



Thomson Financial & Australian Venture Capital Association Limited Survey  
Fiscal Year Ended June 30, 2006

**Amount of Private Equity Raised By Fiscal Year (in A\$ Millions)**

<b>Year</b>	<b>Amount of VC Raised</b>	<b>Amount of Private Equity Raised</b>	<b>Amount of Total Raised</b>
1999	317.09	1005.08	1,322.17
2000	297.83	1,076.96	1,374.79
2001	289.92	1,020.25	1,310.17
2002	187.17	587.88	775.05
2003	133.22	469.56	602.78
2004	202.20	1,754.40	1,956.60
2005	322.36	3,819.82	4,142.18
2006	34.56	4,057.64	4,092.20

*Notes:*

*Computation for Amount of Private Equity Raised excludes direct investment funds, unspecified funds, public venture funds, fund of funds, evergreen funds, university programs and government programs. Thomson Financial treats these funds with no fund raising activity.*

At the end of June 2006, a total of \$4.1 billion of new capital commitments was raised by private equity and venture capital funds. This level of new commitments effectively matches the record amount raised at the same time in 2005, and is well in excess of amounts raised in all other prior years. Successful fund-raising activity was dominated by buyout and other private equity funds.

**Number of Funds by Stage by Year of Fund Formation**

<b>Year</b>	<b>Venture Capital</b>	<b>Private Equity</b>	<b>TOTALS BY YEAR</b>
1999	5	12	17
2000	9	15	24
2001	10	14	24
2002	4	11	15
2003	6	3	9
2004	2	15	17
2005	1	12	13
2006	2	4	6

On a calendar year basis, a total of six new funds were formed, two of which were oriented to venture capital investments, and four of which were oriented to buyout and other private equity investments.

**Average Size of Funds by Stage by Year of Fund Formation (in A\$ Millions)**

<b>Year</b>	<b>Venture Capital</b>	<b>Private Equity</b>	<b>TOTALS BY YEAR</b>
1999	22.82	54.47	77.29
2000	25.52	63.44	88.96
2001	31.26	42.87	74.13
2002	19.92	51.05	70.97
2003	21.5	74.13	95.63
2004	87.05	210.25	297.30
2005	111.08	172.39	283.47
2006	19.92	394.64	414.56

*Notes:*

*Average Size of Funds by Stage by Year of Fund Formation is based on disclosed information only. Computations for the table excludes direct investment funds, unspecified funds, public venture funds, fund of funds evergreen, university programs and government programs. Thomson Financial treats these funds with no fund raising activity.*

The average size of new private equity funds formed during the calendar year reflected continued growth as compared to prior years. New funds formed averaged \$414.6 million in size, up 46% from the average fund size at the same time in 2005.

**Number of Funds Formed by Sequence by Year of Fund Formation**

<b>Year</b>	<b>New</b>	<b>Follow-On</b>	<b>Sole</b>	<b>TOTALS BY YEAR</b>
1999	4	11	2	17
2000	6	12	6	24
2001	2	17	5	24
2002	4	11		15
2003	3	6		9
2004	4	13		17
2005	1	12		13
2006	1	5		6

Of total new private equity funds formed during the calendar year, one was a first-time fund, while the majority were follow-on funds.

## Number of Firms Formed by Fiscal Year

Year of Firm Formation	No of Firms
1999	22
2000	29
2001	17
2002	5
2003	5
2004	6
2005	3
2006	2

On a calendar year basis, a total of two new private equity firms were formed, as compared to the three firms formed for the first time the year before.

## Sources of Capital Under Management at June 30, 2006 (in A\$ Millions)

LP Type	Capital Committed
Banks	1,939.5
Insurance Companies	1,378.0
Corporate Non/Pension	2,757.0
Pension Fund/Public	744.3
Family or Individuals	4,432.6
Endowment/Foundations	501.5
Intermediaries	3,357.8
Overseas Unclassified	5,073.6
Australian Unclassified	2,260.4
<b>Total</b>	<b>22,444.6</b>

Total private equity under management stood at \$22.4 billion at the end of June 2006. The Overseas Unclassified category, comprised primarily of foreign pension funds and other institutional investors, now accounts for the largest share of total capital committed, or 23%. Families and individuals accounted for the next largest share, with 20% of capital under management, followed by intermediaries, with 15%.

### Amount of Private Equity Invested by Fiscal Year (in A\$ Millions)

Year	First Round	Follow-On	TOTALS BY YEAR
1999	624.5	144.6	769.1
2000	871.1	374.0	1245.1
2001	1353.1	1085.2	2438.3
2002	1067.2	920.6	1987.8
2003	860.5	550.5	1411.0
2004	1663.3	472.6	2135.9
2005	1532.5	347.8	1880.2
2006	1641.1	611.9	2253.0

#### Notes:

*Amount of Private Equity Invested by Year is based on a company's financing level and not on a fund level. By new financing, Thomson Financial refers to the first round of financing whereas by follow-on, Thomson Financial refers to any financing received after the first round. Computations are based on Australian companies receiving investments from funds located anywhere in the world.*

At the end of June 2006, a total of \$2.3 billion was invested by private equity and venture capital funds, reflecting growth of 20% over the \$1.9 billion invested at the same time in 2005, and one of the highest dollar amounts on record. First-round investments once again led overall, accounting for 73% of the total amount. However, follow-on investments, or investments taking place subsequent to the first round, also increased significantly as compared to the year before.

### Number of Companies Invested by Fiscal Year

Year	First Round	Follow-on	TOTALS BY YEAR
1999	82	26	108
2000	137	90	227
2001	200	137	337
2002	128	182	310
2003	71	140	211
2004	76	117	193
2005	100	128	228
2006	97	77	174

#### Notes:

*By new financing, Thomson Financial refers to the first round of financing whereas by follow-on, we refer to any financing received after the first round.*

The number of companies financed with private equity totaled 174 at the end of June 2006, which is down from the year before. Given the growth in dollars invested, this suggests the importance of large deals as a factor in activity. Of companies financed in total, 56% received first-round investments, and 44% received follow-on investments.

### Amount of Private Equity Invested by Industry by Fiscal Year (in A\$ Millions)

Year	Consumer Related	Industrial/ Energy	Other Products	Internet Specific	Computer Software and Services	Computer Hardware	Biotechnology	Communications and Media	Medical and Health	Semiconductor/ Other Electronics	TOTALS BY YEAR
1999	71.4	181.4	339.8	22.7	47.3	6.5	1.1	22.2	13.3	63.4	769.1
2000	149.9	165.4	346.9	266.1	137.3	4.5	31.9	61.5	37.5	44.1	1245.1
2001	154.6	79.8	662.9	955.4	110.7	44.0	239.7	69.9	101.8	19.6	2438.3
2002	472.7	228.7	785.9	104.8	78.3	31.0	20.1	99.7	95.1	71.5	1987.8
2003	303.7	114.2	447.1	166.7	93.2	16.9	18.3	119.7	126.5	4.7	1411.0
2004	329.9	123.4	359.5	20.5	12.3	19.1	30.5	161.8	1074.1	4.7	2135.8
2005	402.2	551.9	552.4	5.6	69.8	0.5	28.0	7.0	255.5	7.4	1880.2
2006	1153.4	201.2	433.8	6.0	29.6	30.3	128.7	77.5	179.4	12.9	2253.0

The consumer-related industry dominated private equity investments, capturing \$1.2 billion, or 51% of the total, and well up from amounts invested in past. The other products category, which includes agriculture/fisheries/forestry, business services and manufacturing, accounted for the second largest share, with 19% of dollars invested, followed by the industrial/energy category with 9%. Among other trends, biotechnology and communications/media investments grew significantly as compared to the year before.

### Number of Companies Invested by Industry by Fiscal Year

Year	Consumer Related	Industrial/ Energy	Other Products	Internet Specific	Computer Software and Services	Computer Hardware	Biotechnology	Communications and Media	Medical/ Health	Semiconductors/ Other Electronics	TOTALS BY YEAR
1999	14	6	32	10	19	2	2	8	3	5	101
2000	22	15	33	45	33	2	9	11	12	5	187
2001	28	20	62	57	40	7	20	16	18	7	275
2002	33	32	65	43	54	12	21	20	23	7	310
2003	20	17	33	20	23	6	7	14	21	4	165
2004	18	18	37	17	10	5	18	14	18	6	161
2005	19	16	55	9	18	1	22	7	23	6	176
2006	30	23	55	8	18	2	10	6	14	8	174

*Notes:*

*Other Products category may include the following: agriculture/fisheries/forestry, business services, financial services, construction, manufacturing, transportation and utilities.*

The other products category accounted for the largest number of companies financed with private equity at the end of June 2006, or 55 in total. The consumer-related industry reflected the second largest number, with 30 companies financed, followed by the industrial/energy category, with 23 companies financed.

**Number of New Investments by Stage**  
**From 1 July 2004 to 30 June 2005 and 1 July 2005 to 30 June 2006**

Stage	2005 No. of Companies	2006 No. of Companies
Venture Capital	25	22
Private Equity	75	75
<b>Total</b>	<b>100</b>	<b>97</b>

Buyout and other private equity funds accounted for over three-quarters of first-round investments in companies at the end of June 2006, while venture capital funds accounted for 23%. These proportions are largely unchanged from the same time in 2005.

**Private Investments By Location from 1 July 2005 to 30 June 2006**

Company State	No. of Deals	No. of Comp	No. of Firm	Sum Inv. (in A\$ Millions)
New South Wales,(AU)	62	56	34	486.8
Queensland,(AU)	22	22	27	331.8
Victoria,(AU)	40	32	30	534.5
South Australia,(AU)	12	12	12	40.9
Western Australia,(AU)	17	13	13	120.3
ACT, (AU)	4	3	4	2.5
NEW ZEALAND	21	21	21	736.1
<b>TOTAL</b>	<b>178</b>	<b>159</b>	<b>141</b>	<b>2253.0</b>

In Australia, the largest amount of private equity invested was located in Victoria, which accounted for 24% of the total dollar amount, followed by New South Wales with a 22% share, and Queensland with a 15% share. However, New South Wales once again reflected by far the largest number of companies and rounds of financing, with a total of 56 and 62, respectively. New Zealand captured \$736 million in private equity invested, or one-third of the total amount.

## Types of Exit By Fiscal Year

Year	IPO	M&A	Liquidation	Repayment	Write Off	Other Exit	TOTALS BY YEAR
1999	5	7			7	18	37
2000	19	5			16	9	49
2001	0	26			10	21	57
2002	2	18			9	2	31
2003	4	23			10	4	41
2004	5	24	22	2	1	15	69
2005	6	33	8	1			48
2006		14	1	2			17

## Notes:

1. Total for the Types of Exits Table are based on disclosed Exits information provided by the firm.
2. Exits information is based on each fund's exit in a portfolio company (e.g. two funds exiting in the same company will be counted twice).
3. M & A category includes portfolio Co's that exited thru M&A and Trade Sales while Write Off includes portfolio companies that exited thru bankruptcy and Write Off.

**Australian Private Equity Benchmarks**  
**Cumulative Annualized IRR Since Inception**  
**Results as of June 30, 2006**  
**Funds Formed 1987-2005**

Stage	No.	Avg	Pooled	Upper	Median	Lower	DPI	RVPI	TVPI
VC	31	-4.0	-0.9	5.3	-0.3	-8.1	0.22	0.75	0.97
PE	86	8.9	14.1	23.1	6.3	-2.6	0.83	0.61	1.44
<b>All Private Equity</b>	117	5.5	12.5	15.0	3.0	-5.0	0.75	0.63	1.38

As measured by cumulative performance since inception, buyout and other private equity funds formed between 1987 and 2005 had the higher pooled IRR at the end of June 2006, with 14.1%, as compared with venture capital funds with negative 0.9%. Upper quartile buyout and other private equity funds had returns of 23.1% or better, as compared with 5.3% or better for upper quartile venture capital funds. On balance, combined private equity funds have seen an annualized pooled return of 12.5% to date.

**Private Equity Horizon IRR Results  
Results at June 2006**

Stage	1 YR	3 YR	5 YR	10 YR	20 YR
VC	7.7	9.5	-0.5	-1.2	-1.2
PE	21.5	33.5	17.7	14.9	14.1
<b>All Private Equity</b>	19.2	29.4	14.8	12.6	12.2

Measured over both short- and long-term time periods, buyout and other private equity funds have reflected the highest annualized pooled horizon returns, which include a 14.1% return over the twenty-year horizon. This performance has contributed significantly to an overall twenty-year horizon IRR result of 12.2% for all private equity funds.

**Private Equity Benchmarks, Cumulative Annualized IRR Since Inception  
Funds Formed 1987-2005**

Year	No.	Avg	Pooled	Upper Quartile	Median	Lower Quartile	DPI	RVPI	TVPI
1994	5	-10.1	3.7	6.8	-1.8	-3.3	1.10	0.10	1.20
1996	3	9.3	10.5	11.0	7.3	6.6	1.15	0.46	1.62
1997	8	11.3	13.4	17.0	5.3	-3.8	1.20	0.34	1.54
1998	10	7.2	6.8	23.1	9.3	-1.9	0.64	0.64	1.27
1999	12	7.1	14.3	18.4	6.0	-8.4	1.25	0.25	1.50
2000	15	-4.2	15.2	7.7	-0.3	-17.3	0.87	0.57	1.44
2001	19	9.3	10.2	15.2	3.0	-1.2	0.56	0.71	1.27
2002	10	2.5	8.6	14.2	-1.3	-8.5	0.28	0.84	1.12
2003	5	-19.1	-25.7	0.2	-23.8	-28.2	0.03	0.61	0.64
2004	13	23.9	35.6	35.5	24.8	0.0	0.26	1.05	1.30
2005	10	-3.3	8.8	0.5	-8.8	-34.3	0.06	1.00	1.06

*Note:*

*All other vintage years have a sample size of less than 3 funds.*

2004 vintage year private equity funds have turned in a particularly strong performance to date, with a 35.6% return. The performance of these young funds was driven by largely unrealized gains with a pooled DPI ratio of 0.26. Vintage year 2000 funds followed with a 15.2% return, and funds formed in 1999 with 14.3%.

**Private Equity Horizon IRR Results as of June 30, 2006  
Funds Formed 1987-2005**

<b>Year</b>	<b>1 YR</b>	<b>3 YR</b>	<b>5 YR</b>	<b>10 YR</b>	<b>20 YR</b>
<b>1994</b>	28.1	1.2	-4.6	3.4	3.7
<b>1996</b>	0.0	11.6	6.0	10.6	10.5
<b>1997</b>	-12.0	21.8	7.0	13.4	13.4
<b>1998</b>	19.9	26.1	11.9	6.8	6.8
<b>1999</b>	12.8	61.6	24.1	14.3	14.3
<b>2000</b>	44.5	52.8	19.8	15.2	15.2
<b>2001</b>	6.4	11.8	9.7	9.6	9.6
<b>2002</b>	3.3	9.7	8.6	8.6	8.6
<b>2003</b>	10.8	-27.3	-26.1	-26.1	-26.1
<b>2004</b>	31.6	35.6	35.6	35.6	35.6
<b>2005</b>	9.8	8.8	8.8	8.8	8.8

At the end of June 2006, private equity funds formed in 2004 showed strong short-term results that have come closest in recent years to approximating the results for funds formed in 1999 and 2000. Funds formed in 2000 continued to reflect the highest one-year returns, with 44.5%, and funds formed in 1999, the highest three-year returns, with 61.6%. Over the longer-term, funds with vintage years of 1999 and 2000 continued to post the highest, double-digit horizon returns to date.

**Legend:**

*VC = Early Stage/Seed/Start-Up*

*PE = Balanced/Expansion/LBO/Generalist/Later Stage*

**Research:**

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