



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

Week of 16 May 2011 - 22 May 2011

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IRG Technology, Media and Telecommunications Weekly Market Review



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Equity Market Indicators					
Index	Closing Level (5/20/2011)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2010	% Change 12/31/2009
S&P 500	1,333.27	-0.3%	1.6%	6.0%	19.6%
Dow Jones Industrial Avg.	12,512.04	-0.7%	2.0%	8.1%	20.0%
Dow Jones Tech. Index	459.36	-1.6%	1.9%	2.0%	14.1%
Dow Jones Telecom. Index	247.14	0.4%	0.5%	5.4%	12.6%
NASDAQ Composite	2,803.32	-0.9%	2.1%	5.7%	23.5%
Japan Nikkei 225	9,607.08	-0.4%	1.8%	-6.1%	-8.9%
JASDAQ	51.82	-0.6%	3.1%	-0.9%	7.2%
Japan Mothers	456.57	-1.5%	3.8%	5.3%	9.7%
Korea KOSPI Composite	2,111.50	-0.4%	-0.5%	2.9%	25.5%
Korea Kosdaq	486.24	-4.1%	-7.7%	-4.8%	-5.3%
Taiwan Stock Exchange	8,837.03	-1.9%	2.3%	-1.5%	7.9%
Singapore Straigt Times	3,729.51	0.5%	2.0%	-4.6%	24.7%
Hong Kong Hang Seng	23,199.39	-0.3%	-1.4%	0.7%	6.1%
Hong Kong GEM	741.34	-3.8%	-4.8%	-8.5%	9.5%
China Shanghai (A-Share)	2,993.52	-0.4%	-4.7%	1.8%	-12.9%
China Shenzhen (A-Share)	1,248.14	-0.7%	-6.0%	-7.6%	-1.0%
China Shanghai (B-Share)	299.97	-0.5%	-7.8%	-1.4%	18.8%
China Shenzhen (B-Share)	770.04	-1.4%	-7.0%	-6.6%	23.0%

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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
5/18/11	Taomee Holdings Limited [NYSE: TAOM]	Internet	100.0	Chinese online entertainment company	Credit Suisse Securities (USA) LLC and Deutsche Bank Securities	NA

NASDAQ/NYSE Equity Markets: TMT IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/18/11	% Change From Offer
5/18/11	LinkedIn [NYSE: LNKD]	Online professional network with more than 100 million members	352.8	45.00	88.30	96.2%

Asian Equity Markets: TMT PO 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

- **Gartner lowered its forecast for 2011 handset sales to between 1.790 billion and 1.795 billion units. This forecast still represents growth compared to 2010, when 1.6 billion handsets were sold.** Gartner said handset shipments for the first quarter of 2011 reached 427.8 million, up 19 percent on year. Nokia held onto its place at the top of the market, shipping 107.56 million units, followed by Samsung and LG with 67.78 million and 24.0 million respectively.
- **Mobile malware increased 250 percent in the past year, according to Juniper Networks.** The report states that 61 percent of Juniper Networks-detected mobile malware infections are from spyware, which is the most predominant current threat to RIM Blackberry, Google Android and Apple iOS operating systems. Spyware is dangerous because it monitors location and all traffic to and from the smartphone. It is difficult to detect because it does not affect the phone's functionality. An attack can only be discovered by professional security software. The greatest malware risk moving forward will be the proliferation of applications through application stores, which are an ideal method for the delivery of malicious software to high volumes of mobile devices. One out of every twenty applications requested permissions that could allow a call to be placed without the smartphone user's knowledge or interaction.
- **Mobile penetration in the world's least developed countries (LDCs) is nearing 30 percent, a rate far exceeding ITU expectations.** Access to mobile services in the 48 nations classed by the UN as LDCs has grown from 1.2 percent to nearly 30 percent in ten years, the ITU said. This represents a combined total of nearly 250 million connected inhabitants. Mobile penetration has grown at a CAGR of 42.6 percent over the last five years in LDCs. UN-designated LDCs include 14 APAC nations - Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, Laos, Myanmar, Nepal, Samoa, Solomon Islands, Timor-Leste, Tuvalu, Vanuatu and Yemen. UN targets set at the turn of the century had called for 5 percent average telephone density in the LDCs by 2011. ITU said only Myanmar, Kiribati, Eritrea and Ethiopia had failed to reach this target by 2009.

Telecommunications

- **Over 60 percent of companies and organizations will adopt cloud computing over the next five years as a means of increasing their businesses and achieving competitive advantage, according to an IBM study.** In IBM's 2009 CIO study, only a third of CIOs said they planned to pursue cloud to gain a competitive advantage. This year's study shows a dramatic increase in the focus on cloud, particularly in media and entertainment, which increased to 73 percent, automotive (70 percent) and telecommunications (69 percent). By countries, seven out of 10 CIOs in the US, Japan and South Korea, and 68 percent in China, now identify cloud as a top priority, up from 2009, when CIO interest in cloud hovered at about a third in each of these countries. The study also found that at least four out of five CIOs (83 percent) see business intelligence and analytics as top priorities for their businesses as they seek ways to act upon the increasing amounts of data that are now at their disposal.

Semiconductor

- **Weak demand for televisions, desktop computer monitors and notebooks in the first quarter will lead to slowing shipment growth in the market for large liquid-crystal-display panels this**

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year, IHS iSuppli said. iSuppli expects worldwide shipments for large LCD panels to increase 14 percent this year, down from the growth of 23.4 percent and 20.8 percent had in 2010 and 2009, respectively. The forecast applies to panels that are 10.1 inches or larger diagonally. The first quarter is seasonally the slowest of the year, but iSuppli said this year's decline was more pronounced than last as shipments dropped 9.2 percent sequentially and 0.8 percent year-over-year. Part of the problem, iSuppli said, can be attributed to efforts by branded vendors to reduce inventory, starting in December, which led to declining shipments and lowered production. In addition, the firm said slowing television sales in the U.S. and Europe in the first quarter were an issue, despite recent price declines.

Media, Entertainment and Gaming

- **Worldwide revenue derived by providers of IPTV, cable video, and satellite video services increased to US\$240 billion in 2010, up 11 percent over 2009, according to Infonetics Research.** Video services experiencing the strongest revenue growth are IPTV services, which increased 45 percent in 2010 and satellite video services increased 13 percent. Cable video services continue to increase with the largest portion of total video service revenue, although growth in the cable video service segment is slowing. DirecTV is the global leader for video service revenue. The top twenty revenue leaders account for 53 percent of total video services revenue. With at least 22.8 million video service subscribers worldwide, Comcast maintained its position in the race of subscribers.

Japan

Media, Entertainment and Gaming

- **Sony Corp. has resumed some online services, mainly in the U.S. and Europe, but it is not yet known when such services will be resumed in Japan after a recent data breach that affected over 100 million accounts mainly of its PlayStation gaming network.** The company suspended its online network services in late April after finding that hackers may have stolen personal information related to around 24.6 million user accounts for its U.S.-based online game services as well as roughly 77 million accounts for its PlayStation Network and Qriocity online music services.

Semiconductors

- **Toshiba had net sales at 6.39 trillion yen (US\$79 billion) for its fiscal full year to end-March.** The operating profit was at 240.3 billion yen (US\$3 billion), as the profit from continuing operations, before income taxes and non-controlling interests, came out at 195.5 billion yen (US\$2.4 billion), an increase of 161.1 billion. Meanwhile, the net income attributable to shareholders advanced by 157.5 billion yen (US\$2 billion) to 137.8 billion yen (US\$1.7 billion). Net sales for digital products increased 3 percent year-on-year to 2.32 trillion yen (US\$29 billion), as at Electronic Devices, revenues lifted 6 percent to 1.34 trillion yen (US\$16 billion). Total company assets declined by 71.9 billion yen (US\$890 million) year-on-year to 5.37 trillion yen (US\$66.5 billion) at the end of March. Toshiba noted that the global economy continued to recover, driven most notably by the China and other Asian countries, increased by domestic demand.
- **Takeda Pharmaceutical Co. and Toshiba Corp. had a combined US\$16 billion of cross-border takeovers, as cash-rich Japanese companies seize on a rising currency to overcome a slumping domestic economy.** Takeda will acquire closely held Nycomed for 9.6 billion euros (US\$13.7 billion), as Toshiba said it will pay US\$2.3 billion for Swiss electronic-metering company Landis+Gyr AG. The two deals took the value of overseas takeovers by Japanese companies to

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US\$18.2 billion, putting it on track to become the country's biggest month for acquisitions abroad since December 2006, according to data compiled by Bloomberg. Cross-border acquisitions by Japanese companies almost tripled this year from the same period of 2010, data compiled by Bloomberg show, as the country's strongest earthquake worsened an economic slump. Companies are drawing on swelling cash piles and a currency that's risen 12 percent against the dollar in the past year to acquire rivals from Switzerland to Indonesia. The push for overseas takeovers got added impetus, as the Cabinet Office cited Japan's economy shrank an annualized 3.7 percent in the first quarter, sending the nation to its third recession in a decade.

Telecommunications

- **eAccess increased its profits and revenues in the fiscal year ended 31 March.** Revenues were 181 billion yen (US\$2.2 billion) with net profit of 14.57 billion yen (US\$178 million). The company had a change in its structure following the completion of the merger with mobile subsidiary Emobile. The company streamlined its business in new divisions and reduced the total number of divisions from fifteen to six.
- **Softbank increased its revenues and profit in the financial year ended 31 March as the mobile segment increased its results.** Net sales were 3 trillion yen (US\$37 billion) with EBITDA increased to 930.7 billion yen (US\$11.5 billion) and income increased by 96.2 percent to 189.71 billion yen (US\$2.3 billion). The growth was mainly the result of accelerating growth in the number of mobile subscribers, combined with a increase in ARPU and the number of handsets sold. Mobile sales reached 1.94 trillion yen (US\$24 billion) as the operator added 3.53 million new subscribers during the year and ARPU increased 140 yen (US\$1.7) to 4,210 yen. Softbank ended the financial year with 25.41 million mobile subscribers in total. The iPhone helped increase Softbank's mobile handset sales and the operator sold 10.24 million devices, up by 1.11 million year-on-year. Broadband infrastructure sales reached 190.06 billion yen (US\$2.4 billion). Fixed communications sales went up 2.3 percent to 356.56 billion yen (US\$4.4 billion) and the internet culture segment increased net sales by 4.7 percent to 283.62 billion yen (US\$3.5 billion).
- **NTT's revenues increased 1.2 percent to 10.31 trillion yen (US\$126 billion) and net income of 509.6 billion yen (US\$6.2 billion) for financial year ended 31 March.** Capex for the year was 1.87 trillion yen (US\$22.9 billion). NTT added 335,000 customers for its fibre optic service called Flets Hikari in fourth quarter, to bring its total to 15.06 million. The company also had 12.11 million Hikari Denwa customers, after it added 472,000 new customers in the quarter to the optical IP telephone service. The ADSL customer base continued to contract, shedding 147,000 customers in the quarter to end with a total of 2.86 million. Traditional voice service subscribers declined by 732,000 lines in the quarter to 30.27 million. The company's mobile unit, NTT Docomo, ended the fourth quarter with 58.01 million subscribers. For FY 2011, NTT group expects revenues of 10.54 trillion yen (US\$129 billion), an operating income of 1.24 trillion yen (US\$15 billion), and a net income of 540 billion yen (US\$6.6 billion).
- **Japan ended the December quarter with 57.45 million fixed line subscribers, down 0.3 percent from the previous quarter.** The market share of NTT East West also continues to drop and reached 81.4 percent in December, down 0.4 percentage points from the previous quarter. The number of IP subscribers increased 2.8 percent sequentially to 24.96 million, with 0ABJ-IP subscribers rising 5.3 percent to 17.03 million. NTT East and West saw their share of 0ABJ-IP telephone numbers drop by 0.4 percentage points to 67.3 percent as KDDI increased its share by 0.3 percentage points from the previous quarter to 16 percent. The number of 050-IP telephone lines continues to decline and now

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stands at 7.93 million. NTT Communications' share of 050-IP telephone numbers increased 0.6 percentage points to 37.1 percent as Softbank BB's share declined 0.7 percentage points to 41.7 percent.

Internet

- **Internet Initiative Japan (IIJ) increased its revenues in fourth quarter ended 31 March by 30 percent to 25.62 billion yen (US\$314 million) and net income increased 10% to 1.21 billion yen (US\$14.8 million).** For the full year, revenues were 82.42 billion yen (US\$1 billion), up 21 percent with net income was 3.20 billion yen (US\$39 million), up 43.4 percent. For FY 2011, IIJ expects revenues to come in at 100 billion yen (US\$1.2 billion) and net income of 3.4 billion yen (US\$42 million).

Mobile/ Wireless

- **Total Japanese shipments of mobile and PHS (personal handyphone system) handsets increased in fiscal 2010, reports the Nikkei.** Shipments increased 2.4 percent to 32.19 million units for the year ended 31 March, according to Japan Electronics and Information Technology Industries Association. The figure had slumped in recent years because of changes in how handsets are sold and higher prices. But accelerating demand for the carriers' smartphones helped halt the slide. Mobile phone shipments inched up 0.8 percent to 30.85 million units, as PHS shipments increased 61.2 percent to 1.34 million units. The spike in PHS demand is attributed to the launch of a Willcom rate plan that includes free calls to out-of-network phones. But the JEITA data does not include handsets from such foreign manufacturers as Apple and Samsung Electronics, so actual shipments in Japan were likely higher.

Korea

Telecommunications

- **SK Telecom Co. may win a permit to operate services in Brazil, the nation's communications minister said, as South Korea's largest mobile-phone company seeks to expand abroad.** SK Telecom will aim to offer fourth-generation mobile phone services in Brazil and would become the sixth service provider in the country. The company will invest an additional 50 million ringgit (US\$16.4 million) in Packet One Networks (Malaysia) Sdn, after making US\$100 million investment in July last year. SK Group has been exploring business opportunities in Brazil since another of the group's units, SK Networks Co., bought a stake in MMX Mineracao & Metalicos SA.
- **SK Telecom Co. will invest an additional 50 million ringgits (US\$16.5 million) in Malaysian broadband network operator Packet One Networks Sdn. Bhd.** SK Telecom will remain Packet One's second-largest shareholder behind Green Packet Bhd., which is the network operator's majority shareholder. SK Telecom initially bought a 25.8 percent stake in Packet One last year for US\$100 million

China

Internet

- **360buy.com will give 3 percent of the company's book sales revenue directly to authors, effective June 1, and will shorten the period of time for publishing houses to send shipments after receiving payments to about half that of competitor Dangdang.com, CEO Liu**

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Qiangdong wrote on his Sina microblog. Liu also said 360buy.com will announce a major acquisition deal in the near future. The site will continue its book promotions despite reports that 24 domestic children's books publishers' have been complaining that the prices are too low to cover costs, giving 360.buy.com an unfair advantage.

- **Sina had first quarter net profit of US\$15 million and the company said the year-over-year decline in net income is due to increased marketing and engineering expenses related to its Weibo and video initiatives.** Net revenues increased 18 percent year-over-year to US\$100.2 million as advertising revenues went up 33 percent to 72.3 million and non-advertising revenues declined 9 percent to 27.9 million.
- **Ctrip.com International had net income of 235 million yuan (US\$36 million) for the first quarter of 2011, up 23 percent year-on-year with net revenues of 765 million yuan (US\$117 million) in the quarter, up 30 percent year-on-year and down 3 percent quarter-on-quarter.** Air ticket booking revenues came to 326 million yuan (US\$50 million) during the quarter, up 23 percent year-on-year and 2 percent quarter-on-quarter. Hotel reservation revenues amounted to 310 million yuan (US\$47 million), representing a 23 percent year-on-year increase and a 14 percent quarter-on-quarter decline. The company attributed the annual increase in hotel reservation and air ticket booking revenues a 20 percent year-on-year increase in reservation volume and a 3 percent year-on-year increase in commissions.
- **Tencent has licensed 3D fantasy martial arts MMORPG Blade & Soul from NCsoft, and will start testing the game in July.** The company will also start unlimited testing of its licensed 3D massively multiplayer online real-time strategy game League of Legends on May 25. The game entered alpha testing in late April.
- **Baidu Inc., Tencent Holdings, and Sina Corp. offer the best returns for investors seeking to profit from growth in China's Internet market as consumers increase online spending, according to CLSA Ltd.** China's online commerce transactions will almost double in value to 904 billion yuan (US\$139 billion) next year, according to Elinor Leung, CLSA's head of Asia telecommunications and Internet research. The brokerage topped Institutional Investor magazine's latest annual poll for Asian equity strategy. Companies including Baidu, owner of China's most popular search engine, and Tencent, are increasing spending on technology and stepping up investment as they seek a greater share of the spending by the country's 477 million Web users. Baidu has a near monopoly in online search after Google Inc. effectively exited the market at a time when search advertising has yet to reach its golden age. Sina is moving beyond its portal to become a top brand advertising platform, driven by electronic commerce, as Tencent is an accelerating newcomer in online advertising, Leung said in her presentation.
- **The number of Internet users in China, already the world's largest online market, hit 477 million at the end of March according to Telecommunications Administration Bureau.** The number of people using the Internet in China had hit 457 million at the end of 2010, meaning that at least one-third of its 1.3 billion-accelerating population were online. China's spiraling online numbers have turned the Internet into a forum for citizens to express their opinions in a way rarely seen in a country where the traditional media is under strict government control. The increasing strength and influence of the web population has prompted concern in Beijing about the Internet's potential as a tool for generating social unrest, and authorities have stepped up surveillance in recent years.
- **Tencent officially launched "Q+", an open platform for its client-end instant messaging service QQ.** The platform uses an Application Programming Interface (API) to offer functions –

including content sharing, file transfer and video calling – to third-party application providers. The platform includes a QQ shortcut that allows users to switch on a dashboard of Tencent's products and services within Microsoft's Windows system.

- **Okbuy.com, Beijing-based business-to-consumer (B2C) online footwear retailer, has completed third-round financing of US\$60 million with Tencent, Beijing Times reported.** Tencent did not confirm the news, said the report.
- **Ku6.com will lay off most of its sales team, the equivalent of 20 percent of its total employees, and hire third-party advertising agencies to sell of its ad products, qq.com cited.** Company Vice President Hao Zhizhong openly expressed his disagreement with the decision. The site will officially launch its mobile webcasting site Weiguan.com. The site allows users to upload and share user-generated video content through a mobile client-end or directly through the site.
- **Hong Kong based Emperor Entertainment Group (EEG) will have Tencent help market its artists and products through various platforms.** EEG's artists will use Tencent's Twitter-like microblogging service to release exclusive music content.
- **Sina's Twitter-like microblogging service has entered into a partnership with domestic mobile internet portal 3g.cn, on news, microblogging and a mobile phone-based search engine, Sina cited.** The mobile site's users will be able to access Sina's microblog and share its resources to the service, as its search results will display Sina's content. The two companies also plan to jointly operate a mobile product that integrates Sina's microblog with 3g's social networking service.
- **eLong, Inc., a leading online travel service provider in China, announced a strategic investment by Tencent Holdings Limited, the largest provider of Internet, mobile and telecommunication value-added services in China, and by Expedia, the world's largest online travel company and eLong's controlling shareholder.** Tencent has acquired approximately 16% of the outstanding shares for a total purchase price of US\$84.4 million and become the second largest shareholder of eLong. Expedia has acquired approximately 8% of the outstanding shares for US\$41.2 million and now holds 56% of the outstanding shares. Tencent has acquired 30 percent of domestic online travel site 17u.com in January this year for approximately 50 million yuan (US\$7.7 million).
- **eLong's net income for the first quarter of 2011 increased 30 percent year-on-year to 7.7 million yuan (US\$1.2 million).** Net revenues increased 23 percent year-on-year to 124.5 million yuan (US\$19.0 million). Hotel room nights booked through eLong in the first quarter increased 41 percent year-on-year to 1.7 million room. The company's domestic hotel coverage network expanded 71 percent year-on-year to 19,200 domestic hotels by the end of Q1, as the company also offers at least 135,000 international hotels through its controlling shareholder Expedia. eLong expects net revenues for the second quarter of 2011 to be between 137 million yuan (US\$21 million) to 149 million yuan (US\$22.9 million), up 15 percent to 25 percent year-on-year.
- **Mark Zuckerberg Facebook CEO is planning to make his second visit to China as the world's No. 1 social networking company looks for the best way to expand into that country.** Facebook Chief Operating Officer Sheryl Sandberg at the Reuters Global Technology Summit on Thursday said that it's impossible to think about connecting the whole world right now without also connecting China/ Sandberg also described a public offering of Facebook shares as "inevitable," though she declined to provide details on when Facebook expects to have an IPO.

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- **Infosys Technologies China Co. will triple its staff in China to 10,000 over the next three years as part of its expansion aimed at securing a larger share in China's outsourcing technology services sector.** The company will invest US\$135 million in Shanghai in the next few years and secure a 15-acre site in the city's Minhang district to build a new office capable of housing at least 7,000 employees, Infosys China Chief Executive Rangarajan Vellamore cited.

Telecommunications

- **Telestone Technologies' first-quarter revenues increased 30 percent to US\$14.5 million and net profit to US\$1.62 million.** Equipment revenues increased to US\$7 million from US\$5.1 million, as service revenues increased to US\$7.5 million from US\$6 million and professional services revenues increased 24 percent to US\$6 million from US\$7.5 million. Revenues of WFDS-enabled products increased 13.7 percent, accounting for 23 percent of sales for the quarter. The revenue from the 'Big-3' telecommunications carriers, including China Mobile, China Unicom, and China Telecom, comprised 86.8 percent of overall quarterly revenue. Gross margin increased to 45.6 percent from 44.4 percent. Cash and cash equivalents were US\$26.5 million at the end of the period. For the full-year this year, Telestone expects revenues to increase by 30 percent to approximately US\$171 million and net income to increase by 10 percent to approximately US\$27.5 million. Telestone continues to expect revenue from WFDS-based products to account for 40 percent of the company's total revenue this year and revenue from international customers to account for 3 percent of total revenue this year. In 2012, the company also expects revenues to double to approximately US\$342 million.
- **ZTE is ranked top in the field of cloud computing in China with 107 patent applications.** In addition, five new proposals from ZTE on the infrastructure, architecture, and cloud computing ecosystem have been approved by ITU-T at the 5th FG Cloud (Focus Group on Cloud) Conference in Geneva, Switzerland. ZTE is followed by Huawei (94), Tsinghua University (52), the Institute of Computing Technology of the Chinese Academy of Sciences (44), Huazhong University Sci & Tech (41), Beijing University of Aeronautics & Astronautics (33), and Zhejiang University (30).
- **China's broadband capital spending is expected to increase by two-thirds from 2010 to 2014, according to IHS iSuppli research.** Spending on broadband infrastructure equipment by China's telecommunications operators will soar to US\$1.15 billion in 2014, up from US\$925 million this year and US\$688 million in 2010. By 2015, however, revenues will decline to US\$1.02 billion as the broadband market for urban internet users approaches the saturation point. The twelfth Five-Year Plan issued by China's ministry of industry and information technology (MIIT) established aggressive development targets for the China telecommunications industry from this year to 2015. During this time, China's mobile communications user base will reach at least 1.1 billion with total internet users climbing to 600 million, representing a 40 percent penetration rate.
- **China GrenTech widened its net loss in the first quarter to 23.3 million yuan (US\$3.6 million).** Revenues were 177.6 million yuan (US\$27.3 million), up 11.5 percent due to increased revenues from China Mobile. Revenues generated from China Mobile increased by 102.3 percent as revenues generated from China Unicom and China Telecom declined year-on-year. Revenue generated from base station RF products also declined. For the second quarter, GrenTech forecasts revenue to be in the range of 380- 425 million yuan (US\$58- 65.4 million).

Media, Entertainment and Gaming

- **NetEase had net income for the first quarter of 2011 of 737.4 million yuan (US\$112.6 million) and total revenues of 1.5 billion yuan (US\$234.9 million).** Online games contributed 1.4 billion

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yuan (US\$211.6 million), up 28 percent year-on-year and down 3 percent quarter-on-quarter. The company attributes the annual growth in online games to revenue contributions from in-house developed games, such as Heroes of Tang Dynasty, Fantasy Westward Journey, Westward Journey Online II and Tianxia II, combined with continued revenue growth from World of Warcraft, licensed from Blizzard Entertainment. Revenues from advertising services were 126.8 million yuan (US\$19.4 million) during the quarter. The company attributes the sequential decline to seasonality and a high basis for comparison in Q4 2010 due to their sponsorship of 2010 Asian Games.

- **Shanghai MediaV Advertising has completed third-round financing of US\$50 million with investment firms Quantum Strategic Partners, LightSpeed Venture Partners and Granite Global Venture Capital, MediaV cited.** MediaV plan to use the funds to strengthen R&D, recruit new talent and seek M&A opportunities.

Alternative Energy

- **Trina Solar Limited had net income of US\$47.7 million in Q1 2011, including a net foreign currency exchange loss of US\$24.1 million.** The company's net revenues fell 14.2 percent quarter-on-quarter and increased 63.5 percent year-on-year to US\$550.9 million. Trina shipped approximately 320 MW of solar PV modules in the quarter, down 8.7 percent sequentially and an up 66.4 percent year-on-year, but below the company's previous guidance of slightly higher than 351 MW. Gross margin was 27.5 percent. For the second quarter of 2011, Trina expects to ship between 430 MW and 450 MW of PV modules and sees gross margin to be in the mid 20s in percentage terms. For the full year of 2011, the company sees to ship between 1.75 MW to 1.80 GW of modules, representing a increase of 65.6 percent to 70.3 percent year-on-year. Trina Solar said its subsidiary will a deliver 130 MW of solar modules to Mohring Energie in Q2 and Q3 of 2011.

Taiwan

Internet

- **Taiwanese President Ma Ying-jeou invited Yahoo to set up an Asia-Pacific regional headquarters in Taiwan, which he touted as the center of East Asia.** Ma said Taiwan is not inferior to Singapore, where Yahoo's regional headquarters for Southeast Asia are currently located. Taiwan is seeking to become the global headquarters of Taiwanese businesses and a regional headquarters of foreign-based multinational enterprises, as well as a world leader in innovation. Ma said Yahoo can provide great assistance to Taiwan to help the country achieve these goals. He pointed to Taiwan's geographical proximity to China, the world's second-largest economy. Taiwan's tax competitiveness has been sharpened significantly after the corporate income tax rate was dropped last year from 25 percent to 17 percent, a level similar to those of Hong Kong and Singapore.

Hardware

- **HTC Corporation said that the company is optimistic towards the growth of its content services, and will release its own streaming video service, HTC watch, in the second quarter of this year.** Although the new service may not contribute much to revenue during its first year, it holds incredible potential for the future, the company said during its online earnings call, using Apple's iTunes store as a reference point. The company is currently investing in online video, gaming, and music services, with plans to adapt its offerings as conditions require. In response to concerns about the effects of the Japanese earthquake on mobile phone shipments, HTC indicated that it stocked up

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on key mobile phone components in the fourth quarter of last year and should avoid any shipment delays in the upcoming quarter.

Singapore/Malaysia/Philippines/Indonesia/India/Australia

Telecommunications

- **Telekomunikasi Indonesia (Telkom) , the nation's biggest telecom firm, plans to buy back up to a 35 percent stake owned by Singapore's Singtel in its mobile unit Telkomsel in a bid to increase its profit, the firm's CEO said.** SingTel set a surprise record dividend payment earlier this month, signaling it may be struggling to find growth avenues through acquisitions after buying stakes in mobile operators in high-growth Asian countries such as Indonesia, India and Thailand about a decade ago. Telkomsel is Indonesia's biggest mobile firm with more than 100 million subscribers at the end of the first quarter. Telkom currently owns 65 percent of Telkomsel, which contributed the majority of the firm's revenues. Telkom's shareholders also approved a share buyback with funds of up to 5 trillion rupiah (US\$584 million).
- **Telstra said small business is dragging its feet on takeup of new technology, with thousands of firms still not using computers or mobile phones.** At least one in ten businesses with less than 20 employees operate without even a desktop PC, according to Telstra. Telstra said the survey of 500 business decision makers found nearly one-quarter did not use a standard mobile phone, as 45 percent did not have smart phones. Around half of the businesses surveyed did not have a website or use online transactions in their business. Telstra Business group managing director Deena Shiff said many small businesses were not keeping pace with technological change.
- **BSNL and MTNL will meld operationally if not structurally following a government edict. The telecom ministry has asked BSNL and MTNL to synch their operations and function as one pan-Indian operator as it sorts out issues merging the two companies.** Under the current situation BSNL is unable to operate in Delhi or Mumbai, the two most lucrative telecom circles, as MTNL cannot expand outside of these areas. BSNL offers fixed-line and mobile services in all remaining circles. But the companies have been directed to sort out a means of operating in tandem as a nationwide service provider even if they remain separate entities. The government has for years been considering the possibility of merging the loss-making companies into one as a means to improve profitability, with the most recent suggestion being to combine the pair with state-owned telecom equipment maker ITI. But there are a number of practical problems holding up a structural combination, including differences in shareholder, staffing and salary structures, telecom secretary R Chandrasekhar told ET. BSNL has long been unprofitable, posting a net loss of 18.23 billion rupees (US\$403.8 million) in the financial year ending in March 2010. India's prime minister in January appointed a high-level committee to explore ways to improve BSNL's performance.
- **M1 is targeting nationwide LTE deployment by Q1 next year. the company had already applied to the IDA to amend its existing facilities-based operator license to allow for the provision of LTE and related services.** The upcoming network will target both the enterprise and consumer segments. M1's LTE network will run on either the 1.8Ghz or 2.6Ghz spectrum band, with Huawei providing the installation of macro base stations, distributed base stations, EPC and network maintenance in a 5 year deal worth S\$280 million (US\$226 million). M1 paid S\$21.69 million (US\$17.5 million) for spectrum rights to 2 x 5 Mhz lots in the 1.8Ghz band last month, which Lim said would be used for 2G expansion as well as the provision of 4G services. The carrier has not yet decided whether to start off commercial LTE services with PC dongles as the device of choice, as has been the

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case with Hong Kong's CSL. Lim said M1 would have to consider the LTE devices available at time of launch.

- **GTL Ltd posted an increase of 11.71 percent in net profit to 48.92 crore rupees (US\$11 million) for the fourth quarter ended March 31 with sales up 27.37 percent to 795.78 crore rupees (US\$178 million).** The company registered a net profit of 200.2 crore rupees (US\$44.8 million) in the financial year ended March 31 with sales were up 39.94 percent at 3,130.41 crore rupees (US\$700 million).
- **Globe Telecom will push for PLDT to give up some of its spectrum, should the latter's acquisition of third-largest player Digitel go through.** According to the Inquirer, Globe's external legal counsel Rodolfo Salalima had said at a recent press conference that Globe needed to level the playing field and protect consumers' interests, as the PLDT-Digitel deal could result in a monopoly. Globe currently holds 10 Mhz out of 55 Mhz of active spectrum in the Philippines, with the remaining 45 Mhz belonging to PLDT and DigiTel. Salalima said the proportion of spectrum would be unequally distributed post-merger. He added PLDT and Digitel's 45 Mhz of spectrum was capable of serving 120 million subscribers, although market size was just 90 million. PLDT and Digitel would only need 22 Mhz combined, Salalima said, adding Globe would appeal to the country's regulator, the National Telecommunications Commission, for the extra 23 Mhz to be surrendered. Globe's proposal will be discussed in a May 23 hearing. The NTC's decision could also affect the fortunes of upcoming operator Liberty Telecom, a JV between the San Miguel conglomerate and Qatar's QTel group. San Miguel chairman Ramon S. Ang has expressed the company's interest in bidding for spectrum in order to augment its service offerings. Currently, just one lot of 3G spectrum has remained unassigned.
- **PT Telekomunikasi Indonesia (Telkom) will evaluate whether it should acquire back shares of its cellular unit Telkomsel from Singapore Telecommunication Ltd., Telkom's chairman said.** Telkomsel is 65 percent owned by Telkom with the remaining 35 percent owned by SingTel Mobile, a wholly owned subsidiary of SingTel. Telkom, 51.2 percent owned by the Indonesian government, is keen to expand its business both organically and inorganically as stiff competition in the telecoms industry means meager growth for the country's biggest player by revenue and subscribers. Over the last few years, the company has been developing its data businesses as a future source of growth. In June last year it said it was seriously considering PT Bakrie Telecom as a potential partner for its code division multiple access, or CDMA,-based cellular division to help offset declining growth from the relatively saturated GSM-based market. Telkom was studying three options: partnership, mergers and acquisitions. The company has decided not pursue with the plan.
- **Mahanagar Telephone Nigam Ltd. will restructure about 30 billion rupees (US\$663 million) of short-term loans into long-term as it seeks to extend the schedule to repay the debt it raised to pay for third-generation and wireless broadband bandwidth.** The move will help the company save cash for future investments into the expansion of its services, which will help in adding or retaining subscribers, an area where it has been lagging its private sector peers.
- **Advanced Info Service PCL is considering revising its 2011 service revenue growth projection higher following accelerating pre-paid revenue in the first quarter.** The company by subscribers currently sees service revenue growth of 4 percent this year, excluding interconnection fees. The company projects data revenue growth of 25 percent-30 percent this year, driven by cheaper smartphones and the increasing popularity of social networking.
- **Tulip Telecom had a net profit of 82.7 crore rupees (US\$18.4 million), up by 25.7 percent for quarter ended on March 31, 2011.** Total revenues of the company were also up by 20.2 percent at

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637.97 crore rupees (US\$142 million). For year ending March 31, 2011, net profit of the company increased by 32.3 percent to 306.4 crore rupees (US\$68.2 million) and total revenue up by 19.6 percent to 2351.1 crore rupees (US\$523 million).

- **Singapore Telecommunications Limited (SingTel), which has a stake in Indian telecom giant Bharti Airtel had a 2.3 percent fall in net profit to S\$992 million due to the loss incurred by Bharti Airtel and currency volatility.** However, the board has proposed a final dividend of 9 Singapore cents and a special dividend of 10 Singapore cents per share, SingTel said. The group's net profit declined 2 percent to 992 million Singapore dollars, but when excluding the impact of Bharti Africa, the net profit would have increased 1 percent.
- **Mahanagar Telephone Nigam Limited (MTNL) has narrowed its losses by 30 percent to 1,099.5 crore rupees (US\$245 million) for the fourth quarter ended March 31.** For 2010-11, net losses widened by 8.3 percent to 2,826 crore rupees (US\$629 million). Total income advanced to 3,841.2 crore rupees (US\$855 million). MTNL has around 52 million subscribers.
- **Mfone's majority owner Thaicom said Mfone's subscriber numbers increased 5 percent year-on-year in the first quarter, despite fierce competition in the sector.** Mfone subscribers in the first three months of this year totaled just over 698,000, up 4.9 percent from the same period last year. Its results came in the face of a difficult business environment for mobile providers in the Kingdom.

Media, Gaming and Entertainment

- **Star India has increased advertising rates for its bouquet of channels by 20 percent to offset increasing production and distribution costs.** The rate hike was for all of the 33 channels in seven languages in Star's bouquet, which includes Star Plus, Star One, Channel [V], Star Jalsha, Star Pravah, Star World and Star Movies along with joint venture channels like Asianet, ESPN and Star Sports. Post the hike, advertisers will have to shell out around Rs 1.8 lakh to Rs 2.05 lakh (US\$4056-\$4620) for a ten-seconds spot, for a top-rated show on Star Plus. Star has been able to achieve the growth on the back of significant investments, innovative content and delivery of quality of experience through technologically advanced platforms.
- **Fairfax Media Ltd may sell its portfolio of radio stations, following accelerating expressions of interest from prospective buyers.** Fairfax said a decision to consider selling its radio assets was subject to achieving an acceptable price and consideration of all options for maximising value from the portfolio. Proceeds would be used to pay down debt and increase corporate flexibility. A sale process would begin in the next few weeks and conclude later this calendar year. Fairfax lists a portfolio of metropolitan newstalk stations in Sydney (2UE), Melbourne (3AW), Brisbane (4BC) and Perth (6PR), and three metropolitan music stations in Melbourne, Brisbane and Perth, and nine regional radio licences in Queensland and South Australia.
- **Australian newspaper circulation declined in the March quarter but broadsheets bucked the trend.** The latest Audit Bureau of Circulation figures showed sales declined by 2.8 percent in the three months to March 31. Melbourne's The Age had circulation increases in its Monday to Friday editions of 0.6 per to 190,600 and The Sydney Morning Herald had gains of 0.2 percent to 209,500. Sydney Morning Herald editor Peter Fray said it was an excellent set of figures for his newspaper. Despite the improvement, both Fairfax-owned mastheads trail their News Ltd-owned tabloid competitors - the Herald Sun in Melbourne and The Daily Telegraph in Sydney by some margin. The national broadsheet The Australian also outperformed the overall market, with circulation for its Monday to Friday edition falling two percent to 129,985. Sales of The Weekend Australian dropped 3.9 percent to

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292,649. The Australian Financial Review continued to struggle, particularly the Saturday edition, which experienced a 14.6 percent slump in sales to 78,312. It was the largest decline recorded among all metropolitan and regional newspaper titles.

United States/Canada

Mobile/Wireless

- **Research In Motion Ltd. has recalled about 1,000 of its PlayBook tablets that were shipped with faulty operating systems that may have prevented users from performing the initial setup of the device.** RIM said the majority of the affected devices are still in the distribution channel and haven't reached customers. RIM is working to replace the affected devices. In the small number of cases where a customer received a PlayBook that is unable to properly load software upon initial set-up, they can contact RIM for assistance. The faulty batch of PlayBooks were shipped to Staples. The blog didn't identify whether the Staples stores that received the recalled devices were in Canada or the U.S.

Internet

- **Salesforce.com Inc. forecasts fiscal second-quarter sales and profit that topped estimates as the company adds clients amid an economic recovery.** Excluding some costs, earnings will be 29 cents to 30 cents a share, with sales of US\$526 million to US\$528 million, Salesforce said. Analysts in a Bloomberg survey had estimated profit of 27 cents and revenue of US\$505.2 million for the period ending in July. Salesforce gained 5,400 customers in the quarter, for a total of 97,700. The company is benefiting from clients hiring more sales, marketing and customer-service workers. It's also getting a increase from newer products, such as the Chatter social network for businesses and the Service Cloud customer-support software.
- **Yahoo Inc. will acquire online advertiser 5to1 Holding Corp. for US\$28 million in cash, a deal aimed at expanding the Internet giant's inventory of premium ads and publisher partnerships.** The deal, expected to close in the second quarter, brings Yahoo an alliance of media publishers that manages and sells unsold inventory with premium advertisements. The company uses a proprietary platform. 5to1 will become part of Yahoo's ad marketplaces group when the deal closes. The acquisition will reunite 5to1's founders, Chief Executive James Heckman and Ross Levinsohn, who used to run Yahoo's operations in the Americas. Both men previously worked at Fox Interactive Media, a News Corp. unit.
- **Google Inc. sold its maiden U.S. corporate debt deal, a US\$3 billion multitranche offering.** The issue includes three-, five- and 10-year tranches and was sold via joint bookrunners Citigroup, J.P. Morgan Chase and Goldman Sachs. Size had been split evenly across tranches at US\$1 billion each. The three-year piece was sold with a risk premium of 33 basis points over Treasury to yield 1.258 percent; the five-year at 43 basis points, yielding 2.241 percent; and the 10-year was priced with a spread of 58 basis points over Treasury, yielding 3.374 percent. All three tranches were launched at narrower levels than preliminary pricing guidance had suggested, indicating good demand from investors. Orders for the issue exceeded US\$10 billion. Orders had come from the "usual gamut" spanning mom-and-pop shops, major bond funds, insurance accounts and bank portfolios. As the company stuck to its initially planned US\$3 billion size, the company could have easily doubled that amount and added any number of additional maturities, but chose not to.



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- **LinkedIn Corp.'s founder Reid Hoffman and its three top venture backers own a combined stake of about US\$5.14 billion after an eight-year wait for the first initial public offering by a major U.S. social-media site.** Venture capitalists have led at least US\$100 million in investments in LinkedIn since 2003, with Sequoia Capital amassing a holding now worth US\$1.59 billion, and Greylock Partners, a US\$1.32 billion stake. Hoffman, LinkedIn's chairman and biggest shareholder, holds US\$1.8 billion and Bessemer Venture Partners has a stake worth US\$431.5 million.
- **As Wall Street debates the legitimacy of the skyrocketing price of LinkedIn Corp.'s initial public offering, some of its biggest investment banks are poised to cash in on the first wave of social-media companies to hit the market.** In the 7.8-million share IPO of LinkedIn, which runs an online career and socializing service, Morgan Stanley, Bank of America Merrill Lynch and J.P. Morgan Chase & Co. could split underwriting fees of US\$21 million to US\$24 million, according to data from Freeman & Co., a financial-services consultancy. Freeman projected that Morgan Stanley, with the lead role in the biggest U.S. Internet IPO since Google Inc., could take in between US\$7 million and US\$10 million from the deal. Bank of America Corp. and J.P. Morgan's investment banking units could each collect US\$3 million to US\$5 million.
- **Amazon.com Inc. said sales of electronic books have overtaken those of printed versions for the first time, a sign of the increasing dominance of its Kindle digital reader.** Amazon now sells 105 electronic books for every 100 printed ones. The pace of U.S. book sales this year is the fastest the company has seen in at least a decade. The retailer, which got its start in 1995 as an online bookseller, has since expanded into thousands of products, selling everything from DVDs to baby clothes. The company's e-book business has been increasing steadily since introducing the Kindle in 2007. Sales of e-books surpassed hardcover titles in July, and overtook paperbacks six months later. Consumers can read Amazon's e-books on one of its four Kindle readers, priced from US\$114 to US\$379, as well as on smartphones, tablets and personal computers. Amazon may have sold at least 8 million Kindles last year, accounting for about 5 percent of sales, according to Benchmark Co. Amazon doesn't disclose Kindle sales figures, other than saying it's the company's best-selling product.

Telecommunications

- **Verizon Communications Inc.'s president and chief operating officer Lowell McAdam said he sees further consolidation among the smaller players in the wireless industry called AT&T Inc.'s planned takeover of T-Mobile USA inevitable.** The spectrum in the U.S. is not in the hands of the carriers who can do something with it, McAdam said. AT&T was going to have to make a move like this to get spectrum. Verizon has largely stood on the sidelines as AT&T marches through the process of getting approval to acquire T-Mobile from Deutsche Telekom AG. Verizon Wireless could stand to scoop up assets if AT&T is forced to divest spectrum or customers. The carrier could also benefit from the disruption caused by the pending deal. Verizon has only expressed concern that regulatory conditions placed on AT&T could be applied to other industry players.
- **Globecomm Systems revenues for the fiscal third quarter ending 31 March increased 18.3 percent to US\$62.5 million.** Service revenues increased 35.1 percent to US\$46 million. The increase in service revenue was primarily driven by organic growth in the access service offering in the government marketplace, coupled with the company's acquisition of C2C and Evocomm, which combined contributed net US\$3.2 million. Revenues from infrastructure services declined 12 percent to US\$16.5 million. Net profit increased to US\$2.9 million. Adjusted EBITDA increased 66.9 percent to US\$9.2 million. Cash and cash equivalents amounted to US\$39.5 million at the end of the period.

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- **America Movil SAB will invest US\$1 billion in its operations in Argentina during 2011 and 2012.** Argentina's President Cristina Fernandez met with Mexican billionaire and America Movil owner Carlos Slim this week, who pledged to invest US\$500 million this year and another US\$500 million next year in fixed-line and mobile telecommunications, according to a press release from the Presidency's office. America Movil, which operates in Argentina under the Claro brand, had about 18.5 million wireless subscribers and 227,000 fixed-lines at the end of March.
- **Aruba Networks Inc. swung to a better-than-expected profit in the fiscal third quarter, as the telecommunications-equipment maker's top line also exceeded its target range.** Aruba has posted improving results in recent quarters as demand climbs for wireless products such as tablet computers and smartphones. Chief Executive Dominic Orr said the company benefited from accelerating demand across all major geographic areas and increasing acceptance of Aruba's offerings. The company had a profit of US\$3.2 million, or 3 cents a share, compared with a year-earlier loss of US\$5.3 million, or 6 cents a share.

Software

- **RealNetworks first-quarter revenue declined 32 percent to US\$87.3 million and moved to a net loss of US\$12.3 million.** The company saw a 6 percent decline in Core Products revenue to US\$48.1 million, a 3 percent decline in Emerging Products revenue to US\$11.1 million and a 7 percent decline in Games revenue to US\$28.06 million.. Cash and cash equivalents reached US\$249.1 million as of 31 March. For the second quarter, RealNetworks expected total revenue to decline slightly both sequentially and year-over-year and revenue to increase in Emerging Products, and will decline slightly in Games and Core Products sequentially and year-over-year.
- **Revenue in the quarter ending July 31 will be US\$567 million to US\$587 million, Intuit said.** Analysts on average projected US\$587.2 million, based on a Bloomberg survey. Chief Executive Officer Brad Smith, aiming to reduce Intuit's reliance on tax-preparation products, has been seeking to transform Intuit from a maker of financial software for personal computers to a provider of websites, services and programs that help consumers and small businesses manage money.
- **VMware has signed a definitive agreement to acquire Shavlik Technologies, a provider of cloud-based IT management services for small and medium businesses.** Shavlik Technologies provides a portfolio of on-premise and SaaS-based management services that enable SMBs to manage, monitor and secure their IT environments as addressing their needs when moving to virtual and cloud computing IT deployments. Financial terms of the acquisition were not disclosed. The acquisition is expected to be completed later this quarter, subject to satisfaction of customary closing conditions. Together, the two companies will enable SMBs to manage core IT functions through a single pane of glass, centralizing asset management, security, business continuity and data protection features.
- **Brocade Communications Systems Inc.'s fiscal second-quarter profit increased 23 percent as gross margins increased and product revenue increased, helping adjusted results exceed Wall Street's expectations.** The company, which makes switches and software used to connect corporate servers and data-storage systems, has had higher revenue of late, helped by an accelerating performance in its Ethernet business and growth from its storage-networking operations. Janney Capital Markets said market demand for storage is relatively stable, adding Brocade is focused on its new ethernet sales strategy of directly targeting end-customers. Brocade has also invested heavily in its sales and marketing initiatives, and investment firm Wunderlich Securities recently noted the market was responding. Revenue climbed 9.8 percent to US\$549.9 million, in line with the company's February estimate of US\$545 million to US\$555 million.

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Hardware

- **Dell Inc. had first-quarter profit increased to US\$945 million from US\$341 million and topped analysts' estimates, driven by corporate technology spending.** Analysts estimated 43 cents on average. Dell's emphasis on business customers, bolstered by an expansion into corporate data centers, is helping it withstand a slump in consumer technology.

Europe

Telecommunications

- **T-Systems reports revenues of 2.26 billion euros (US\$3.2 billion) for the first quarter of this year, a 6.1 percent increase year-on-year helped by international revenues, which climbed by 9.4 percent.** New orders increased 20.3 percent to 2.593 billion euros (US\$3.6 billion), due to contract with UK mobile operator Everything Everywhere. Adjusted Ebitda declined by 3.6 percent to 189 million euros (US\$266.5 million) largely as a result of increased expenses relating in part to the major new contracts concluded last year.
- **Orascom Telecom (OT) Holding had a sharp jump in first-quarter earnings as it booked a hefty gain from the sale of its Tunisian operations.** OT had net profit after minority interest of US\$813 million, well above US\$49 million a year earlier. Still, the result declined short of the US\$973 million net profit predicted by analysts at Beltone Financial. The company said its earnings were buoyed by the sale in early January of its Tunisian operations, Orascom Tunisia Holding and Carthage Consortium, resulting in a gain of US\$754 million. Orascom Telecom also said its subscriber base in the first quarter increased 16 percent over the same period last year, reaching at least 104 million customers. Revenue for first quarter reached US\$949 million, up 5 percent over the same period of 2010 as a result of accelerating growth, Orascom said.
- **Kohlberg Kravis Roberts & Co is acquiring a 92 percent stake in Versatel German telecom Versatel AG from its main shareholders United Internet, Apax Partners LLP, and Cyrte Investments BV.** United Internet AG will sell a stake of around 25 percent in Versatel to KKR for 63.2 million euros (US\$88.8 million), as part of KKR's takeover offer, but retain options to either buy back a stake or the entire company at a later date. The company hasn't provided an overall acquisition value. Versatel currently has 44 million outstanding shares. KKR said that 5 percent of remaining shareholders have accepted this offer. The news confirms a report by Dow Jones Newswires, and comes at a time when the company is going through a major revamp. A total of 3.4 million euros (US\$4.8 million) will be paid in cash to United Internet, as payment of the remaining 59.8 million euros (US\$84 million) is to be deferred in the form of an interest-free vendor loan lasting 17 months from completion of the transaction. United Internet sees income of around 15 million euros (US\$21 million) from the deal.
- **Vodafone chief executive Vittorio Colao said that Europe's mobile market would benefit from consolidation as economic weakness and competitive pressure on the continent weighed on otherwise solid full-year results.** Colao said European players' appetite for large-scale mergers and acquisitions will likely depend on whether AT&T's deal to acquire T-Mobile USA gets the green light. The company had a solid set of full-year results. Vodafone saw group revenue increased 3.2 percent on-year to 45.88 billion pounds (US\$73.9 billion). Vodafone CFO Andy Halford highlighted that group data revenue increased 26 percent year-on-year to 5.1 billion pounds (US\$8.4 billion), at least offsetting the decline in group voice revenue for the first time. Mobile broadband services accounted for the majority of data revenue, but the company also saw accelerating growth in smartphone uptake,

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particularly in Europe. Vodafone's profit for the full year ended 31 March 2011 declined 7.8 percent to 7.97 billion pounds (US\$12.8 billion), as the operator booked a 6.15 billion pounds (US\$9.9 billion) impairment charge due to competitive pressure and economic weakness in several European countries, particularly Spain, which accounted for almost half of the total. Portugal, Greece, Ireland and Italy were the other markets in question. Vodafone's results outside Europe were more encouraging due to accelerating performances by its emerging markets operations, particularly in India and South Africa, which saw organic service revenue increase by 16.2 percent and 5.0 percent respectively.

- **Deutsche Telekom's revenues for the first quarter declined by 3 percent year-on-year to 14.597 billion euros (US\$20.6 billion).** Revenues for the first quarter of 2010 were adjusted the deconsolidation of T-Mobile UK. At the same time, revenues from continuing operations, excluding T-Mobile USA which T-Mobile will sell to AT&T, dropped by 3.7 percent to 10.83 billion euros (US\$15.2 billion). The adjusted Ebitda declined 5.0 percent year-on-year to 4.48 billion euros (US\$6.3 billion), as positive developments at T-Systems and Telekom Deutschland could not offset lower EBITDA in the U.S. and Europe due to a difficult competitive environment, regulatory intervention and tax burdens. The adjusted EBITDA from continued operations declined 2.7 percent to 3.61 billion euros (US\$5.09 billion). The net profit dropped by 43.3 percent to 480 million euros (US\$676.7 million), and the adjusted net profit declined 27.3 percent to 701 million euros (US\$988 million). Free cash flow declined 26.3 percent to 1.1 billion euros (US\$1.5 billion) in the first quarter of 2011.

Information Technology

- **KIT Digital's revenues for the first-quarter increased 98 percent to US\$34.45 million.** Revenue from the company's EMEA region constituted 50.1 percent of the total during Q1, 25.2 percent from Asia-Pacific and 24.7 percent from the Americas. KIT digital added 28 net new client contracts, with estimated average monthly revenue per client in excess of US\$30,000. The company's client base totals at least 2,200 customers. Net loss narrowed to US\$12.5 million. Cash and cash equivalents amounted to US\$109.66 million at the end of the period. The company expects revenue in excess of US\$170 million for fiscal full year, with an EBITDA margin of approximately 23 percent.
- **Intel Corp. Chief Executive Officer Paul Otellini said the company's forecast for this quarter remains right on, as emerging economies and increasing demand for data centers help make up for a personal-computer slowdown.** The popularity of smartphones and tablets is spurring the need for more servers, which run on Intel processors, Otellini said in a presentation to analysts at the company's headquarters. Brazil, China and other developing countries also are fueling sales. Hewlett-Packard Co. cut a billion dollars from its annual sales forecast, deepening concerns that the PC industry is suffering from a slump. A windfall from tablets and smartphones is helping Intel maintain its growth. The company is making more money from the explosion of such products than anyone else, he said, even though Intel doesn't produce chips directly for the devices. Otellini affirmed a second-quarter forecast that Intel made on April 19. Revenue will be US\$12.8 billion, plus or minus US\$500 million, the company said at the time.

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Mobile/ Wireless

- **Alcatel-Lucent had revenues up 15.2 percent to 3.74 billion euros (US\$5.3 billion) in the first quarter compared to the year-earlier period.** Networks operations saw an accelerating year-on-year increase as all divisions increased their turnover. Wireless revenues increased by nearly 34 percent, driven by sales of WCDMA, CDMA EV-DO and LTE equipment. IP revenues increased by over 20 percent. Geographically, North America was up 40 percent on the first quarter of 2010 and accelerated vis-a-vis the fourth quarter of last year. Revenues in Europe were down 1 percent, with sales in Western and Eastern Europe declining at about the same rate. China helped the Asia-Pacific achieve some growth despite lower sales in the rest of the region. Sales in Brazil and Mexico drove rest of world sales, which increased in the low double digits on the first quarter of 2010.
- **Nokia will abandon the Ovi brand and market its range of mobile services under the Nokia name instead.** The company said the rebranding will begin in July starting with services included on new devices, as existing customers will receive software updates that will make all the required name changes. Furthermore, in light of the company's deal with Microsoft to use Windows Phone 7 for its smartphones, the move will cut the number of potential brands Nokia has to push from three to two.
- **Ericsson AB is considering an offer for some of the patents being auctioned off by Nortel Networks Corp., increasing the number of potential bidders to at least four.** Ericsson hasn't made a final decision on whether to make an offer or which patents it's most interested in. The company is considering teaming up with another company on the bid, and has approached Google, Microsoft and Intel. Google, whose Android software runs phones made by Motorola Mobility Holdings and Samsung Electronics offered US\$900 million last month in what Nortel said was a starting point for an auction. RPX Corp. is considering a bid, an attorney for the company said this month. Research In Motion Ltd. is also considering an offer.

Hardware

- **Gigaset's first quarter revenues declined to 150.2 million euros (US\$211.7 million) with net profit increased to 8.4 million euros (US\$11.8 million).** Revenues from Europe declined 7.3 percent to 100.7 million euros (US\$142 million), as revenues from Americas increased 11.5 percent to 9.7 million euros (US\$13.6 million) and revenues from Asia-Pacific/ Middle East increased 2.5 percent to 8.2 million euros (US\$11.6 million). Gigaset reaffirms its revenues and earnings forecast for the full year with revenues of 540 million euros (US\$761 million) and EBITDA of at least 57 million euros (US\$80.3 million).

Media, Entertainment and Gaming

- **Yell Group PLC had a 5.7 percent fall in full-year pretax profit as small businesses cut spending in the face of tough economic conditions.** The long-term decline of Yell's print revenue continued, only partially offset by growth in digital media. Pretax profit for the year ended March 31 was 66.3 million pounds (US\$106.8 million). The company, which has struggled in recent years as its traditional directories business has declined due to competition from the internet and is weighed down by hefty debt, said its strategic review is at an advanced stage and it will present conclusions in early July. Yell said net debt declined by 329.5 million pounds (US\$530.8 million) to 2.77 billion pounds (US\$4.5 billion) during the period.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 5/20/11)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2011	% Change 1/1/2010
Japanese yen	¥/US\$	81.6900	1.1%	-1.1%	0.7%	-12.1%
Hong Kong dollar	HK\$/ US\$	7.7741	0.02%	-0.03%	0.02%	0.3%
Chinese renmenbi	RMB/ US\$	6.4920	-0.1%	-0.6%	-1.5%	-4.9%
Singapore dollar	S\$/ US\$	1.2379	-0.6%	-0.4%	-3.5%	-11.9%
South Korean won	KRW/ US\$	1,082.7000	-0.4%	-0.2%	-3.4%	-7.0%
New Taiwan dollar	NT\$/ US\$	28.8100	0.6%	-0.9%	-1.2%	-9.8%
Australian dollar	US\$/A\$	1.0656	0.8%	1.2%	4.4%	18.8%
New Zealand dollar	US\$/NZ\$	0.7947	1.1%	0.8%	2.0%	9.7%
Philippine peso	PHP/ US\$	43.1200	0.1%	-0.4%	-1.2%	-7.2%
Euro	US\$/€	1.4152	0.2%	-1.3%	5.8%	-1.1%
British pound	US\$/£	1.6227	0.2%	-0.5%	4.0%	0.5%

Fixed Income Prices and Yields

Note	Currency	Current (on 5/20/11)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	101.25	4.30%	101.16	4.31%	105.25	4.43%
Japan 30-year	¥	103.02	2.04%	103.51	2.01%	100.32	2.18%
Hong Kong 10-year	HK\$	98.52	2.50%	98.23	2.54%	96.74	2.72%
China (06/16)	US\$	104.95	3.48%	105.57	3.50%	105.44	3.52%
Singapore 10-year	S\$	107.60	2.33%	107.70	2.33%	106.80	2.44%
South Korea 20-year	KRW	10,549.53	4.49%	10,487.76	4.53%	10,388.52	4.58%
New Zealand (12/17)	NZ\$	106.40	5.15%	105.66	5.24%	102.19	5.69%
Philippines 20-year	PHP	130.71	8.10%	130.63	8.11%	130.19	8.15%
India 30-year	INR	96.22	8.66%	96.37	8.64%	98.06	8.48%
UK 30-year	£	100.86	4.20%	100.93	4.20%	99.46	4.28%
Germany 30-year	€	120.42	3.62%	120.23	3.63%	116.85	3.79%

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