

Overview

Regional themes

- Deal volumes are off to a record first half start, roughly 10% up on the prior year, whilst values continued their macro uptrend thanks to record levels of M&A in India, Korea, Malaysia and Thailand
- Cross-border investment remained robust across many territories, significantly picking up both into and out of India and Japan despite a drop in M&A out of China
- Private equity funds are having a noticeable impact on the major markets across the region, most notably in India, Japan and Australasia

North Asia

- In China the focus was on domestic and inbound investment which looks set to continue, albeit at average lower deal values as the large investment into Chinese banks comes to an end
- The financial services and high tech sectors remained the key drivers of M&A in Taiwan, which looks set to continue
- Continued economic and corporate strength in Japan helped whet the appetites of Japanese companies for overseas investment which, coupled with high levels of inbound activity, has resulted in strong cross-border activity
- A number of large planned Korean conglomerate auctions is making for a strong pipeline for the second half of 2006, which should make this a record year for M&A in Korea

South Asia

- India has continued its M&A success story, with continuing growth in its burgeoning economy and keen international focus on market entry, whilst at the same time outbound investment booms
- Deal activity in Indonesia is looking robust, with activity spread across a wide range of sectors, albeit in smaller sized deals
- Domestic expansion and robust overseas investment are combining to make this a record year in Malaysian M&A
- Government linked investment and the real estate sector were, and will continue to be, the drivers of 2006 M&A growth in Singapore
- A more stable political and economic environment should lead to a pick up in smaller sized deals in Thailand and the Philippines
- As restrictions ease in Vietnam, look for larger and more complex deals to materialise

Australasia

- Solid economic performance coupled with some large Government privatisations and sector consolidations will buoy the Australian deals market
- Keen interest by private equity funds in both Australia and New Zealand looks to increase M&A competition and thus multiples in these markets in the near term