million. The company also ended the period with 288,509 WLL customers, up from 295,275 in the previous quarter, and 2.41 million internet subscribers versus 2.39 million in Q2. Of the total, 913,708 were broadband users, up from 890,640 in the previous quarter. MTNL provides voice, broadband, IPTV and 3G services in Delhi and Mumbai.
- **Billionaire Anil Ambani met Indian investigators as a probe intensifies into a telecommunication license scam that has put the government under severe pressure from opposition parties and the judiciary.** Ambani's Reliance Group said in a statement he met with officials of the Central Bureau of Investigation to clarify some telecom matters for the years 2001 to 2010 and that he wasn't summoned by the agency. Ambani is the highest-profile corporate executive to meet CBI officials over an allotment of telecom licenses in 2008. The CBI has so far arrested four people including former Telecom Minister Andimuthu Raja, and is deepening its probe as it faces intense scrutiny in the case from India's Supreme Court. The CBI is investigating allegations of manipulation and favouritism in allotments of licenses and bandwidth in 2008 at prices set in 2001. The agency says irregularities in the allotment resulted in a potential revenue loss of US\$4.88 billion to the government, though a federal audit body has pegged the potential loss at up to US\$39 billion. The audit body has said that Reliance Group's telecom arm, Reliance Communications Ltd., is among the companies that benefited from the alleged scam.
- **Reliance Communications Ltd. said its third-quarter consolidated net profit dropped 57 percent to INR4.80 billion (US\$106 million) as the mobile phone operator shifted its focus from low-margin businesses, and finance charges and a sharp surge in expenses weighed.** Sales also declined 6 percent to INR48.25 billion (US\$1 billion). The results, however, beat market expectations. The company was projected to have a net profit of INR3.81 billion (US\$84 million) on revenue of INR51.88 billion (US\$1.1 billion) in a Dow Jones Newswires poll of 14 analysts. EBITDA rose to 33.3% from the second quarter's 32.4%. Reliance posted a 1% rise in revenue to INR40.64 billion from wireless, or mobile phone, services, including overlapping with its other segments. It added 8.3 million subscribers in October-December, taking its total wireless subscribers to 125.7 million as of Dec. 31. Revenue from its global business segment - national and international long-distance voice, video and data network services - fell nearly 3% to INR19.23 billion (US\$425 million), while that from the broadband business of providing internet and information technology infrastructure services fell more than 12% to INR6.18 billion (US\$137 million). The company's ARPU fell to 111 rupees in the third quarter from 122 rupees in the July-September period. Minutes of usage per wireless user also fell sequentially, to 251 from 276. Indian telecom operators' ARPUs have been under pressure due to price cuts and as they expand into rural areas, where users typically make fewer phone calls than in cities and towns.

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- **Greenpacket surged its revenues in the fourth quarter and reduced net loss.** Revenues were MYR 116.25 million (US\$38.3 million) due to higher the subscriber base for the wireless broadband business and new customers for the solution business. Revenues from software, devices, and engineering services went up 630.8 percent to MYR 44.61 million (US\$14.7 million) and revenues from broadband services and solutions increased 25 percent year-on-year to MYR 55.07 million (US\$18 million). However, revenue from communications/voice services declined 29.1 percent to MYR 16.57 million (US\$5.4 million). The company narrowed its net loss to MYR 99.8 million (US\$32.9 million). During 2010, Greenpacket exceeded its broadband customer base target of 280,000.
- **Enterprise communication services provider Tulip Telecom's net profit increased 42 percent to INR 81.7 crore (US\$18 million) for the quarter ending December 31, 2010.** Total revenues for the quarter reached INR 602.2 crore (US\$133 million), 20.2 percent increase from last quarter. "In line with the vision of the company, there has been a strong shift towards the fibre and services business. Accordingly, there is a major focus on high volume sales in MPLS VPN, Internet wholesale business and International Long distance," Tulip Telecom Chairman and Managing Director HS Bedi said. The company added new customers like Apeejay group, Bharat Heavy Electricals, Berger, 3i infotech, Orissa Mining Corporation cited. Tulip Telecom CEO Sanjay Jain expects to see contribution from its data centre business growing with the acquisition it announced earlier in the quarter. During this quarter, the company acquired data center facility in Bangalore through its wholly-owned subsidiary for INR 230 crore (US\$51 million).
- **The deployment of fourth-generation wireless networks in India might be postponed as LTE are busy rolling out third-generation networks rollouts beginning in the third or fourth quarter of this year, Alcatel-Lucent SA's Asia Pacific head said.** The Franco-American telecom equipment vendor is negotiating with all local operators to try and score contracts for the LTE rollout. Alcatel-Lucent currently has a total of 12 LTE contracts with operators around the globe and is conducting over 60 trials worldwide. In 2010, Alcatel's Asia Pacific revenue declined 1.7 percent to 2.93 billion euros (US\$4.0 billion) as markets were still difficult in the first half of the year. But trends improved in the second half and fourth-quarter revenue was up 21 percent from a year-ago period. Growth is due to the surging usage of smartphones and accelerating tablet market as smartphone devices are getting cheaper will be key to driving growth in markets such as China.
- **Digital Telecommunications Philippines (Digitel) will expand the number of base stations in Mindanao this year.** The company will end this year with around 1,000 base stations to expand coverage and upgrade quality, especially in key areas in the region such as Davao, General Santos, Cagayan de Oro and Zamboanga, according to Digitel senior vice president Bill Pamintuan. Digitel currently has 500 base stations in the Mindanao region.
- **Eastern Telecommunications Philippines has completed its fiber roll out with 240 km of fiber to serve multinational corporations and business process outsourcing (BPO) firms located in various economic zones and industrial parks, according to the Manila Times.** The expansion will also reach Nasugbu, Batangas, enabling it to connect to submarine cables. The backhaul infrastructure and support costs PHP 1 billion (US\$23 million). Eastern also installed eight more technical operations centers in Luzon and Cebu and upgraded customer access network to fiber. Additionally, the company opened a Tier II, green data center.

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- **SingTel Innov8 has increased its share capital from S\$20 million (US\$15.6 million) to S\$50 million (US\$39.0 million) via the allotment and issue of 30 million ordinary shares to SingTel.** The principal activity of SingTel Innov8 is to invest in start-ups in the information and communications technology sector.
- **CAT Telecom is expected to gain at least THB 14 billion (US\$458 million) in revenues from the recent 3G wholesale and resale deals with True's Real Move subsidiary throughout the fourteen-year contract term.** The figure is based on CAT's estimation of the net present value of the planned HSPA wholesale service capacity business, according to The Nation citing a source within CAT Telecom. CAT will lease the planned HSPA network from BKFT Thailand of True's subsidiary Real Future. CAT will then mark up between 20 to 22 percent on this network leasing fee as the price of the wholesale capacity it will lease to Real Move, the CAT source added.
- **Thaicom PCL expects to swing to a net profit in 2011 due to greater utilization of its iPSTAR broadband satellite, Chief Investment Officer Tanadit Charoenchan said.** The company had a net loss of THB788.93 million (US\$26.84 million) last year due mainly to lower income from mobile phone units in Laos and Cambodia amid intensified competition in the mobile businesses in those two countries. Thaicom targets doubling iPSTAR's utilization rate to 30 percent by end-2011, thanks largely to greater bandwidth usage from clients in Australia and India. The company in January signed a deal with the Space Authority of India to provide iPSTAR bandwidth to the latter, with usage revenue being back-dated to Sept. 1 last year. Thaicom expects to strike a satellite deal with a major Malaysian telecom operator within the first half of this year as it is also in talks with potential satellite clients in Myanmar, said Tanadit.
- **Austar United Communications Ltd is expected to receive A\$120 million (US\$120.26 million) from NBN Co for its 2.3 GHz and 3.4 GHz spectrum holdings, enabling NBN Co to roll out a high-speed fixed-wireless service to rural and regional areas.** The first NBN Co fixed-wireless commercial services are scheduled for delivery in mid-2012, a statement by Austar and NBN Co said. NBN Co previously had outlined will deliver next-generation wireless and satellite services to seven percent of premises outside its fiber footprint. The US\$120 million payment comprises US\$58 million for the subsidiary that holds the spectrum licences, and US\$62 million for the assignment of this subsidiary's debt. NBN Co chief executive officer Mike Quigley said the deal would allow us to get on with the job of building services for rural and regional Australians.
- **Pacnet has launched a data center in Sydney.** Located in the central business district of Sydney at Liverpool Street, the first phase of the new Pacnet Sydney Data Center delivers 550 square meters of Tier III data center space and will raise the amount of data center space that Pacnet operates globally to at least 9,794 square meters. When fully built out, the Sydney Data Center will scale up to 3,870 square meters. Also located within the same building and next to the data center is Pacnet's new Sydney Network Operations Center (NOC). The new data center is part of Pacnet's surging network of data centers, which includes Asia's Data Landing Stations (DLSS) built inside its cable landing facilities.
- **Telstra Corp. Ltd. is keeping an eye on possible acquisition opportunities in Southeast Asia and India, Chief Executive David Thodey said.** The Philippines, Indonesia and Vietnam, in addition to India, are all possible areas of expansion for the company, Thodey said.

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Mobile/ Wireless

- **StarHub's operating revenue in the fourth quarter increased by 2 percent on higher service revenues offset by a reduction in handset sales.** The company had operating revenues of S\$559 million (US\$438 million) versus S\$550 million (US\$432 million) in the year-ago quarter. Service revenue surged 3 percent to S\$538.5 million (US\$422 million) as revenue from sales of equipment was 29 percent lower at S\$20.4 million (US\$16 million), due to lower quantities of mobile handsets sold. For the quarter, mobile and fixed network services revenues surged 8 percent to total S\$302.7 million (US\$237 million) and S\$85.0 million (US\$66.6 million) respectively. These surges were offset by lower pay-TV revenue which decreased 11 percent to S\$91.8 million (US\$72 million) for the quarter as broadband services revenue was flat at S\$59.0 million (US\$46 million). EBITDA was up 12 percent to S\$170 million (US\$133.4 million) and profit before taxation was S\$9.2 million (US\$7.2 million). StarHub had a profit after tax of S\$80 million (US\$62.7 million). Cash capital expenditure was at S\$106.8 million (US\$84 million) for the quarter or 88 percent higher.
- **Singapore has ended December 2010 with 7.289 million mobile subscribers, up from 7.2363 million in November.** The mobile penetration rate reached 143.6 percent, up from 142.5 percent in the prior month, according to figures from regulator IDA. Of the total mobile subscribers in Singapore, 289,800 are 2G postpaid subscribers, 2.294 million are 2G prepaid subscribers, 3.473 million are 3G postpaid subscribers, and 1.232 million are 3G prepaid customers. The number of fixed-line users surged to 1.984 million from 1.966 million at end-September and fixed-line population penetration reached 39.8 percent and household penetration rate at 102.9 percent, versus 39.4 and 102.3 percent in the previous quarter. Meanwhile, the number of broadband subscribers surged to 7.767 million from 7.630 million in November and the broadband penetration rate reached 190.8 percent, up from 186.9 percent.
- **Advanced Info Service (AIS) ended FY 2010 with 31.2 million subscribers after adding 698,000 new customers in the fourth quarter and 2.4 million during the year.** Prepaid ARPU in Q4 reached THB 201 (US\$6.6), up 1.5 percent year-on-year as postpaid ARPU in the fourth quarter was THB 632 (US\$20.6), up 2.1 percent year-on-year boosted by non-voice growth. AIS had full year service revenues (excluding interconnection) of THB 87.85 billion (US\$2.9 billion) due to the economic recovery and strong non-voice growth. Voice revenues went up 3.5 percent to THB 66.28 billion (US\$2.2 billion) and non-voice revenues surged 30.5 percent to THB 15.04 billion (US\$492 million). EBITDA for the year totalled THB 52.06 billion (US\$1.7 billion), up 13.4 percent due to strong revenue growth particularly from solid recovery of voice revenue, strong data growth, rising sales of smart phones and data devices, as well as saving from cash Opex. The EBITDA margin reached 46.8 percent versus 44.8 percent in 2009.
- **Over 7.5 million mobile handsets were sold in Malaysia in 2010, with a value of over MYR 4.5 billion (US\$1.5 billion).** Consumer sales of mobile phones went up 24 percent during the year, surging the overall value of the industry by 30 percent, according to Bernama citing a report by GfK Malaysia. The uptake of smartphones was one of the key contributors to the surged sales.

Internet

- **Qatari telecoms group Qtel has signed a partnership deal with Skype under which Skype would provide access to the Qtel's wireless broadband unit, reported the National.** The deal, the first between a Middle East operator and Skype, would enable broadband users in Jordan and the Philippines to access Skype mobile software through the Wi-tribe brand. Skype and Wi-tribe will

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distribute Skype credit vouchers for customers in these countries. The vouchers will enable customers to enjoy free calls to landlines and mobiles over Skype using the Wi-tribe mobile broadband network.

- **Over 57 percent of SMEs in India use their website as a sales channel and to get direct business leads, according to Google India.** Out of 785 SMEs, 71 percent use the Internet to search for vendors and suppliers and about 40 percent of them use the Internet to create online listings and advertise online. Accessing email is the main purpose for using the Internet for all the SMEs. The Internet is also emerging as one of the fastest surging avenues for SME advertisements, with 58 percent of SMEs with websites using the web to generate business leads. Nevertheless, traditional media like newspapers and outdoor hoardings still accounts for most of SMEs' advertising spend. Amongst the SMEs that have a online presence, 56 percent of them feel the Internet is a cost-effective medium. Among all the SMEs surveyed, those involved in insurance, IT hardware, travel and tourism spend around 30-45 percent on online marketing. Annual online spends are also high among SMEs in the media and entertainment, gems and jewelry and apparel space.
- **Canadian video streaming provider Jigsee Inc. has received funding from the Indian Angel Network to expand its Indian operations.** Jigsee will use the capital raised from the Indian Angel Network to expand its Indian presence and to align its mobile applications in India and neighbouring countries. Jigsee has developed and successfully tested its adaptive video streaming technology in Bangladesh and India. The technology delivers continuous video streams in low-bandwidth environments with data rates as low as 50 kilobytes per second (kbps). Jigsee has overcome the hurdles that have prevented the uptake of mobile TV services in most emerging markets. Jigsee version 1.1 makes video playlists accessible to Java 2 platform and Micro Edition (j2me) devices from manufacturers like Nokia, Sony Ericsson and Micromax, among others. The upcoming release of version 2.0 in April, 2011, will extend support to Android devices. This version will also include premium content from top-tier broadcasters.
- **Media Monitors has bought a majority stake in Singapore-based social media tracking firm Brandtology.** It marks the Asian-Pacific media intelligence company's first acquisition since it was itself acquired by private equity firm Quadrant last summer. Terms of the Brandtology deal were not disclosed. Brandtology raised a US\$1.35 million round in April 2009. Brandtology will remain a distinct brand in the Media Monitors Group, which says it now boasts at least 1,000 employees servicing 5,000 clients across 17 countries globally.

Information Technology

- **Sify Technologies has appointed David Nishball as its chief strategic officer.** In his new position, Nishball will focus on driving the strategy to maximize Sify's global market opportunity and delivery footprint, and expand the current portfolio of products and services. Nishball will also assist in guiding and catalyzing Sify through its growth phase by tapping into new global venture opportunities.

Media, Gaming and Entertainment

- **Australia's Consolidated Media Holdings Ltd had a 87 percent fall in half year net profit to A\$45.313 million (US\$45.74 million), but said that improved contributions from its pay-television investments helped lift operating net profit.** Revenue from continuing operations declined 17.9 percent to US\$4.741 million in the half year. ConsMedia owns 25 percent of pay-tv provider Foxtel and half of Premier Media Group, which produces the Fox Sports channels. The company said it received a cash distribution of US\$30 million from Foxtel in the half.

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- **Macquarie Radio Network Ltd has a big lift in first half net profit after surging its share of the Sydney radio advertising market and anticipates a strong full year result.** The owner of radio stations 2GB and 2CH said net profit for the six months to December 31, 2010 came in at A\$5.973 million (US\$5.99 million) with revenue surged 28 percent to US\$30.16 million. Macquarie Radio chairman Russell Tate said the company outperformed the competition in the half, with its share of the Sydney radio advertising market surging 26 percent, from 21 percent previously. Mr Tate described the first half as an "extremely strong" result, but noted that the Sydney radio market had slowed.

United States/Canada

Mobile/Wireless

- **Motorola Mobility Holdings Inc. has agreed to buy a small company developing software to boost the security of mobile devices powered by the Android operating system and spur wider use by businesses, according to a person familiar with the matter.** The start-up, 3LM Inc., was founded by two former Google employees who worked on the team that developed Android. The deal marks the first acquisition since Motorola Mobility was spun off from Motorola Inc. in January. One person familiar with the matter put the purchase price in the range of US\$6 million to US\$10 million.

Internet

- **Zynga Inc., the biggest maker of games on Facebook, is in talks to raise funding from T. Rowe Price Group Inc. and Fidelity Investments at a valuation of close to US\$10 billion, according to two people familiar with the matter.** The Wall Street Journal reported yesterday that San Francisco-based Zynga is talking to investors about raising US\$250 million at a valuation of as much as US\$9 billion. The rush to invest in the fastest-growing Web companies ahead of their initial share sales is drawing institutional fund managers that don't traditionally back startups, as well as venture capital firms more versed in new businesses. A large investment in Zynga could give T. Rowe Price and Fidelity an advantage when the startup decides to go public, said Phil Black, co-founder of True Ventures. Goldman Sachs Group Inc. led an investment in Facebook Inc. last month, valuing the social-networking site at US\$50 billion, and Groupon Inc. raised cash at a US\$4.75 billion valuation. T. Rowe Price owns stakes in Twitter Inc. and Angie's List and, along with Fidelity, previously invested in Slide Inc., which was acquired by Google Inc. in 2010. Zynga's two most-popular games, "CityVille" and "FarmVille," have 96.3 million and 51.3 million monthly active users, respectively, according to researcher AppData.com. Founded in 2007 by Mark Pincus, the company lets users play its games for free and makes money from purchases of virtual goods. Zynga is valued at US\$6.2 billion on secondary exchange SharesPost Inc., equal to the Nasdaq Stock Market value of Electronic Arts Inc., the second-largest game publisher by sales. Zynga is capitalizing on the growth of the virtual goods market, which may jump to US\$4 billion in the U.S. in 2014 from US\$2.2 billion this year, according to Atul Bagga, an analyst at ThinkEquity LLC in San Francisco. Russia's Digital Sky Technologies led a \$180 million investment in Zynga in December 2009. That financing round also included Tiger Global Management LLC, a New York-based hedge fund that later invested in LinkedIn Corp.
- **Google still tops the market share for Internet searches in January, although its lead narrowed as Yahoo and Microsoft saw their share inch up, according to comScore Inc.** Google's search market share was 65.6 percent, as Yahoo's share surged 0.1 percentage point to 16.1 percent.

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Microsoft's sites like Bing engine, placed in third with a 13.1 percent share, or up 1.1 percentage points from December's level. Users made nearly 17 billion searches in January. The group is measuring U.S. explicit core searches, which exclude contextual searches that don't reflect any intent by users.

- **YouTube is running video advertisements at least 3 billion times a week, a 50% increase from May.** Ad growth for the video-sharing website has also led to a surge in sales for makers of video clips for the site, said Shishir Mehrotra, director of product management at YouTube. The gain in ad-supported video views means that the company is making money on about one-fifth of its 14 billion weekly views, he said. YouTube, which competes with premium-content site Hulu LLC and rental service Netflix Inc., is trying to expand revenue by keeping viewers on its site longer to woo more advertisers and create another billion-dollar business for Google. YouTube more than doubled sales last year, beating total U.S. display-based advertising growth of 17 percent, according to researcher EMarketer Inc. YouTube probably brought in approximately US\$710 million in revenue last year, up from US\$345 million in 2009, according to Sandeep Aggarwal, an analyst at Caris & Co. Mountain View.

Media, Entertainment and Gaming

- **Comcast Corp. had a 6.6 percent surge in fourth-quarter earnings, and announced a 19 percent surge in its annual dividend after recently completing its landmark deal to acquire a majority stake in media and entertainment conglomerate NBC Universal.** The company's earnings and revenue results beat analysts' expectations for the period, and its subscriber performance improved in a sign that the broader pay-TV market may have stabilized after two straight quarters of its first-ever declines. Its losses slowed, but the cable giant continued to bleed video customers, reflecting rising competition and persistent weakness in the U.S. housing market.

Telecommunications

- **GTA TeleGuam boosted its trans-Pacific communications capacity by at least 60 percent from Guam to the U.S. mainland enabling faster Internet access and additional high definition programming on its digital television service called GUdTV.** With last week's capacity surge, GTA TeleGuam has at least tripled its trans-Pacific data communications capability over the last 13 months to better serve its customers. GTA TeleGuam also upgraded communications modules at its network connection point in Los Angeles to accommodate the latest bandwidth boost. Another driver for surged trans Pacific and IP capacity demand is the growth in managed enterprise services and high capacity metro Ethernet services among businesses in Guam.
- **Rogers Communications Inc. had a 5 percent improvement in fourth-quarter earnings and stronger revenue as smartphone subscriber sales reached a record level.** The Toronto communications giant struggled to attract postpaid wireless subscribers. In the fourth quarter, Rogers said net subscriber additions reached 123,000, which was down 5 percent from a year earlier. However the decline for net postpaid customers was more pronounced, declining 55 percent to 49,000 from 109,000 in the year-ago period. By comparison, BCE attracted 156,708 postpaid wireless subscribers in the fourth quarter as Telus added 109,000. Rogers was particularly pleased with the growth in its wireless smartphone subscriber base, which comprises the most profitable of all mobile users because these devices are used heavily to download video and other types of data.
- **America Movil SAB may bid in Polkomtel SA's US\$5 billion sale.** Latin America's largest wireless carrier will decide in the next few days whether to make an offer. America Movil may pull out of bidding for a stake in Serbia's Telekom Srbija AD. America Movil hopes to enter new markets as

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growth decelerates in its home region. The company sees to add as many as 17 million new mobile-phone customers this year, a 7.6 percent boost.

- **NetApp, manufacturer of data storage products, said revenues for the fiscal third-quarter ended 28 January surged 25 percent year on year to US\$1.26 billion.** Net profit surged to US\$172 million from US\$108 million last quarter. NetApp estimates revenue for the fourth quarter to be around US\$1.38 billion which equates to approximately 7-11 percent sequential revenue growth and approximately 15-20 percent year over year revenue growth. Competition has been heating up with EMC, Dell, HP and IBM all having snapped-up storage companies in the past year as they push further into the market.

Semiconductors

- **Analog Devices said revenues for fiscal first quarter ended 29 January, surged 21 percent to US\$729 million from US\$602.98 million during the same period last year.** The industrial revenues surged 28 percent to US\$336.80 million, as automotive revenues surged 30 percent to US\$94.68 million. Consumer revenues declined 1 percent to US\$120.94 million, as communication revenues surged 22 percent to US\$163.48 million. Computer revenues surged 2 percent to US\$12.60 million. Gross margin surged to 66.2 percent to US\$482.17 million. Net profit surged to US\$222.10 million from US\$120.46 million. Cash and cash equivalents amounted to US\$1.57 billion at the end of the quarter. The company expects second quarter revenue to be approximately US\$730 - 760 million.
- **Marvell Technology Group Ltd. has identified good business opportunities in the evolving market for new types of connected devices, the company's co-founder Weili Dai said.** The new features on display at the ongoing trade show, such as 3D smartphone user interfaces and seamless connectivity between different device types, require powerful chipsets to function, and Marvell aims for a strong position in that business. Marvell, which has around 6,000 employees worldwide and generated revenue of around US\$2.7 billion in 2010, offers a wide portfolio of chipsets for various types of electronic equipment, and that diversification provides an edge in the competition with rivals such as Qualcomm Inc. Marvell sells chipsets for smartphone vendors like Research in Motion Ltd and Sony Ericsson as well as printers and PCs, and that versatility is of great use in the rapidly evolving connected society, where all kinds of gear gets integrated through the networks.

Hardware

- **Dell said quarterly revenues went up 5 percent year-on-year to US\$15.7 billion, as operating profit at least doubled to US\$1.1 billion from US\$510 million.** Net profit for the fiscal fourth quarter to January surged to US\$927 million from US\$334 million a year earlier. Dell said results were supported by double-digit growth in the enterprise market, as the consumer market suffered from the comparison with a strong year-earlier period when Windows 7 was released. For fiscal 2012, Dell projects revenue growth of 5-9 percent, adjusted operating income growth of 6-12 percent, and cash flow from operations exceeding net income. In the first quarter, Dell expects normal seasonal declines in its consumer and public businesses and, as such, a slight sequential decline in revenue.
- **Apple Inc. will purchase components used for its handheld devices from Samsung Electronics Co. worth about US\$7.8 billion this year, the Korea Economic Daily cited.** Samsung will supply Apple with liquid crystal displays, mobile application processors and NAND flash memory chips used for the U.S. company's iPhones and iPads. If the contract pushes through, Apple will be Samsung's largest customer.

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Europe

Telecommunications

- **Wi-Fi network Fon has secured 10 million euros (US\$14 million) in new funding led by Atomico, the venture capital firm founded by Niklas Zennstrom, co-founder of Skype.** Coral Group and other existing Fon investors also contributed to the round designed to help Fon to expand in the U.S. and elsewhere. The funding follows previous rounds, which raised a total of at least 40 million euros (US\$54 million) since the company was founded in 2006. Fon also has an agreement with Japanese mobile operator SoftBank. The company uses Fon's Wi-Fi routers together with the iPhone. Similar deals with mobile operators elsewhere are seen.
- **Deutsche Telekom AG may acquire or merge with a payment processor as it hopes to expand into near-field communication transactions using mobile phones.** NFC transactions will allow users to pay for retail goods or services such as transit ride by waving their device across a reader. The NFC market may account for a third of the US\$1.13 trillion in global mobile-payment transactions projected for 2014, according to IE Market Research Corp. Deutsche Telekom may have financial relationships and perhaps own a financial entity as demand for the transactions and associated services grows, Chief Technology Officer Ed Kozel said. NFC payments may help network operators to boost their role in the digital economy as they have information about customers and have shown they can use it in a trustworthy way, according to Patrik Karrberg.
- **ZTE Corp. will build a network in Austria offering fourth-generation mobile services for network operator Hutchison 3G Austria GmbH.** The network will offer 4G LTE services in major cities in Austria and other services around the country and is scheduled for completion in 2011.
- **Swisscom AG reported that fourth-quarter profit declined 3 percent to 388 million Swiss francs (US\$404 million), missing analyst estimates.** Revenue declined to 3.01 billion francs (US\$3.2 billion). Analysts surveyed by Bloomberg had estimated net income of 431 million francs (US\$453 million) on sales of 3.04 billion francs (US\$3.2 billion). Swisscom predicted 2011 EBITDA of at least 4.6 billion francs (US\$4.8 billion). A drop in 2010 EBITDA was primarily caused by a provision of 102 million francs (US\$107.2 million) for proceeds against FastWeb SPA. Swisscom has been dealing with an investigation of alleged value-added-tax fraud and money laundering at FastWeb. FastWeb's fourth-quarter net loss widened to 83.1 million euros (US\$113 million). Swisscom will de-list FastWeb by the end of March.
- **Portugal's cash-strapped government needs to raise 200 million euros (US\$272 million) through the sale of fourth-generation mobile telephony licenses this year, an urgency that may help push a revamp of the country's communication network.** Portugal's government budget for this year already includes such planned revenue from the sale of 4G licenses, said Xavier Rodriguez-Marin, Chief Executive of Oni Telecom. Portugal already has three main mobile operators: Portugal Telecom SA; the local unit of the U.K.'s Vodafone Group PLC, and Sonaecom's Optimus, providing sophisticated third-generation telephony services including high-speed mobile Internet connections. The sale of 4G licenses in Germany last year netted 4.38 billion euros (US\$6 billion) in revenue for the government. In smaller countries, recent auctions have ranged from over US\$300 million in Sweden to just 2.6 million euros (US\$3.5 million) in the Netherlands, according to the estimates of CitySavvy, a U.K. public relations agency.

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- **Spain hopes to raise up to 2 billion euros (US\$2.7 billion) and create 40,000 jobs by selling frequency space on the broadcast spectrum for mobile phones, the Industry, Tourism and Commerce Ministry said.** The government is to sell a total of 310 megahertz on different bandwidths. Spain is fighting to revive its economy, without recourse to a bail out by international bodies such as the European Union and the International Fund, as Greece and Ireland had to do last year.

Information Technology

- **Cap Gemini SA had full-year profit surged 57 percent to 280 million euros (US\$380 million) on stronger technology demand, beating analysts' estimates.** Analysts had estimated net of 260 million euros (US\$354 million). Sales surged 3.9 percent to 8.7 billion euros (US\$12 billion). Chief Executive Officer Paul Hermelin is looking to surge sales by between 9 and 10 percent this year as the company, like other computer-service providers, gains from a rebound in corporate technology spending. Atos Origin SA had its full-year profit at least tripled, aided by higher-margin sales.

Mobile/ Wireless

- **Nokia Siemens Networks named Marco Schroter as its new financial chief, as Luca Maestri stepped down to join Xerox Corp effective March 14.** Schroter, a 47-year-old German, was previously chief financial officer at logistics company Schenker AG and at German semiconductor maker Infineon Technologies AG. close that deal in the first quarter.

South Africa/Middle East/Latin America

Telecommunications

- **Telecomunicacoes de Sao Paulo S.A (Telesp) reported fourth-quarter net profit of 622.7 million Brazilian reais (US\$373 million).** Telesp attributed the surge in its net profit to a surge in local service revenue, among other factors. The company had a net profit of BRL570 million (US\$342 million) in the fourth-quarter of 2009. In the fourth-quarter, net revenue was BRL5.42 billion (US\$3.2 billion). The company's EBITDA declined 1.1 percent to BRL1.42 billion (US\$851 million) with EBITDA margin of 35.6 percent, down from 36 percent. For the entire year of 2010, the company had a net profit of BRL2.4 billion (US\$1.4 billion).

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 12 February 2011 - 20 February 2011

Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 2/18/11)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2011	% Change 1/1/2010
Japanese yen	¥/US\$	83.1600	-0.3%	0.5%	2.5%	-10.5%
Hong Kong dollar	HK\$/ US\$	7.7846	-0.1%	0.1%	0.2%	0.4%
Chinese renmenbi	RMB/ US\$	6.5731	-0.3%	-0.3%	-0.3%	-3.7%
Singapore dollar	S\$/ US\$	1.2735	-0.7%	-1.1%	-0.7%	-9.4%
South Korean won	KRW/ US\$	1,109.9000	-1.5%	-0.5%	-0.9%	-4.6%
New Taiwan dollar	NT\$/ US\$	29.3950	0.3%	1.2%	0.8%	-8.0%
Australian dollar	US\$/A\$	1.0138	1.1%	2.0%	-0.6%	13.0%
New Zealand dollar	US\$/NZ\$	0.7615	0.2%	-1.3%	-2.3%	5.1%
Philippine peso	PHP/ US\$	43.3300	-1.1%	-2.3%	-0.7%	-6.7%
Euro	US\$/€	1.3692	1.1%	3.0%	2.4%	-4.4%
British pound	US\$/£	1.6253	1.6%	2.3%	4.2%	0.6%

Fixed Income Prices and Yields

Note	Currency	<u>Current (on 2/18/11)</u>		<u>1 Week Ago</u>		<u>4 Weeks Ago</u>	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	100.94	4.75%	100.95	4.69%	95.42	4.53%
Japan 30-year	¥	96.50	2.17%	97.01	2.17%	96.46	2.20%
Hong Kong 10-year	HK\$	94.97	3.06%	93.41	3.13%	95.95	2.80%
China (06/16)	US\$	104.43	3.79%	104.99	3.65%	105.52	3.55%
Singapore 10-year	S\$	104.60	2.72%	104.30	2.73%	105.45	2.62%
South Korea 20-year	KRW	9,930.03	4.94%	9,871.12	4.92%	9,999.01	4.79%
Australia 15-year	A\$	100.52	5.69%	100.01	5.75%	100.38	5.70%
New Zealand (12/17)	NZ\$	102.56	5.72%	102.65	5.63%	104.21	5.46%
Philippines 20-year	PHP	125.00	8.79%	125.56	8.56%	141.22	8.22%
India 30-year	INR	97.29	8.74%	97.25	8.56%	97.28	8.55%
UK 30-year	£	96.27	4.52%	95.33	4.54%	97.09	4.43%
Germany 30-year	€	118.08	3.71%	117.06	3.77%	122.76	3.50%

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