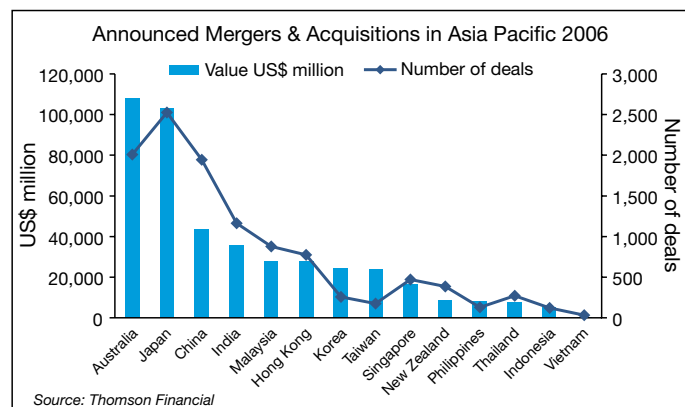


Asia-Pacific M&A Bulletin Year-End 2006

Foreword by Todson Page, Transactions Leader, Asia Pacific



Welcome to the eleventh edition of our Asia Pacific M&A Bulletin, a publication compiled principally with our M&A clients in mind, whether they are strategic or financial investors. The Bulletin is based on the views of our extensive network of in-country M&A professionals. These individuals encounter the day-to-day practical implications of factors affecting our region and have provided an impartial overview of the current status of the M&A market. More importantly, they have provided their views on where the market trends are heading in their own territories and factors which are likely to impact investment activity in the near future.



“...a high flying year... deal values grew across the board”

2006 was indeed a high flying year in which we witnessed a significant uplift in total deal values across the region. At the same time, average deal values grew across the board (14.7 percent compared to 2005). In what may be a preview of things to come, a multitude of big ticket deals took place. Most notable were in Australia, India and Malaysia each of which experienced more than 50 percent growth. All three benefited from the backdrop of strong underlying economies and a pick-up in both local and cross-border M&A activity. Chinese M&A became more of a domestic story in 2006 amidst buoyant market sentiment and additional local players joining the market for deals.

“...Australia, India and Malaysia each of which experienced more than 50 percent growth”

The long-term uptrend in deal volumes across Asia remains intact, posting a 3.1 percent increase across the region compared to 2005, with China, India, New Zealand and Taiwan all posting double-digit volume growth.

“Chinese M&A became more of a domestic story...”

Private equity funds confirmed their place in the regional M&A landscape, with the big global funds enlarging their footprint and average deal size. At the same time, local funds continued to emerge as this asset class gained local market acceptance. The increase in private equity activity has been most notable in Australasia. This has had the effect of driving up competition for deals and transaction multiples in that market significantly.

“Private equity funds confirmed their place... driving up competition... and multiples...”

The Oil and Gas sector continues to drive a significant proportion of regional cross border deals as emerging economies seek to secure the resources necessary to feed their burgeoning industries. The first special feature in this issue analyses the global challenges in the Oil and Gas sector and what these mean for M&A activity in Asia Pacific in the medium term.

As the Australian M&A market hit the headlines in 2006, due to unprecedented levels of activity, we have included a special feature on the drivers and prospects for M&A in Australia. We discuss several general factors causing this, such as the underlying economic trends, and focus on three key themes: the impact of the increasing role of private equity, the impact of the financial and resource sectors on overall corporate strength and hence on the Australian share market, and how global infrastructure funds have helped reshape the market.

PricewaterhouseCoopers have dedicated M&A professionals spread across the Asia Pacific region. Our approach to the M&A process and a sampling of services we offer are set out on page 48. The principal contacts for each territory are listed inside the back cover.