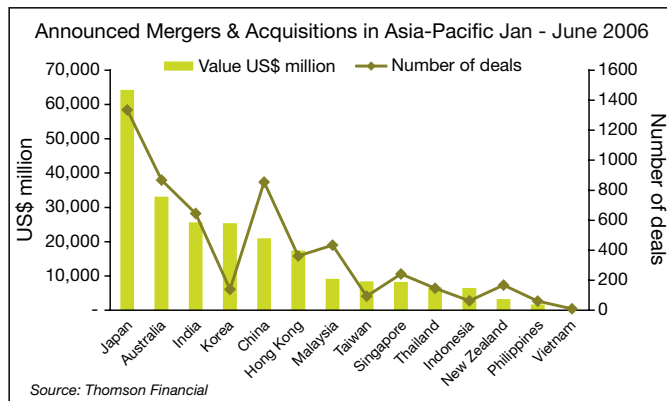


# Asia-Pacific M&A Bulletin Mid-Year 2006



Foreword by Todson Page, Transactions Leader, Asia-Pacific

Welcome to the tenth 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 territory and factors which are likely to impact investment activity in the near future.



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As we embark on the second half of 2006, the pace of M&A across the region shows no signs of slowing. Thanks to a variety of big-ticket deals, there was a significant uplift in total deal values with the six months to June, posting a 32% increase in announced deal values compared to the previous six months. Notable amongst the Asia Pacific countries was India, which witnessed deal values in the first half of 2006 exceeding full year 2005 figures. Similarly, several other countries posted stand-out amounts in deal values, including Malaysia, Taiwan and Thailand.

*“... India posted exceptional growth...this rising tide is raising all boats...”*

The long-term uptrend in deal volumes across Asia remains on track, witnessed by a 12% increase in volumes compared to the first half of 2005, wherein again India posted exceptional growth. Still, this rising tide is raising all boats, as evidenced by the constant mix of contributors towards the regional totals.

As expected, private equity funds are making their presence felt in the major markets across the region. A large number of deals were announced in India, Japan and Australasia, and the expectation is for this trend to grow. As a result, look for this increased competition for deals to generate increased transaction multiples in the medium term.

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Our first special feature in this issue focuses on China. Pharmaceuticals giants across the world are trying to gauge the real opportunity available in this dynamic market, with an analysis of factors such as the changing demographic profile, rapid sector consolidation and the quest to find a national pharmaceutical champion. The feature then considers these in light of a consumer base constantly achieving greater discretionary spending power.

Following the broader analysis of the Asian retail sector in our previous Bulletin, our second special feature focuses on retail opportunities in India, which continues to be one of the most exciting investment destinations in the region. We discuss the prospects, the players, the Government's FDI relaxation plans and of course the challenges in this in-depth look at a market where the best is yet to come.

Finally, I'm pleased to note that with this issue we are initiating coverage on Vietnam, which will continue as a regular addition to this Bulletin. Our initial look into the Vietnamese economy will leave no doubt that there are a number of reasons for optimism for potential investors.

At PricewaterhouseCoopers, we have dedicated M&A professionals spread across the Asia Pacific region. Our approach to the M&A process and a sampling of services on offer are set out on page 46, with principal contacts for each territory listed inside the back cover.