



KPMG's Valuation and Modelling team offers a wide range of analytical services for fund managers, portfolio companies and investors. As a leader in valuation services and with an established track-record of working with the private equity community, our professionals have the experience to deliver customised services for your valuation-related projects.

Unprecedented times call for clarity – but the environment is still challenging

A severe dislocation in financial markets has provided real opportunities and challenges for private equity practitioners and investors. While aggregate managed volumes of private equity funds in the Asia Pacific region remained stable, the year 2009 has seen a drop in investment activity as well as an increase in secondary opportunities. Funds are dealing with increased level of distressed assets and uncertainty surrounding refinancing, gearing levels and growth forecasts of investees.

The changes in investment environment shifted focus towards a demand for greater transparency and accountability. Investors, shareholders and auditors are looking for increased transparency and robustness in the valuation of investments. At the same

time, providing accurate valuations has never been more challenging than now. In this situation, transparent reporting on valuations is a competitive edge for funds to market themselves to potential investors.

The trend towards more defensible valuations is also driven by the evolution of accounting standards.

Furthermore, extended regulatory requirements in the United States and United Kingdom are expected to have a ripple effect on industry partners globally, placing greater attention on the pricing of unlisted and alternative assets.

Support KPMG can provide to private equity

KPMG China is well placed to offer services to both private equity practitioners and investors. KPMG's Valuation and Modelling team

provides investment valuations for management and financial reporting purposes, transaction and restructuring support and economic analysis.

Valuation services include the following:

- Valuation of receivables, loans, bonds and other debt instruments as well as asset-backed securities and retained interests in securitisations
- Mark-to-market of distressed, thinly traded or illiquid securities
- Determination of the value of loan collateral
- Review of internal valuation methodologies and underlying calculations for individual private equity investments or entire portfolios
- Portfolio performance review and IRR calculations

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- Independent valuations for IPOs and divestitures
- Purchase price allocation – fair value of tangible and intangible assets
- Analysis of goodwill impairment
- Independent valuation opinions for transaction support and ongoing corporate governance
- Financial modelling and analysis of equity and equity-linked securities
- Valuation of option grants/cheap stock
- Valuation support for dispute resolution

A customised approach

Valuation assignments are led by a dedicated commercial valuations partner, and are supported by personnel with the requisite valuation and industry experience. Since each engagement is unique due to the scope of work and company specific considerations, a tailored approach is utilised to help ensure the resulting analysis and documentation meets the client's requirements. The analysis prepared by KPMG's Valuation and Modelling team is based on careful consideration of the facts and circumstances, and insight into the relevant valuation methodologies and approaches.

KPMG's Valuation and Modelling team

The personnel within KPMG's Valuation and Modelling team come from diverse professional backgrounds with extensive experience in M&A accounting, tax and advisory, and in a broad range of

markets. With offices in the major financial centres worldwide, we have a global footprint, local market knowledge, and the requisite skills to execute complex domestic and cross border assignments.

The professionals in KPMG's Valuation and Modelling team regularly work jointly with the other private equity focused practices at KPMG, such as Transaction Services, Restructuring, M&A Tax, International Tax, and Risk & Compliance, among others. These close working relationships, which have been built over many years, result in a well-coordinated, highly effective, multi-disciplinary team.

KPMG's Valuation and Modelling team has a global network of resources with extensive experience. We operate in a network of over 1,200 valuation professionals across member firms in more than 50 different countries.

Commitment and experience

In today's global investment environment, it is more important than ever to have an experienced team of valuation professionals who have specific knowledge of tax, accounting and the financial markets. From pre-acquisition to exit, KPMG's Valuation and Modelling team has the experience and commitment necessary to provide practical and timely valuation services for private equity fund managers, portfolio companies and investors.

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