



ING Private Equity Access Limited

ANNUAL REPORT 30 JUNE 2010

ABN 48 107 843 381



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Disclaimer

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Calendar

OCTOBER 2010

Wednesday 13th
Monthly NTA Release

NOVEMBER 2010

Wednesday 3rd
Annual General Meeting

Thursday 11th
Monthly NTA Release

DECEMBER 2010

Monday 13th
Monthly NTA Release

JANUARY 2011

Thursday 13th
Monthly NTA Release

FEBRUARY 2011

Friday 11th
Monthly NTA Release

Friday 18th
Half Yearly Results Release

Friday 25th
Half Yearly Report to Investors

MARCH 2011

Friday 11th
Monthly NTA Release

APRIL 2011

Wednesday 13th
Monthly NTA Release

MAY 2011

Thursday 12th
Monthly NTA Release

JUNE 2011

Monday 13th
Monthly NTA Release

JULY 2011

Wednesday 13th
Monthly NTA Release

AUGUST 2011

Friday 12th
Monthly NTA Release

Friday 19th
Annual Results Release

SEPTEMBER 2011

Tuesday 13th
Monthly NTA Release

2010 ANNUAL GENERAL MEETING

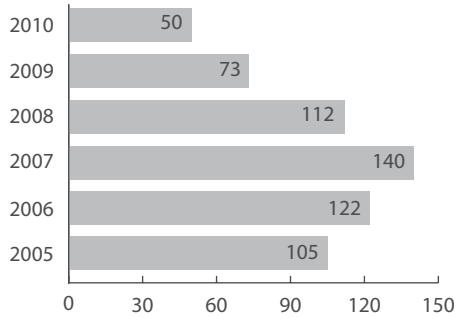
The 2010 Annual General Meeting (AGM) for ING Private Equity Access Limited will be held as follows:

Date: Wednesday 3 November 2010
Time: 2.00pm for 2.30pm start
Venue: Heritage Room, Shangri-La Hotel
176 Cumberland Street, The Rocks, Sydney, NSW

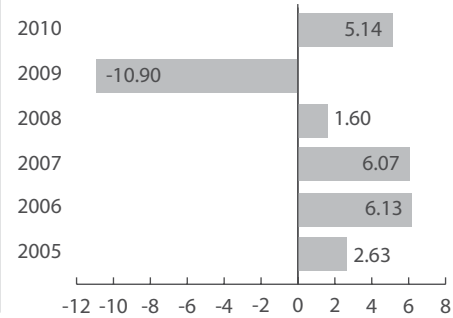
Details about the items of business to be considered at the AGM are contained in the separate Notice of 2010 Annual General Meeting.

Summary 2010

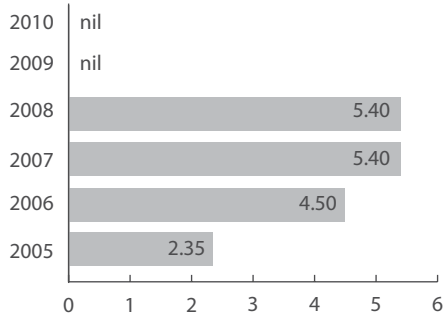
NET ASSET VALUE (pre tax cents per share)



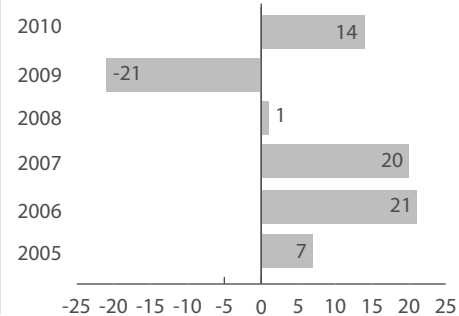
NET PROFIT AFTER TAX (\$m)



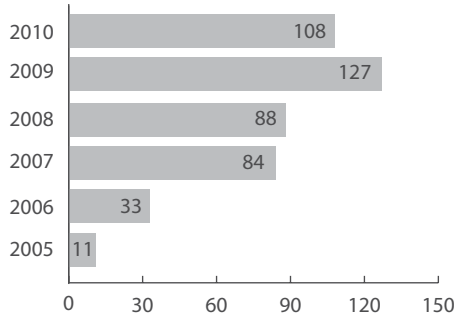
FINAL DIVIDEND (cents per share)



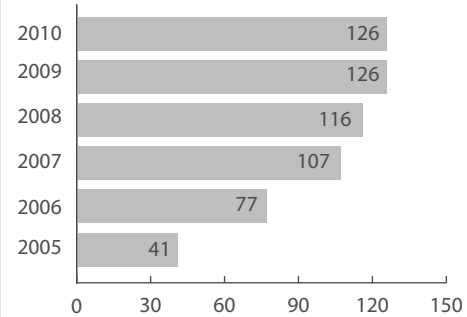
TOTAL RETURN (pre tax NAV and dividends %)



PRIVATE EQUITY EXPOSURE (%)



PRIVATE EQUITY FUND COMMITMENTS (\$m)



Net debt remains low and private equity activity has been increasing.



Geoff Brunson
Chairman

Statement by the Chairman

The year under review can be seen as one of consolidation for the Company with only modest levels of private equity activity but a pleasing start for the first year of our changed investment strategy. There was a dramatic turnaround in earnings from a number of realisations within the portfolio and improvements in valuations as the macro financial environment recovered from its lows.

The Company's outstanding private equity commitments reduced by 20% as calls were made by the portfolio funds but net debt remained almost unchanged from that following last year's rights issue as cashflows back from the portfolio offset the draw-downs. We remain cautiously optimistic that the pattern will be repeated over the current year.

Financial markets remain in a somewhat fragile state with concerns over the US and European economies. Australia has continued to prove more resilient but consumer sentiment remains relatively subdued and the SME sector appears under some pressure with credit markets still tight. Against that backdrop we did witness an increase in private equity activity over the last few months.

Our private equity portfolio remains in sound condition and valued in line with market conditions. Its average age is increasing so we expect to see more exit activity (and cash flowing back to the Company) over the next 12 to 24 months, dependent on market conditions. It is still too early to say when we will be able to re-commence the payment of dividends or the return of capital but FY11 could prove pivotal in that timing.

On behalf of the Board, thank you for your continued support and I hope that you will be able to join us at this year's Annual General Meeting which will be held on Wednesday, 3 November at the Shangri-La Hotel in Sydney.



Geoff Brunson
Chairman
20 August 2010



Consolidation
for the future

Investment Strategy

The Company provides investors with the opportunity to access investments in private equity not normally available to the individual or smaller investor.

The private equity program has been developed on a multi-manager (or “fund of funds”) basis over time, with the aim of building a well diversified portfolio of private equity funds managed by a selection of professional private equity managers. The current position and strategy is:

- commitments to 16 private equity funds have been made in order to build the Company’s exposure to private equity investments;
- commitments were made to ensure steady “vintage year” diversification but there will be no further commitments following the change in strategy announced in June 2009;
- as private equity funds generally operate on a partly paid basis, the Company’s private equity commitments are funded gradually over many years;

- funding for the remaining commitments will be generated by drawing on a debt facility and re-cycling cash that may be generated by the portfolio. Sales of part of the portfolio or equity raising would also be considered as “reserve” sources of funding;
- in time, capital returns and dividends will be paid to investors as the portfolio is wound down.

The Company appointed ING Investment Management (“INGIM” or “the Manager”) ABN 23 003 731 959 to implement the investment strategy. INGIM in Australia manages assets across a broad range of asset classes including listed equities, private equity, fixed interest and cash. It has been investing in private equity for many years, being one of the pioneers of private equity fund of funds in Australia.



Australia’s first listed private equity fund of funds.

Review of Operations

KEY POINTS

- Significant earnings improvement.
- Cash generation from portfolio realisations.
- Portfolio valuations improved.
- Investment strategy unchanged.
- Promising outlook for FY11.

EARNINGS

Profit after tax for the year was \$5.1 million compared with an after tax loss in the prior period of \$10.9 million (or compared with a prior period loss of \$12.5 million pre adoption of AASB 9 – Financial Instruments). The turnaround was driven by two main factors – the profitable realisation of several underlying investments and the early adoption of a new accounting standard, AASB 9 – Financial Instruments. The previous accounting standard required that unrealised gains were reflected in movements in balance sheet reserves while unrealised impairment losses were taken to the income statement. Adopting AASB 9 means the Company will be able to match unrealised gains and losses as they will both be reflected in the income statement, providing more relevant information for investors.

The most significant realisations were the exit via IPO of Kathmandu by Quadrant Private Equity 1 and the sale of Express Logistics by Direct Capital Partners III. Distributions of income and/or capital were also received from Archer Capital, Ironbridge and Hastings.

In line with the Company's changed investment strategy – utilising any available cash to help manage the outstanding private equity commitments – no dividend has been declared.

NET ASSET BACKING

The underlying value of the investment portfolio is captured in the net tangible assets ("NTA") disclosed monthly to the ASX.

Pre-tax NTA per share declined from \$0.73 (\$0.80 post-tax) at 30 June 2009 to \$0.50 (\$0.52 post-tax) at balance date. The decline was largely the result of the dilution of the 1 for 1 rights issue which was finalised in early July 2009 and which increased the number of shares on issue from 68.3 million to 136.6 million. At 31 July, following the rights issue, the pre-tax NTA was \$0.44 per share.

The increase in NTA since that date has reflected improvements in the valuations of the portfolio – at the individual company level these reflect improved earnings, more positive valuation metrics which are derived from the listed markets as well as third party validation from the few realisations.

The investment portfolio increased in value by 13.7% over the year. For reference, the S&P/ASX 300 Accumulation Index rose by 13.1% over the year.

Investors can access monthly NTA releases from the Company's website at www.ingpeal.com.au, via the ASX website or by contacting your broker.

CAPITAL MANAGEMENT

At balance date the Company had \$34.1 million of undrawn private equity commitments (\$42.6 million as at 30 June 2009), much of which will not be drawn for some years.

The Company has been using its \$20 million three year debt facility to fund calls on its portfolio commitments and at 30 June 2010 and had net debt of \$5.6 million (finance facility debt less cash on hand). At the date of this report net debt has been reduced to \$3.7 million after cash was received from Quadrant 1 on the realisation of its investment in ATF Services. Net debt at the same time last year was \$3.4 million so over the year since then the Company's cash requirements have been largely met through distributions from the investment portfolio with the bank facility effectively used for bridging purposes.

The Company will continue to assess its capital requirements but currently an ongoing debt facility and expectations of cash inflows appear adequate to meet the Company's commitments. Due to the recent financial market conditions the cash flowing back to the Company from the private equity portfolio remains well down on historic norms for this stage of the private equity investment cycle. We do hope for significant cash returns over the next couple of years as more and more companies in the funds will have been held for about five years – a normal holding period for private equity funds – but the scale of activity will depend on prevailing market conditions.

PORTFOLIO ALLOCATION

The private equity portfolio continued to grow over the period in absolute terms. Debt funding was introduced during the period under review and its use is demonstrated by "Cash" being depicted on a net basis (ie. cash less debt).

Asset exposure	30 June 2010	30 June 2009
Private equity	108%	127%
Listed equity	1%	1%
Cash	(9)%	(28)%



Commitments of \$126 million to private equity managers.

PRIVATE EQUITY PORTFOLIO

The Company's primary focus has been to build a diversified portfolio of institutional-grade private equity funds. Since the last Annual Report, the Company's private equity commitments remain unchanged at approximately \$126 million.

A summary of the portfolio as at 30 June 2010 is provided below:

	Investment stage focus	Fund size (\$m)	Committed (\$m)	Capital drawn (\$m)	Capital to be drawn (\$m)	Cash back (\$m)
Archer Capital Fund 3	MBO	428.5	7.1	6.5	0.6	5.4
Archer Capital Fund 4	MBO	1,360.0	10.0	3.9	6.1	0.0
Catalyst Buyout Fund 1	MBO	390.0	8.0	7.9	0.1	0.6
CM Capital Venture Trust No 4	Early Stage	153.5	8.0	5.1	2.9	0.1
Direct Capital Partners III (\$A equiv)	Expansion/MBO	53.3	6.5	6.4	0.9	4.6
Hastings Private Equity Fund II	Expansion/MBO	180.5	8.0	7.9	0.1	3.2
Ironbridge Capital 2003/4 Fund	MBO	450.0	5.0	4.7	0.3	3.7
NBC Private Equity Fund II	Expansion/MBO	98.6	6.0	6.0	0.0	0.0
NBC Private Equity Fund III	Expansion/MBO	101.2	10.0	4.3	5.7	0.0
Pacific Equity Partners III	MBO	1,275.0	8.0	6.9	1.1	0.6
Pacific Equity Partners IV	MBO	4,060.0	10.0	3.0	7.0	0.0
Propel Private Equity Fund II	Expansion/MBO	70.8	3.4	3.4	0.1	2.8
Quadrant Private Equity Fund No.1	Expansion/MBO	265.0	8.0	7.5	0.5	5.3
Quadrant Private Equity Fund No.2	Expansion/MBO	500.0	10.0	8.5	1.5	0.0
Wolseley Partners Fund I	Expansion/MBO	107.4	8.0	7.9	0.1	0.0
Wolseley Partners Fund II	Expansion/MBO	235.0	10.0	2.9	7.1	0.0
Total			126.0	92.8	34.1	26.3

Note 1. Numbers subject to rounding.

Note 2. "Expansion/MBO" means expansion capital and management buy-outs.

The underlying private equity portfolio increased modestly over the year. It started with 90 investments with four new investments added, five sold and three placed into administration or liquidation resulting in 86 underlying investments at year end.

The sales within the portfolio were at prices above their carrying values and were:

Fund	Company	Total return as a multiple of cost
Archer 3	Emeco International	3.0 times
	Onesource Group	1.0 times
Direct Capital Partners III	Express Logistics Group	3.5 times
Hastings II	Recovcorp	0.4 times
Quadrant 1	Kathmandu	2.8 times

The slow rate of new investment of the previous period carried over to the year under review largely due to a continuation of uncertain economic conditions and tight credit markets. The first quarter of calendar 2010 showed some resilience and sentiment improved, only to dissipate with a market correction in the June quarter. Nevertheless six new deals were introduced into the portfolio, as summarised in the table below.

Fund	Company	Description
Archer Capital Fund 4	Ausfuel	Energy distribution and logistics operator in northern Australia
Direct Capital Partners III	Fishpond Limited	Online retailer
Pacific Equity Partners IV	Energy Developments Ltd	A listed provider of "low greenhouse gas emission" energy
Quadrant Private Equity No.2	Media Monitors*	Aggregates information from sundry media sources
Wolseley Partners Fund II	Byron Group	Diversified products for healthcare and aviation
	Abergeldie Group*	Engineering solutions for infrastructure projects

* Cash was called for these two deals but they settled in early July 2010.

Additional investment into existing portfolio companies has been relatively active, reflecting continuing difficult markets (particularly for the SME segment) and a desire to continue to grow the underlying companies when the opportunity presents. Thirty-three existing investments received follow-on funding.

The slowed investment pace means that the average holding period of investments within the portfolio has increased again, with 21% now more than four years old (the usual holding period of a private equity investment is between four and seven years within a fund life of 10 years).

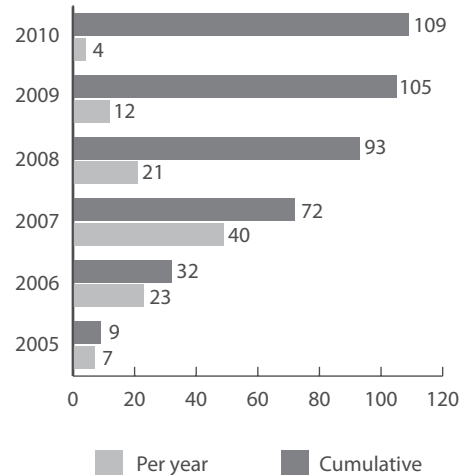
There is still a reasonable amount of uncalled capital in the portfolio however, we reiterate our expectation that:

- the draw-down rate will not be rapid; and
- the outstanding commitments will be drawn gradually over many years (and may not be totally called down at all).

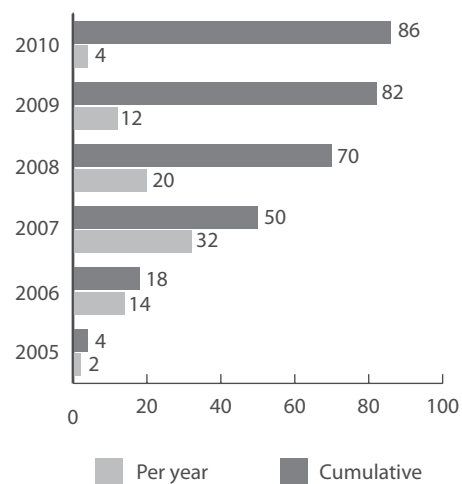
Most of the funds in the portfolio have completed their new investment programmes. Those with capacity to add to their portfolios are Archer 4, NBC III, PEP IV, perhaps Quadrant 2 and Wolseley II which in aggregate could add a dozen or so investments to the 86 in the diversified portfolio at balance date.

The portfolio enjoyed a modest recovery in unrealised value over the year. Fifty-two investments were revalued upwards, nine remained unchanged in local currency terms and 29 experienced a decline in valuation over the year. At the fund level, nine of 16 funds reported an increase in gross private equity valuations (realised and unrealised).

No. of new investments (including exits)



No. of new investments (excluding exits)



The years in the tables above are financial years.

SUMMARY OF 20 LARGEST PRIVATE EQUITY EXPOSURES

(As a percentage of the value of the Company's Investment Portfolio as at 30 June 2010.)

Fund	Date invested	Company	Percentage
Archer 3 & 4	Sep 05	Rebel Group	4.49%
Quadrant 2	Apr 07	Quick Service Restaurants	3.86%
Wolseley I	Jan 06	Pacific Services Group	3.81%
Quadrant 1	Dec 06	ATF Hire	3.45%
NBC III	Dec 07	Fenix Holdings	3.26%
Archer 4	Jan 09	MYOB	3.10%
Propel II	Dec 05	Bledisloe Group Holdings	2.98%
PEP III	Jun 06	Griffins Food Limited	2.89%
Hastings II	Jan 08	Bras N Things	2.87%
Quadrant 2	Apr 09	Summerset Retirement Villages	2.74%
Quadrant 2	Apr 08	IVF Holdings	2.74%
PEP III	Sep 06	Link Administration Holdings	2.66%
Archer 3 & 4	Dec 06	iNova Pharmaceuticals	2.61%
Propel II	Nov 04	The PAS Group	2.58%
Wolseley I & II	Apr 07	CoxGomyI	2.34%
Quadrant 2	Dec 07	Independent Pub Group	2.24%
Hastings II	Feb 07	Endeavour Learning Group	2.18%
DCP III	Aug 08	NZ King Salmon	2.00%
Archer 3 & 4	Jun 07	Cellarmaster Wines	1.93%
NBC II	Feb 07	Eagle Boys Pizza	1.84%
Total			56.57%

OUTLOOK

The 2009/10 financial year was more stable than the previous period but continued weakness in the US and Europe weighed heavily on positive indicators from other regions. A marked recovery in the Australian equity markets raised hopes for a return to confidence but the correction in May and the local furore over a proposed mining tax quickly brought a change in sentiment and financial markets ended June in a fragile state.

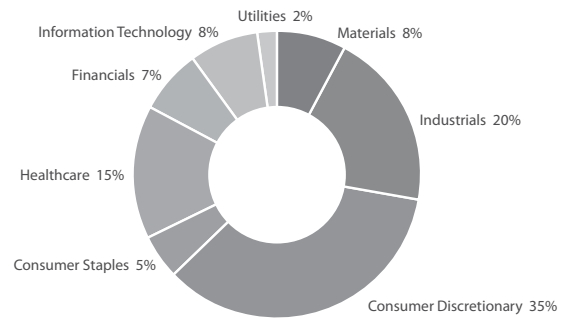
The last few months, however, did see a pick-up in private equity activity. The offer for Healthscope received most publicity but there were a range of other transactions that occurred out of the spotlight. A number of these were secondary private equity transactions (where one private equity fund sells to another) and the sale of ATF Services by Quadrant is an example of this. Such transactions have been more prevalent overseas but we may see more in Australia over the next few years as portfolios mature, pressure to realise assets increases and a range of private equity funds (domestic and international) have capital to invest. Australia is seen by offshore investors as having a relatively safe and benign investment environment and can provide some China exposure by proxy. The IPO market as an avenue for exits will remain available for only a modest percentage of portfolio companies as it always brings a higher degree of uncertainty to a sale process.

Dependent on market conditions we can expect our portfolio to see a marked increase in sale activity over the current financial year and it would not be surprising to report next year that the portfolio has fewer underlying companies as the wind down begins in earnest.

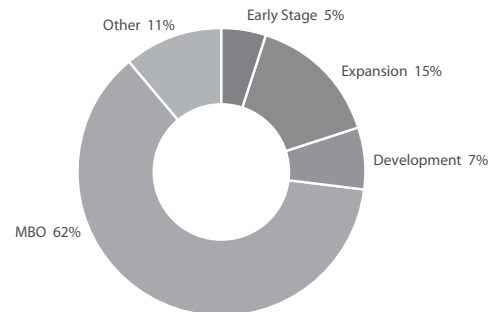
PORTFOLIO DIVERSIFICATION

The private equity portfolio is diversified by investment management team, investment stage, company size, industrial sector, geography, deal size and maturity. With 86 underlying investments the portfolio provides a broad spread of promising opportunities.

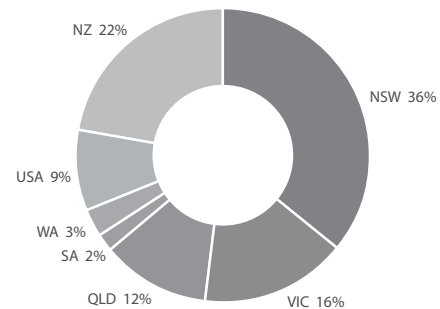
Industry sector exposure



Underlying investment stage



Head office location



> Diversification by sector, stage and geography.

Private Equity Fund Profiles



ARCHER CAPITAL

www.archercapital.com.au

Archer Capital is a leading private equity investment house which has enjoyed a long presence in the Australian buy-out market. Sydney-based Archer invests in leveraged buy-outs, seeking companies with strong market positions and/or growth potential, leading to strong, stable cash flows. Previous successful investments by the Archer Capital team include Tasman Building Products and Emeco.

Archer Capital Fund 3 % of IPE assets

Rebel Group	
Sporting goods and leisure wear retailer	3.6%
iNova Pharmaceuticals	
Manufactures branded prescription drug products	2.1%
Cellarmasters	
Retail wine distribution	1.3%
Emeco International	
Earthmoving equipment rental business	Sold F10
Onesource Group	
Distributor of office technology equipment	Sold F10
Paradise Foods	
Biscuit and snack food manufacturer	Sold F08
Repco Corporation	
Distributor of automotive parts, tools and equipment	Sold F07

Archer Capital Fund 4

Rebel Group	
Sporting goods and leisure wear retailer	0.9%
iNova Pharmaceuticals	
Manufactures branded prescription drug products	0.5%
Cellarmasters	
Retail wine distribution	0.6%
Funtastic Limited	
Distribution and marketing of children's products	0.0%
MYOB	
Provider of accounting software	3.1%
Ausfuel	
Reseller and long-haul transporter of fuel and oil products	0.6%



CATALYST INVESTMENT MANAGERS

www.catalystinvest.com.au

Catalyst has a mid-market buyout and expansion capital focus investing in companies with enterprise values of between \$50 million and \$300 million. Located in Sydney, the group's enviable track record includes successes with B&D Doors, JUST Group, Pacific Brands and Taverner.

Catalyst Buyout Fund No 1 % of IPE assets

Aperio Group Pty Ltd	
Manufacturer of flexible packaging products	1.3%
Moraitis Group Pty Ltd	
Fresh produce wholesaler and distributor	1.1%
Metro Glasstech	
Manufacturer and supplier of glass products	0.7%
Global Television Ltd	
Equipment and services to TV and broadcast companies	1.5%
EziBuy Limited	
Clothing and home decor catalogue retailer	1.0%
Valley Longwall	
Underground drilling and mining machinery provider	0.1%
Australian Discount Retail	
Discount variety retail market	w/off F09



CM CAPITAL

www.cmcapital.com

CM Capital is a specialist venture capital manager based in Brisbane. The team invests in early stage companies in the life sciences, information technology and telecommunication sectors. Investments are generally funded over a number of years rather than with a single up-front amount. CM's previous funds include investments in Pharmaxis, CathRx and Universal Biosensors (all listed on the Australian Stock Exchange).

CM Capital Venture Trust No 4

% of IPE assets

	% of IPE assets
Altiris (previously Metastatix) Drug company developing small molecule drug therapies	0.1%
Sunshine Heart Inc Developing a mechanical heart assist device	0.3%
Mesaplexx Pty Ltd (previously Microwave & Materials Design) Superconductor frequency filters for wireless telecommunications	0.2%
Osprey Medical Inc Developing cardiovascular catheter systems	0.5%
Piedmont Pharmaceuticals LLC Specialty human and veterinary pharmaceuticals	0.9%
AdGent 007, Inc Online advertising filtering software	0.6%
Ingenero Green energy supplier	0.5%
ThreatMETRIX Inc Anti fraud software for internet transactions	0.4%
Pathway Therapeutics Developing small molecule inhibitors for human cancers	0.2%
Datacastle Corporation Enterprise software for data protection	0.4%
Speedx Pty Ltd Molecular diagnostics platform developer	0.1%
Xumii Inc (previously uiActive Inc) Delivery of applications and content to mobile devices	w/off F10



DIRECT CAPITAL

DIRECT CAPITAL

www.directcapital.co.nz

Based in Auckland, Direct Capital Partners focuses on mid-market expansion and management buyout investments in New Zealand and Australia. The founding directors established Direct Capital in 1994 and are now considered to be pioneers of private equity in New Zealand.

Direct Capital Partners III

% of IPE assets

NZ Pharmaceuticals	
Manufactures and exports pharma intermediates and products	0.8%
Triton Hearing Clinics	
Audiology services business	0.2%
Stratex (previously Paper Coaters)	
Specialist in laminated plastic and foil packaging	0.8%
Go Bus Limited	
Transport services	1.7%
Shears & Mac4 Limited	
Joinery business for furniture manufacturing	0.3%
Rodd & Gunn	
Menswear apparel chain	0.3%
NZ King Salmon	
Salmon producer	2.0%
Fishpond	
Online retailer	0.1%
Max Fashions	
Women's apparel retailer	Sold F08
International Forwarding	
Logistics provider	Sold F09
Innovair Group Limited	
Manufacture and market of pest control air dispensing products	Sold F09
Express Logistics Group	
Logistics provider specialising in dry goods delivery	Sold F10



HASTINGS FUNDS MANAGEMENT

www.hfm.com.au

Hastings Private Equity is part of Melbourne-based Hastings Funds Management. The Hastings Private Equity Fund II targeted investments in mature companies and is a follow-on to Hastings' first fund which raised capital of \$97 million in 2000/2001.

Hastings Private Equity Fund II	% of IPE assets
Photolibrary Online supplier of photographic images	0.7%
Endeavour Learning Group Vocational and higher education provider	2.2%
Reflections Group Cleaning, security, pest control services	0.0%
Bras N Things Women's intimate apparel, swimwear and accessories	2.9%
Recovcorp Scrap metal business	Sold F10
NQR Grocery Clearance Stores Specialist food and grocery clearance stores	w/off F09
Shorko Holdings Manufacturer of flexible packaging for the food industry	Sold F08
G&S Engineering Engineering, maintenance and construction services	Sold F08
Auscap Closure Systems Manufactures metal closures for beverages and food	Sold F07

IronbridgeCapital

IRONBRIDGE CAPITAL

www.ironbridge.com.au

Ironbridge Capital invests primarily in large management buy-out transactions in Australia and New Zealand working out of offices in Sydney and Auckland. Prior to forming Ironbridge, the principals of the business were responsible for the strongly performing portfolio of the first Gresham Private Equity Fund which included investments in Repco and Cashcard.

Ironbridge Capital 2003/4 Fund	% of IPE assets
Recreational Tourism Operates a chain of backpacker complexes	0.2%
STARDEX Specialist general insurance underwriting agency	0.2%
Barbeques Galore Retailer of barbeques and barbeque accessories	0.1%
Super A-mart Big box furniture retailer	1.3%
Mrs Crocket's Kitchen Chilled food manufacturer	w/off F10
The Riviera Group Designs and makes luxury motor yachts and cruisers	w/off F09
Qualcare Group Holdings Aged care facilities	Sold F08
Affinity Health Private hospital operator	Sold F05



NBC CAPITAL

NBC CAPITAL

www.nbccapital.com.au

Brisbane-based NBC Capital focuses on small to medium sized management buy-outs and expansion capital opportunities, mostly drawn from the manager's Queensland deal-flow, across a range of industries.

NBC Private Equity Fund II

% of IPE assets

Australian Water Systems Water tank manufacturing companies	0.0%
Withcott Seeds Seedling producers for fresh vegetable markets	0.2%
Eagle Boys Pizza Franchised pizza business	1.8%
Noble Water Manufactures water treatment and waste water plants	0.0%
BCP Pre Cast Manufactures pre-cast cement products	0.1%
Troncs Road transport	0.8%
Aunger Car Craft Pty Ltd Manufacture and distribution of auto accessories	w/off F10

NBC Private Equity Fund III

Fenix Holdings Health and fitness clubs	3.3%
Australian Electrical Systems Manufactures high voltage switchgear	0.6%
Hi Tech Express Specialised freight service provider	0.7%
Layby Services Australia Christmas hamper provider	1.1%



PACIFIC EQUITY PARTNERS

PACIFIC EQUITY PARTNERS

www.pep.com.au

PEP invests in large management buy-out opportunities in Australia and New Zealand. The PEP stable of funds started in 1998 and the investment team is now Australia's largest private equity firm having closed its fourth fund with commitments of \$4 billion. PEP is building a significant global business with its investments in share registry businesses Link Market Services and American Stock Transfer.

Pacific Equity Partners Fund III % of IPE assets

Xtralis Fire protection and video-based surveillance	0.6%
Tegel Poultry Poultry producer	0.4%
Griffins Food Limited Snack foods business	2.9%
Godfreys Group Cleaning appliance retailer	0.0%
Link/AAS Group Share registry and fund administration	2.7%
Independent Liquor (NZ) Manufactures ready to drink alcoholic beverages	1.3%
Veda Advantage Limited Business intelligence – credit research	1.8%
Hoyts Group Hoyts cinema and advertising	0.8%

Pacific Equity Partners Fund IV

Hoyts Group Hoyts cinema and advertising	0.6%
American Stock Transfer US share registry provider	1.0%
RED group (Borders) Retailer of books and related products	0.3%
Energy Developments (ASX:ENE) Supply renewable/low greenhouse gas emission energy	0.3%



PROPEL INVESTMENTS

www.propelinvestments.com.au

Propel Private Equity Fund II is managed by Propel Investments which was founded in June 2007 by former executives of DB Capital Partners (the private equity arm of Deutsche Bank) following take-over activity at Deutsche Bank. The Fund has invested in majority and minority positions in Australian mid market management buy-out and buy-in deals.

Propel Private Equity Fund II % of IPE assets

Pacific Apparel Solutions Wholesale apparel business	2.6%
Bledisloe Group Holdings Funeral service operator	3.0%
Pacific Services Solutions (Tempo) Facility management and multi discipline support services	Sold F06



QUADRANT PRIVATE EQUITY

www.quadrantpe.com.au

Quadrant's focus is on medium sized management buy-outs and expansion capital opportunities in Australia and New Zealand. The Sydney-based team has a long record of success with investments such as Atlas Steels, Australian Airports Limited, Penrice Soda, Tasman Building Products, UndercoverWear and Village Life.

Quadrant Private Equity No.1 % of IPE assets

Seniors Money International	
Reverse mortgage provider	1.5%
Marks & Wallings	
Dealer in tyres, wheels and associated products	1.0%
Ortho Group	
Orthopaedic surgical practices	0.6%
ATF Hire	
Hires temporary fencing to construction and events	3.5%
The Jewellery Group	
Retail jewellery store chain	0.9%
Kathmandu	
Outdoor clothing and equipment retailer	Sold F10
Tower Software Engineering	
Software for electronic records management	Sold F08

Quadrant Private Equity No.2

Quick Service Restaurants	
Fast food chain – Red Rooster, Chicken Treat	3.9%
Independent Pub Group	
Owner of gaming hotels	2.2%
IVF Australia	
Fertility treatment specialists	2.7%
Summerset Retirement Villages	
Retirement and Care facilities in NZ	2.7%



WOLSELEY PARTNERS

www.wolseleypartners.com.au

Wolseley Partners was established in 1999 by its three principals as a Sydney-based firm providing consulting and advisory services to a range of corporate clients and private equity firms. Its first private equity fund was established in 2005 focusing on controlling interests in mid-size unlisted manufacturing, distribution and services companies.

Wolseley Partners Fund I % of IPE assets

Pacific Services Group Pty Limited	
Electrical contracting and services business	3.8%
Freshmax Pty Limited	
Fresh produce wholesaler and distributor	1.2%
CoxGomyl	
Manufactures building maintenance units for high rise	1.4%
Cartridge World	
Remanufacture of cartridges for office machines	0.2%
Next Media Holdings	
Magazine publishing	1.8%

Wolseley Partners Fund II

CoxGomyl	
Manufactures building maintenance units for high rise	0.9%
Cartridge World	
Remanufacture of cartridges for office machines	0.4%
Byron Group	
Manufactures Ambulances+healthcare/aviation equip	0.3%

CO-INVESTMENTS

The portfolio also includes three co-investments – direct investments in companies alongside a private equity manager. The list below includes two early stage investments chosen to supplement the Company's limited exposure to that sector of the market. CathRx is listed on the ASX (code: CXD). Dilithium Networks is based in the USA and VitaCo in New Zealand where it produces the Healtheries and Nutralife brands.

	% of IPE assets
CathRx Pty Ltd	
Developing improved cardiac catheters	0.5%
Dilithium Networks Inc	
Interconnectivity software for voice, video and data	0.1%
VitaCo (previously Health Brands)	
Supplier of nutritional supplements and alternative medicine	1.1%

Directors' Report

The Directors present their report together with the financial report of ING Private Equity Access Limited (the Company) for the financial year ended 30 June 2010 and the auditor's report thereon:

CORPORATE INFORMATION

Corporate structure

ING Private Equity Access Limited is a company limited by shares that is incorporated and domiciled in Australia. It has no parent entity.

Principal activities

The principal activity of the Company during the year was holding long-term investments in private equity funds and investments in Australian listed equities. The Company began these activities after listing on the Australian Stock Exchange (ASX) on 25 November 2004.

Employees

Until the date of this report, the Company has no employees because the functions of the Company are performed by the Investment Manager, ING Investment Management Limited (the Manager), under the terms of a Management Agreement.

DIRECTORS

The names and details of the Company's Directors in office during the year and until the date of this report are as follows:

Geoff Brunson

Independent, Non-Executive Director and Chairman
Appointment date: 3 February 2004

Jon Schahinger

Managing Director
Appointment date: 3 February 2004

Don Stammer

Independent, Non-Executive Director
Appointment date: 3 February 2004

James Wright

Non-Executive Director
Appointment date: 29 May 2009

Qualifications

The qualifications and experience of the Company's Directors in office during the financial year and until the date of this report are as follows:



Geoffrey Brunsdon

BComm ACA FFNSA FICCD

**Independent and Non-Executive Director
(Chairman)**

Mr. Brunsdon is a professional company director; he is a Director of APN Funds Management Limited the Responsible Entity of the APN Group's managed funds; a Director of Sims Metal Management Limited, an ASX listed materials recycling company; and a director of Macquarie University Hospital. He was previously Managing Director and Head of Investment Banking of Merrill Lynch International (Australia) Limited. Geoff has extensive experience in the origination and execution of investment banking transactions having been in the industry since 1980. He continues to provide strategic advice to companies. He was a member of the listing committee of the Australian Stock Exchange between 1993 and 1997 and was appointed to the Australian Takeovers Panel in 2007 which is a continuing role. He is a Chartered Accountant, a Fellow of FINSIA and a Fellow of the Institute of Company Directors. Geoff is also involved in several non-profit organisations including as Chairman of Redkite (supporting families who have children with cancer), the Wentworth Group of Concerned Scientists and Purves Environmental Custodians. Geoff was appointed a Director and Chairman of the Company on 3 February 2004 and is a member of the Audit Committee.



Jon Schahinger

BComm, CPA

Managing Director

The Manager has made Jon Schahinger available to the Company as Managing Director. That role is to oversee the implementation of the Company's investment strategy and its administrative requirements. He is the Company's primary contact for its external relationships. Jon has joint responsibility for all aspects of the Manager's private equity operations and has a background in accounting, finance, investment and company secretarial functions. Jon has been in the funds management industry for over 20 years in both the listed and unlisted arenas and is a Non-Executive Director of two other public companies, Advent III Private Equity Limited and Quickflix Limited. Jon was appointed Managing Director on 3 February 2004.



Donald Stammer

MA (UNE), PhD (ANU)

Independent and Non-Executive Director

Don Stammer has had a long and distinguished career in each of academia, central banking and investment banking and is one of Australia's best known economists. From 1972 until 1981 Don held senior positions, including deputy chief manager, at the Reserve Bank of Australia. From 1981 until 2001 he was Chief Economist/Director of Investment Strategy with Deutsche Bank (formerly Bain & Company). Don chairs the listed company, Praemium Limited. He also chairs the Blue Mountains World Heritage Institute and is a member of the Investments Committee of the National Children's Medical Research Institute. Don was appointed a Director on 3 February 2004 and is Chairman of the Audit Committee.



James Wright

BEc (Hons)

Non-Executive Director

James Wright has overall responsibility for the Manager's Australian equities, fixed income, listed property, private equity and quantitative services. He is a member of the Manager's Australian Asset Allocation Committee, Investment Committee and the Private Equity Investment Committee. James previously held the role of Director, Fixed Income, from May 2002 until October 2007. He has also previously held roles with ANZ Investments, Treasury Corporation of Victoria and the Department of the Treasury in Canberra. James was appointed a Director on 29 May 2009.

Company secretaries

The Company Secretaries in office during the year were Graham Batten (appointed 21 November 2006) and Chris Hadjia (appointed 9 May 2008).

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

	Directors' Meetings		Meetings of Audit and Compliance Committee	
	Held	Attended	Held	Attended
Geoff Brunsdon	10	10	4	4
Jon Schahinger	10	10	–	–
Don Stammer	10	10	4	4
James Wright	10	9	–	–

* Jon Schahinger and James Wright are not members of the Audit and Compliance Committee.

Directors' interests

The relevant interest of each Director in the shares issued by the Company, as notified by the Directors to the ASX in accordance with S205(1) of the Corporations Act 2001, at the date of this report is as follows:

	Number of Ordinary Shares
Geoff Brunsdon	1,065,624
Jon Schahinger	1,000,000
Don Stammer	490,000
James Wright	–

CORPORATE GOVERNANCE STATEMENT

In recognising the need for high standards of corporate behaviour and accountability, the Directors of the Company support the principles of corporate governance issued by the ASX. The Company's corporate governance statement is contained in the following section of this annual report.

REMUNERATION REPORT – AUDITED

Remuneration policy

This remuneration report outlines the Director and Executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director. For the purposes of this report, the term 'executive' encompasses the Managing Director only.

The Manager intends to pay up to 20% of any performance fees it receives to the Managing Director, Mr Jon Schahinger, who is also remunerated by the Manager. Since inception, no performance fee has become due or payable by the Company to the Manager.

The Company does not have a remuneration committee and it is not the intention of the Board to establish a Remuneration Committee at this stage. In the event that the Board deems it necessary, one will be established. Currently, only Independent Directors are paid Directors' fees by the Company. The amount that these Directors receive is assessed from time to time having regard for the estimated future workloads and responsibilities of the independent Directors of the Company and prevailing market conditions. There is no link between remuneration paid to Directors and corporate performance.

Compensation of Directors

From establishment, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related body corporate with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest, other than disclosed below:

	Primary salary and fees (\$)		Superannuation* (\$)		Total (\$)	
	2010	2009	2010	2009	2010	2009
Geoff Brunsdon	45,500	–	4,500	40,000	50,000	40,000
Jon Schahinger	–	–	–	–	–	–
Don Stammer	29,817	27,300	2,683	2,700	32,500	30,000
James Wright	–	–	–	–	–	–
Total compensation	75,317	27,300	7,183	42,700	82,500	70,000

* As per prior years, the Directors may elect to receive their Directors' fees directly into their superannuation fund.

Under the current terms of the Company's constitution, the non-executive Directors as a whole may be paid or provided remuneration for their services the total amount or value of which must not exceed an aggregate maximum of \$150,000 per annum.

No remuneration is paid by the Manager directly to any Director for services as a Director of the Company. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Company to the Directors as Key Management Personnel.

No Director has received a share based payment or other long term benefit during the year ended 30 June 2010 (2009: \$nil).

Emoluments of the five most highly paid executive officers of the Company

Other than the Directors and Company Secretaries there were no executive officers.

MANAGEMENT AGREEMENT

Management fee

In consideration for the services provided under the Management Agreement, the Manager is entitled to a management fee which is calculated on the last business day of each month and paid no less frequently than quarterly.

From 1 January 2010, the management fee has been charged at the rate of 0.85% per annum of the gross asset value of the portfolio. Prior to 1 January 2010, the management fee was charged at the rate of 1% per annum of the gross asset value of the portfolio.

Administration fee

On 1 November 2009, the administration fee payable to the manager was discontinued as a result of a review of the fee under the terms of the management agreement.

For the period to 1 November 2009, the Manager was entitled to receive an administration fee of \$28,644 plus any applicable GST (2009 (12 months): \$91,609).

Performance Fee

The Manager will be entitled to a performance fee calculated annually over three year rolling periods. The first three year period was the period from the end of the month in which the Company was admitted to the ASX's Official List to the third anniversary of that date (30 November 2007).

The fee payable is equal to 10% of any out-performance of the Portfolio over a benchmark which is the greater of:

- (a) the total return of the S&P/ASX 300 Accumulation Index over the calculation period plus 3% per annum; and
- (b) 25% over the calculation period.

As at 30 June 2010, no performance fee has been paid or become payable to the Manager (2009: \$Nil).

REVIEW AND RESULTS OF OPERATIONS

During the reporting period the Company engaged in its principal activity; holding long term investments in private equity funds and in Australian listed equities, the results of which are enclosed in the attached financial statements.

Operating results for the year

The period was one with greater stability in financial markets and improving economic sentiment albeit with some fragility re-emerging in the final quarter. Against that backdrop, private equity activity remained relatively subdued although the Company did benefit from a number of realisations in its underlying private equity fund portfolio which returned capital and income to the Company.

On 7 December 2009, the Company elected to adopt AASB 9 – "Financial Instruments". Under the previous accounting standard, unrealised gains on investments in available for sale equity instruments were reflected in movements in equity reserves while unrealised impairment losses were recognised in net profit or loss. Adopting AASB 9 results in matching realised and unrealised gains and losses as they will both be reflected in the net profit or loss for the period, providing more relevant information for investors. The Company has elected to restate prior period results to ensure comparability.

The improved revenue and the adoption of AASB 9 have resulted in a net profit for the year of \$5,144,109 after providing for income tax. (2009 Post AASB 9 adoption: net loss: \$10,940,527; Pre AASB 9 adoption: 2009 net loss: \$12,544,921). The full effect of adoption of AASB 9 has been shown in notes 4 and 19 to the financial report.

Earnings per share for the reporting period based on the weighted average number of ordinary shares	2010 cents	2009 (restated) cents
Basic earnings per share (cents per share)	3.82	(17.60)
Diluted earnings per share (cents per share)	3.82	(17.60)

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company that occurred during the financial year other than the finalisation in early July 2009 of a rights issue which doubled the number of shares on issue and raised \$11,608,552 before share issue costs.

Dividends

In line with the current policy of utilising any available cash to manage the Company's outstanding private equity commitments, no dividend has been declared.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.

Likely developments

The financial year ended with equity markets exhibiting a high degree of fragility over concerns about economic conditions in Europe and the USA. Market conditions will have a significant impact on the level of private equity activity which was subdued during the financial year just ended.

The Company has a well diversified portfolio of more than 90 underlying investments and we do expect that many of these will be entering into sale processes during the 2011 year. We expect only a modest number of new investments over that period as the economic outlook and levels of risk still remain uncertain.

The change in investment strategy that the Company has adopted (no further private equity fund commitments and a gradual wind down of the portfolio) should provide a very good opportunity to deliver value back to shareholders over the medium to longer term.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

The Company has agreed to indemnify the Directors of the Company against all liabilities to another person (other than the Company) that may arise from their position as Directors of the Company, except where the liability arises out of conduct involving lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has not indemnified the current or former auditor of the Company.

Insurance premiums

Since the end of the previous financial year, the Company has paid insurance premiums of \$64,296 in respect of the Directors' liability and legal expenses insurance contracts, for current and former Directors of the Company. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Disclosure of the limit of liability under the policy is prohibited under the terms of the insurance contract.

NON-AUDIT SERVICES

The Company's auditor, KPMG, is also contracted to perform tax advisory services in relation to the preparation and lodgement of the Company's annual tax return. The fee paid for this service in relation to the 2009 financial year was \$8,250 including GST, and the fee quoted for this service for 2010 is \$8,800 including GST.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with a resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not (or will not) compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity or objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics of Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out in Note 26. In addition, amounts paid to other auditors for the statutory audit or other services have been disclosed.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 27 and forms part of the Directors' report for the financial year ended 30 June 2010.

ENVIRONMENTAL REGULATION

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

ROUNDING

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the Directors:



Geoff Brunsdon
Chairman

Sydney
20 August 2010

Lead Auditor's Independence Declaration under S307C of the Corporations Act 2001



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of ING Private Equity Access Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Andrea Waters'.

Andrea Waters
Partner

Sydney

20 August 2010

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Corporate Governance Statement

The Board of Directors of ING Private Equity Access Limited (the Board) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders, by whom they are elected and to whom they are accountable.

This Corporate Governance Statement has been set out in accordance with the ASX Corporate Governance Council's (the Council) "Corporate Governance Principles and Recommendations – 2nd Edition" (the Recommendations). In accordance with the Recommendations, the Corporate Governance Statement contains specific information disclosing the extent to which the Company has followed the guidelines during the year. Additionally, if the Company considers that a Recommendation is inappropriate to its particular circumstances, it has not adopted it. In such cases, that fact has been disclosed below, together with the reasons for non-adoption.

The recommendations are as follows:

Principle 1

Lay solid foundations for management and oversight

Principle 2

Structure the Board to add value

Principle 3

Promote ethical and responsible decision-making

Principle 4

Safeguard integrity in financial reporting

Principle 5

Make timely and balanced disclosure

Principle 6

Respect the rights of shareholders

Principle 7

Recognise and manage risk

Principle 8

Remunerate fairly and responsibly

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Establishment and disclosure of the respective roles and responsibilities of Board and Management

In lieu of senior executives and the duties delegated to them, a formal statement delegating authority to ING Investment Management Limited (the Manager) has been established in the form of a Management Agreement between the Company and the Manager, and appoints the Manager to:

- Invest and manage the portfolio in accordance with the terms of the Agreement; and
- Perform various administrative services such as preparing financial statements and assisting with communications and regulatory reporting.

The Management Agreement may be reviewed periodically to ensure its ongoing suitability. Any additional matters affecting the Company are discussed in full and dealt with by the Board when required. The performance of the Manager is discussed and assessed at the regular meetings of the Board of Directors and a process for a formal evaluation of the Manager is in place.

The Company has adopted a Board Charter to more fully adhere to the Council's Recommendations by formally documenting the Board's purpose and role, and the powers reserved to the Board. A copy of the Board Charter can be obtained by contacting the Registrar.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Independent Directors

The skills, experience and expertise relevant to the position of each Director are included in the Annual Report on page 21.

The Board consists of both independent and non-independent Directors. Directors of the Company are considered to be independent when they are independent of the Manager and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In the context of Director independence, “materiality” is considered from both the Company and individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount, such as total shareholders’ assets of the Company. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship, the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company’s obligations.

In accordance with the definition of independence above, and the materiality thresholds set, Geoff Brunson and Don Stammer are considered to be independent. Although the Company will not satisfy the ASX Recommendation with the Board comprising only 50% independent Directors, the Company believes that as the principal management function associated with the investment portfolio has been contracted to the Manager, the participation of equal independent and non-independent Directors is appropriate in the circumstances. In addition, in any matter, if the Board were to have a split vote, Geoff Brunson, the Chairman, and who is independent, has the deciding vote, thus preserving a quasi-majority of independence.

The term in office held by each Director during the financial year is set out in the Directors’ report on page 22.

Nomination Committee

The Board, as a whole, serves as a Nomination Committee. The composition of the Board is monitored (both in respect of size and membership) to ensure that the Board has a balance of skill and experience appropriate to the needs of the Company, including Board succession planning. When a vacancy exists, the Board will identify candidates with appropriate expertise and experience and appoint the most suitable person.

Term of office

With the exception of the Managing Director, at least two Directors of the Board must retire and stand for re-election each year. With the exception of the Managing

Director, each Director must retire and stand for re-election at least once every three years.

Performance evaluation of the Board

An internal process for a formal performance evaluation of the Board, its committees and individual Directors is in place. The Board decided that a comprehensive externally-led process would not add any value to the operation of the Board, given the style of operations of the Company.

Directors have access to continuing education to update their skills and knowledge, including developments in the Company and within the industry and environment within which it operates. Additionally, there is the opportunity for Board members to take independent professional advice, if necessary, at the Company’s expense.

The dual Company Secretary regime provides additional support for the Board by monitoring and co-ordinating Board policy, procedures, agendas and materials.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of conduct

While no separate, formal code of conduct exists, the Board Charter outlines the expectation of the Board, while carrying out its responsibilities and powers, to recognise its overriding duty and responsibility to act honestly, diligently, professionally, in accordance with the law and in the best interests of the Company’s shareholders and other stakeholders.

In relation to the Company’s investment management and administration, the appointment of the Manager has been made with reference to its past performance and current reputation as a responsible and ethical investor. The Manager is part of the global ING Group and has access to its global specialist investment network. ING Group (globally), including ING Investment Management Limited is at the forefront of ethical investing and is a signatory to the United Nations Principles for Responsible Investment.

In addition to the above, the continuing employment of all Company officers and the Manager’s employees is dependent on compliance with the high standards of professionalism and integrity, as contained in their contracts of employment.

Trading in Company securities by Directors, officers and employees

The Board has implemented a policy in relation to Board members and Company officers trading in the shares of the Company whereby, prior to any trading, the Board considers all relevant factors, such as availability of information to the market and current confidential Company information and approves such a trade if it deems it appropriate.

The Manager has also implemented a policy in relation to its managed funds, executives or employees trading in the shares of the Company. Prior to any trade by an employee of the Manager, approval must be applied for and granted. Prior to any approval, the application is considered in light of all relevant factors, such as availability of information to the market and current confidential Company information.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit Committee

The Board has established an Audit and Compliance Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information, as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Company to the Audit and Compliance Committee.

The Audit and Compliance Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The members of the Audit and Compliance Committee are the independent Directors, who during the year were Don Stammer (Chairman) and Geoff Brunson.

Details of the qualifications of the members of the Audit and Compliance Committee can be found in the Directors' report on page 21.

In contrast to ASX Principle 4.2, suggesting a membership of three, the Audit and Compliance Committee contains two members because there are only two independent Directors on the Board. The Audit and Compliance Committee and the Board feels that the current Audit and Compliance Committee structure is sufficient to be able to meet the requirements of the Charter of the Audit and Compliance Committee.

For details on the number of meetings of the Audit and Compliance Committee held during the year and the attendees at those meetings, refer to page 22 of this financial report.

A copy of the Audit and Compliance Committee charter is available on request from the Registrar.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company has provisions within its Board Charter requiring compliance with ASX Listing Rule disclosures. To meet these provisions, the Company ensures that all investors are kept up to date with any and all information in an equal and timely manner, by providing regular announcements to the Australian Securities Exchange and shareholders, and by posting up to date information onto the Company's website (www.ingpeal.com.au). The Board is careful to ensure that announcements are kept factual, clear and balanced at all times. Announcements generally take one of three forms:

- Monthly net tangible asset announcements which are released in line with a timetable published in the Company's Annual Report;
- Semi-annual and annual audited financial reports of the Company; and
- Ad-hoc releases whenever the Board considers it appropriate to advise investors of a new development within the Company or its portfolio.

The aim of the Board's continuous disclosure policy is fivefold:

- Keep current and potential investors abreast of the Company's activities and results;
- Reduce the possibility of the development of a false market in the Company's securities;
- Safeguard the confidentiality of corporate information to avoid premature disclosure;

- Provide a contact for media, analysts and shareholder queries; and
- Ensure constant compliance with the ASX listing rule disclosure requirements.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

In the interest of promoting investor confidence, the Company promotes a culture where trading in its shares can proceed in an efficient and informed market. Although the Company does not have a formal communications policy, normal Company practice is to disclose to shareholders (electronically and when required, by other means of communication) all relevant information on a timely basis, in such a way as not to affect market sensibility or commit a breach of any confidentiality clauses (see Principle 5 above).

Up to date information can be accessed via the Company website, including but not limited to:

- Company strategy;
- Details of the investment portfolio;
- Archived information releases;
- Company policies and charters;
- Private equity education centre; and
- Company contact details.

The share registry website also includes useful online tools, such as enabling electronic submission of annual report elections and accessing of a shareholder's own personal information.

Notice of the annual general meeting is released to shareholders in good time, to ensure that as many shareholders as possible have the opportunity to attend. The format of the annual general meeting is designed to promote opportunities for investors to raise issues and ask questions, however at other times of the year, investors also have the opportunity to raise issues or questions of Directors or the Manager via the contact details on the Company's website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Establishment of a system of risk oversight and management and internal control

The Board has overall responsibility for oversight and management of risk as well as ensuring the adequacy of the internal control environment.

As much of the management of the Company has been delegated to the Manager, the Manager is obliged to maintain adequate internal risk management objectives, policies and procedures to manage the Company's material business risks and provides the Board with a report detailing such risks and advising whether those risks are being managed effectively. These risks include financial risks such as market risk, credit risk and liquidity risk, as well as operational risks such as those in connection with the internal control framework and disaster planning.

The policies and objectives surrounding the Manager's administrative tasks are independently reviewed by a registered auditor, and a report on such is provided to the Board by the Manager.

Operational risk is primarily handled by the Manager, although the responsibility remains with the Board who may review and assess the findings of internal and external reviews of the Manager's systems.

The policies and objectives surrounding the principal financial risks facing the Company have been outlined in note 6 "Financial risk management", together with details of the controls surrounding these risks.

The Company does not have a designated Risk Committee because the Board as a whole serves as the Risk Committee, and the Manager provides the Board with details of additional compliance reviews and systems in place to reduce risk. These include responsibilities delegated to the Manager over the monitoring of the work performed by the registrar or any other third party provider employed by the Company or the Manager.

Assurance under s295 of Corporations Act 2001

Prior to signing the Directors' Report and Directors' Declaration, and adopting the accounts, the Board receives assurances from the people performing the Chief Executive Officer and Chief Financial Officer functions of the Company. These assurances were received from:

- the Managing Director in his capacity as Chief Executive Officer of the Company; and
- the Director of Investment Accounting and Tax, of the Manager, who performs the Chief Financial Officer function for the Company.

These assurances are that the financial records of the Company have been properly maintained, the financial statements comply with the accounting standards, the financial statements and notes for the financial year give a true and fair view. In addition, they provide assurance that there is a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Directors' Remuneration

Geoff Brunsdon and Don Stammer are remunerated by fees for an aggregate amount of \$95,000 per annum (2009: \$70,000). All Directors' payments are inclusive of committee fees and superannuation, and do not include any retirement benefits other than superannuation contributions made as part of those fees.

For details on the breakdown of the Directors' remuneration, refer to page 23. Presently, only the two independent Directors receive any remuneration from the Company because the non-independent Directors are remunerated by the Manager. Under the current terms of the Company's constitution, the non-executive Directors as a whole may be paid or provided remuneration for their services the total amount or value of which must not exceed an aggregate maximum of \$150,000 per annum.

There is no link between remuneration paid to Directors and corporate performance. The Managing Director, Mr Jon Schahinger, who is remunerated by the Manager, is entitled to 20% of any performance fees the Manager receives from the Company. These terms were set out in the Initial Public Offer document.

Due to the small number of Company officers it is not the intention of the Board to establish a Remuneration Committee at this stage. In the event that the Board deems it necessary, one will be established. No individual Director is directly involved in deciding their own remuneration.

FINANCIAL STATEMENTS

Statement of financial position

As at 30 June 2010	Note	2010 \$'000	2009 (Restated)* \$'000	2008 (Restated)* \$'000
CURRENT ASSETS				
Cash and cash equivalents	11a	468	696	7,458
Receivables	12	210	188	72
Prepayments	13	147	148	–
Listed private equity investments	14	386	606	707
Total current assets		1,211	1,638	8,237
NON-CURRENT ASSETS				
Unlisted private equity investments	15	73,326	63,531	60,257
Deferred tax assets	16	2,740	4,305	256
Total non-current assets		76,066	67,836	60,513
Total assets		77,277	69,474	68,750
CURRENT LIABILITIES				
Payables	17	277	464	346
Loans and borrowings	18	6,040	14,671	–
Current tax liabilities	16	91	–	1,410
Total current liabilities		6,408	15,135	1,756
NON-CURRENT LIABILITIES				
Deferred tax liabilities	16	2	17	629
Total non-current liabilities		2	17	629
Total liabilities		6,410	15,152	2,385
Net assets		70,867	54,322	66,365
EQUITY				
Issued capital	19	73,005	61,547	59,469
Asset revaluation reserve	19	–	57	(42)
Retained earnings/(Accumulated Loss)		(2,138)	(7,282)	6,938
Total equity		70,867	54,322	66,365

* Refer notes 4 and 19 for restatement information.

The above Statement of financial position should be read in conjunction with the accompanying notes to the financial statements set out on pages 37 to 65.

FINANCIAL STATEMENTS

Statement of comprehensive income

For the year ended 30 June 2010	Note	2010 \$'000	2009 (Restated)* \$'000
REVENUE			
Dividends and distributions received		4,312	979
Change in net market value of financial assets held at fair value through profit or loss		4,440	(15,047)
Realised gains on sale of available for sale financial assets		114	(41)
Other income		3	46
Total revenue		8,869	(14,063)
EXPENSES			
Management fees	24	(647)	(673)
Directors' fees	24	(82)	(70)
Other expenses	8, 24	(358)	(533)
Total expenses		(1,087)	(1,277)
Results from operating activities		7,782	(15,340)
FINANCE INCOME AND EXPENSES			
Finance income	9	52	107
Finance costs	9	(669)	(455)
Net finance expense		(617)	(348)
Profit/(loss) before income tax		7,165	(15,688)
Income tax (expense)/benefit	10	(2,021)	4,747
Profit/(loss) for the period		5,144	(10,941)
OTHER COMPREHENSIVE INCOME			
Net change in fair value of available-for-sale financial assets	19	33	100
Net change in fair value of available-for-sale financial assets sold during the period and transferred to profit or loss	19	(114)	41
Tax effect of other comprehensive income	19	24	(42)
Other comprehensive (expense)/income for the period, net of income tax		(57)	99
Total comprehensive income for the period		5,087	(10,842)
EARNINGS PER SHARE (EPS)			
EPS based on the weighted average number of ordinary shares (cents per share)			
Basic and diluted earnings per share (cents per share)	20	3.82	(17.60)

* Refer notes 4 and 19 for restatement information.

The above Statement of comprehensive income should be read in conjunction with the accompanying notes to the financial statements set out on pages 37 to 65.

Statement of changes in equity

	Issued Capital \$'000	Asset Reval. Res. \$'000	Ret. Earn./ (Accum. Losses) \$'000	Total \$'000
For the year ended 30 June 2010				
At 30 June 2009 (as reported)	61,547	1,513	(8,738)	54,322
CHANGES TO OPENING BALANCES				
Transitional adjustment due to early adoption of AASB 9: "Financial Instruments" *	–	(1,456)	1,456	–
Restated total equity at 30 June 2009	61,547	57	(7,282)	54,322
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				
Profit or loss	–	–	5,144	5,144
Other comprehensive income/(expense) for the period (net of income tax)	–	(57)	–	(57)
Total comprehensive income for the period	–	(57)	5,144	5,087
TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY IN EQUITY				
Issue of ordinary shares by rights issue	11,458	–	–	11,458
Total transactions with owners	11,458	–	–	11,458
Total equity at 30 June 2010	73,005	–	(2,138)	70,867

	Issued Capital \$'000	Asset Reval. Res. \$'000	Ret. Earn./ (Accum. Losses) \$'000	Total \$'000
For the year ended 30 June 2009				
At 30 June 2008 (as reported)	59,469	(190)	7,086	66,365
CHANGES TO OPENING BALANCES				
Transitional adjustment due to early adoption of AASB 9: "Financial Instruments" *	–	148	(148)	–
Restated total equity at 30 June 2008	59,469	(42)	6,938	66,365
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				
Profit or loss	–	–	(10,941)	(10,941)
Other comprehensive income/(expense) for the period (net of income tax)	–	99	–	99
Total comprehensive income for the period	–	99	(10,941)	(10,842)
TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY IN EQUITY				
Issue of ordinary shares by placement	1,171	–	–	1,171
Shares issued from DRP during the year	907	–	–	907
Dividends paid or reinvested during the year	–	–	(3,279)	(3,279)
Total transactions with owners	2,078	–	(3,279)	(1,201)
Total equity at 30 June 2009	61,547	57	(7,282)	54,322

* Refer notes 4 and 19 for restatement information.

The above Statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements set out on pages 37 to 65.

FINANCIAL STATEMENTS

Statement of cash flows

For the year ended 30 June 2010	Note	2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends and distributions received		4,202	824
Interest received		40	148
Other income received		3	54
Income tax refunded/(paid)		270	(1,367)
Interest paid		(970)	(214)
Payments to suppliers and directors		(1,159)	(1,378)
Net cash flows from/(used in) operating activities	11b	2,386	(1,933)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of unlisted private equity investments		355	110
Proceeds from capital returned on unlisted private equity investments		2,555	274
Calls paid for unlisted private equity investments		(8,482)	(18,382)
Purchases of listed private equity investments		(126)	–
Proceeds of loans to shareholders of co-investments		60	484
Net cash flows used in investing activities		(5,638)	(17,514)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		5,000	14,000
Repayment of debt facility		(13,000)	–
Proceeds from the issue of share capital		11,609	1,205
Payments of transaction costs related to the issue of share capital		(587)	(148)
Dividends paid		–	(2,372)
Net cash flows from financing activities		3,022	12,685
Net decrease in cash and cash equivalents held		(230)	(6,762)
Add opening cash and cash equivalents brought forward		696	7,458
Movement in foreign cash due to exchange rate fluctuations		2	–
Cash and cash equivalents at end of the period	11a	468	696
NON-CASH FINANCING ACTIVITIES			
Dividend reinvestment plan		–	907

The above Statement of cash flows should be read in conjunction with the accompanying notes to the financial statements set out on pages 37 to 65.

Notes to the financial statements

1. REPORTING ENTITY

ING Private Equity Access Limited (the "Company") is a Company domiciled in Australia. The address of the Company's registered office is Level 21, 83 Clarence Street, Sydney, NSW 2000.

The nature of the operations and principal activities of the Company are managing long-term investments in private equity funds and investments in Australian listed equities.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 20 August 2010.

(b) Basis of measurement

The financial report has been prepared on a historical cost basis, except for financial assets held at fair value through profit or loss and available for sale financial assets that have been measured at fair value. The methods used to measure fair values are discussed further in note 5.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting

estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 5: Determination of fair values;
- Note 16: Tax assets and liabilities;
- Note 21: Financial instruments; and
- Note 22: Capital and other commitments.

(e) Overview of changes to accounting policies

Starting as of 1 July 2009, the Company has changed its accounting policies in the following areas:

- Presentation of financial statements
- Segment reporting

Starting as of 7 December 2009, the Company has changed its accounting policies in the following areas:

- Classification of financial instruments
- Impairment

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in notes 4 and 19, which address changes in accounting policies.

Certain comparative amounts have been reclassified to conform with the current year's presentation (see notes 4 and 19). In addition due to the change in accounting policy from the early adoption of AASB 9: "Financial Instruments", AASB 101: "Presentation of Financial Statements", requires an additional statement of financial position to be presented as at the beginning of the earliest comparative period.

(a) Foreign currency translations

Transactions in foreign currencies are translated to Australian dollars at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are retranslated to Australian dollars at the foreign currency rate at that date with any differences between the weighted average cost of foreign currency and the balance at reporting date being taken to profit or loss. Non-monetary assets and liabilities denominated in

foreign currencies that are measured at fair value are retranslated to Australian dollars at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available for sale instruments which are recognised directly in equity as part of the unrealised gain or loss on unlisted private equity investments in the Asset Revaluation Reserve.

(b) Non-derivative financial assets

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, available for sale financial assets, cash and cash equivalents and receivables.

(i) Recognition and derecognition of non-derivative financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

If the Company has the legal right to offset financial asset and liability amounts and intends either to settle on a net basis or realise the asset and settle the liability simultaneously, these amounts are not offset. The gross amounts of these offsetting assets and liabilities are presented separately in the Statement of Financial Position.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

(ii) Non-derivative financial assets existing on or acquired after 7 December 2009

The classification and measurement model for financial assets existing on or acquired after 7 December 2009, the

date the Company adopted AASB 9, is outlined below. The accounting policy with respect of recognition and derecognition for these instruments is the same as for those financial assets disposed of prior to 7 December 2009 (refer to note 3(b)(i) for further information).

Financial assets at fair value through profit or loss

All investments which were held by, or acquired after 7 December 2009, are measured at fair value through profit or loss. This includes all listed and unlisted investments.

Available-for-sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale. Under the transitional rules of AASB 9: "Financial Instruments", any financial assets which were designated as available for sale at 1 July 2009 and which are sold during the year prior to the date of adoption (7 December 2009) must retain their designation of available for sale financial assets. On 1 July 2009, the Company had one such asset which it sold on 30 October 2009. On 1 July 2008, the Company had two such assets, one of which was sold on 1 July 2008. Both assets were unimpaired prior to sale.

Subsequent to initial recognition, the Company measured its sole available for sale asset at fair value and changes therein, other than foreign currency differences, are recognised in other comprehensive income and presented in the Asset Revaluation Reserve.

The sole available for sale financial asset was not impaired at any stage.

When the investments were derecognised, the cumulative gain or loss in equity was transferred to profit or loss.

Cash and Cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of 3 months or less.

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest rate method.

Receivables comprise accrued interest, amounts receivable from the tax authorities and distributions receivable from unlisted private equity investments.

(c) Non-derivative financial liabilities

The Company initially recognises loans and borrowings on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. If the Company has the legal right to offset financial asset and liability amounts and intends either to settle on a net basis or realise the asset and settle the liability simultaneously, these amounts are not offset. The gross amounts of these offsetting assets and liabilities are presented separately in the Statement of Financial Position.

The Company has the following non-derivative financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognised initially at fair value excluding any directly attributable transaction costs.

Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(d) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs that have been paid or are payable and are directly attributable to the issue of ordinary shares which are not yet issued at balance date (ie the shares relating to the rights issue which were to be allotted on 10 July 2009) have been recognised as a prepayment in the statement of financial position to the extent that they have been incurred and are known.

(e) Impairment of financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the

Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables and available for sale investments at a specific asset level. All individually significant receivables and available for sale investments are assessed for specific impairment. Receivables and available for sale investments that are not individually significant are then collectively assessed for impairment.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss occurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by the historical trends.

Adoption of AASB 9 and the decision to classify financial instruments as fair value through profit or loss resulted in all fair value movements, and related tax effect, of the Company's unlisted private equity investments held at 7 December 2009 being recognised in profit or loss. For instruments classified as fair value through profit or loss, no impairment assessment is necessary.

The Company has one available for sale asset at the beginning of the financial year which has not been impaired since its initial recognition.

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of investments

Revenue is recognised when the significant risks and rewards of ownership of the investments have passed to the buyer and can be measured reliably. Risks and rewards from unlisted private equity investments are considered to be passed to the buyer at the date the sale of the investment is settled, and the amount of the proceeds have been advised to the Company by the investment manager.

(ii) Financial assets at fair value through profit or loss

The net realised and unrealised movements in the values of the Company's financial assets at fair value through profit or loss during the year are recognised in profit or loss.

(iii) Dividends and distributions

Dividends and distributions from listed companies and listed trusts are recognised in profit or loss on the date that the Company's right to receive payment is established, which is the "ex-dividend" or "ex-distribution" date. Distributions from private equity investments are brought to account when the Company becomes entitled to the distribution and the amount can be measured reliably, which is ordinarily at the time it is received. Unlisted cash trust distributions are brought to account on a "present entitlement" basis at which time an adjustment is made to the fair value of the trust.

(iv) Foreign currency gains and losses

Foreign currency gains and losses are reported on a net basis.

(g) Finance income and finance costs

(i) Finance income

Finance income includes interest income on funds invested. Interest revenue is recognised as it accrues in profit or loss using the effective interest method.

(ii) Finance costs

Finance costs comprise interest expense on borrowings and fees in association with the Company's debt finance facility. Finance costs are recognised as they accrue in profit or loss using the effective interest method. Where fees represent a prepayment for a period ending after balance date, a corresponding prepayment has been recognised in the statement of financial position.

(h) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables, prepayments and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority.

(j) Earnings per share (EPS)

The Company presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(k) Segment reporting

As of 1 July 2009 the Company determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Company's chief operating decision maker. This change in accounting policy is due to the adoption of

AASB 8: "Operating Segments". Previously operating segments were determined and presented in accordance with AASB 114: "Segment Reporting". The new accounting policy in respect of segment operating disclosures is presented as follows:

- Comparative segment information has been re-presented in conformity with the transitional requirements of AASB 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.
- An operating segment is a component of the Company that engages in business activities from which it may earn revenues or incur expenses. An operating segment's operating results are reviewed regularly by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.
- Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise:
 - (i) Non-segment revenue (interest received on cash float);
 - (ii) Corporate expenses (such as ASX related expenses, administration fees paid to the Manager (refer note 24) and fees for corporate services such as audit, tax review and registry); and
 - (iii) Non-segment assets (cash float, income tax assets and liabilities, and other receivables).

(l) Presentation of financial statements

The Company applies revised AASB 101: "Presentation of Financial Statements", which became effective as of 1 January 2009. As a result, the Company presents in the Statement of Changes in Equity all owner changes in equity, whereas all non-owner changes in equity are presented in the Statement of Comprehensive Income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(m) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 124 Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Company's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurements purposes. The amendments, which become mandatory for the Company's 30 June 2011 financial statements are not expected to have a significant impact on the financial statements.
- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights issue [AASB 132](October 2010) clarify that rights, options or warrants to acquire a fixed number of an entities own instruments for a fixed amount in any currency are equity investments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Company's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Company's 30 June 2011 financial statements, with retrospective application required. The amendments are not expected to have any impact on the financial statements.

4. CHANGE IN ACCOUNTING POLICY

The Company early adopted AASB 9: "Financial Instruments" for the first time from 7 December 2009, being the earliest date it was available for adoption in Australia.

AASB 9 specifies the basis for classifying and measuring financial assets. Classification is determined based on the Company's business model and the contractual cash flow characteristics of the financial assets.

Financial assets will be classified as either amortised cost or fair value. AASB 9 replaces the classification and measurement requirements relating to financial assets in AASB 139: "Financial Instruments: Recognition and measurement" (AASB 139).

A financial asset is measured at amortised cost if the following conditions are met:

- The objective of the Company's business model in relation to those instruments is to hold the asset to collect the contractual cash flows; and
- The contractual cash flows give rise, on specified dates, to cash flows that are solely payments of principle and interest on the principle outstanding.

If these criteria are not met then the asset must be reclassified as fair value through profit or loss unless the Company elects at the date of initial application of AASB 9 or at initial recognition of an asset thereafter to present the movement in values in other comprehensive income. The Company has not elected to present the movement in values for any asset in other comprehensive income. Alternatively, similar to the requirements of AASB 139, the Company may irrevocably elect at inception to classify a financial asset as fair value through profit or loss to reduce an accounting mismatch.

Amortised cost is still measured using the effective interest rate method and amortised cost assets must be assessed for impairment losses. There are no changes to the measurement method for fair value through profit or loss from the requirements of AASB 139.

The change in accounting policy was applied retrospectively only to those financial assets that the Company held at the date of initial application of AASB 9 (7 December 2009) or acquired subsequent to that date. Financial assets disposed of prior to 7 December 2009 were accounted for under AASB 139. In accordance with the transitional provisions of AASB 9, the classification of financial assets that the Company held at the date of initial application was determined based on conditions that existed at that date.

The impact on the statement of comprehensive income for the year ended 30 June 2009 as a result of applying AASB 9 is as follows:

- \$14,823,441 has been reclassified from other comprehensive income (Net change in fair value of available-for-sale financial assets) to loss for the

period (Change in net market value of financial assets held at fair value through profit or loss – unlisted investments) as a result of reclassifying equity instruments from available for sale to fair value through profit or loss.

- \$17,304,168 has been reclassified from loss for the period (Impairment expense) to other comprehensive income as a result of reclassifying equity instruments from available for sale to fair value through profit or loss.
- Income tax benefit has also decreased by \$876,332 and income tax expense on other comprehensive income has decreased by \$876,332 as a result of applying AASB 9.

The impact on the statement of financial position as 30 June 2009 from reclassifying financial assets as a result of applying AASB 9 is as follows:

- \$11,469,786 has been transferred from the asset revaluation reserve to retained earnings as a result of reclassifying equity instruments from available for sale to fair value through profit or loss.
- \$12,925,617 has been reclassified from retained earnings to the asset revaluation reserve as a result of reclassifying equity instruments from available for sale to fair value through profit or loss. This reflects impairments that had previously been recognised against these instruments.

The impact on the statement of financial position as 30 June 2008 from reclassifying financial assets as a result of applying AASB 9 is as follows:

- \$961,263 has been transferred from the asset revaluation reserve to retained earnings as a result of reclassifying equity instruments from available for sale to fair value through profit or loss.
- \$812,700 has been reclassified from retained earnings to the asset revaluation reserve as a result of reclassifying equity instruments from available for sale to fair value through profit or loss. This reflects impairments that had previously been recognised against these instruments.

The change in accounting policy has an impact of reducing the 2009 basic and diluted loss per share by 2.58 cents per share.

In accordance with the transitional provision of AASB 9, the Company has elected to restate its prior year comparatives.

Reclassification of financial assets at the date of initial application of AASB 9

The following table shows the classification and carrying amount of the Company's financial assets on 7 December 2009 (the date the Company first applied AASB 9) as they were previously classified under AASB 139 and as they now appear on initial application of AASB 9.

	Original classification under AASB 139	New classification under AASB 9	Original carrying amount under AASB 139 \$'000	New carrying amount under AASB 9 \$'000
Cash and cash equivalents	Loans and receivables	Amortised cost	3,846	3,846
Receivables	Loans and receivables	Amortised cost	3	3
Listed private equity investments	Fair value through profit or loss	Fair value through profit or loss	1,030	1,030
Unlisted private equity investments [#]	Available for sale	Fair value through profit or loss	65,129	65,129

[#] The Company has elected to reclassify these investments to fair value through profit or loss to overcome the accounting mismatch between impairment expense through profit and loss and the offsetting unrealised gains through the asset revaluation reserve.

5. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value for its financial assets. Fair values have been determined for measurements and /or disclosure purposes based on the methods outlined below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

At balance date, the Company has financial assets "held at fair value through profit or loss" comprising listed private equity investments and unlisted private equity investments. At the beginning of the financial year, the Company held one (2009 two investments) additional unlisted private equity investment which was classed as an "available for sale" financial asset and sold during the year.

(i) Listed private equity investments

Listed private equity investments are initially recognised at cost, being the fair value of the consideration given. Associated acquisition charges are expensed to the profit or loss.

After initial recognition listed private equity investments are measured at fair value, whereby, values of investments that are actively traded in organised

financial markets are determined by reference to Stock Exchange quoted bid prices at the close of business on the balance sheet date.

(ii) Investments in unlisted private equity investments

Unlisted private equity investments are initially recognised at cost, being the fair value of the consideration given. Associated acquisition charges are included in the cost.

For unlisted private equity investments, where there is no quoted market price, investments are valued according to the differing structures of these type of investments that the Company owns: private equity trust units are valued based on a unit price provided by the manager, while Venture Capital Limited Partnerships (VCLP) and direct private equity investments are valued using a "proportionate" value provided by the partnership or direct investment based on the Company's share of VCLP assets or company assets. The unit prices and "proportionate" values are calculated from the proportion of the total net asset values of the trust, partnership or company which is owned by the Company at balance date.

The value of the net assets of a fund, partnership or company is based on valuations of the diversified portfolio of investment assets and liabilities within

that entity, which are calculated by the manager of that entity using valuation techniques that they deem appropriate. Valuation techniques may involve methods such as price/earnings analysis or discounted cash flow techniques. All valuation methods require assumptions to be made, for example, the estimation of future cash flows, multiples which would be paid on earnings in the market or discount rates. These assumptions are made by the managers, partnerships and direct investment entities and are not made by the Company.

6. FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from their use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board of Directors and the Manager are responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company and Manager, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all personnel understand their roles and obligations.

Market risk

Market risk is the combined underlying risks of any investment by the Company. In relation to the Company, market risk comprises market price risk, foreign currency risk and interest rate risk.

Prior to committing to a private equity investment, the Board had the opportunity to consider each of these

risks while they reviewed detailed submissions from the Manager. Each Manager submission was based on extensive due diligence with regard to, but not limited to:

- Management and investment team skills, experience and qualifications;
- Investment structure, conditions of application (including required commitment level) and fees;
- Past performance and outlook for current investments;
- Alignment of personal interest with investors; and
- Other investments in the Company's portfolio.

Over the life of the investments, market risk is also considered and mitigated as outlined below.

(i) Market price risk

Market price risk is the risk that value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Market price risk – Listed private equity investments

The Company's direct exposure to listed equity security market price risk is minimal. There is 1 listed equity investment held by the Company at 30 June 2010 which is publicly traded on the ASX (2009: 1 investment). At balance date, the market value of the Company's listed investment portfolio was \$386,096 (2009: \$605,640).

Market price risk – unlisted private equity investments

The Company's exposure to private equity investments is more material. The Board considers and manages the market price risk relating to unlisted private equity investments by taking into account the following factors:

- The portfolio of underlying investments is extremely well diversified. The Company's fund of funds structure consists of 16 private equity funds which between them have exposure to some 90 individual underlying opportunities located in many different industry sectors. Any single underlying exposure does not generally put a material amount of the Company's capital at risk. No individual underlying investment currently makes up greater than 5% of the total investments of the Company.
- Due to the long term nature of these investments, short term market price volatility is regarded with less importance by the Board than the real progress of the underlying entities which form the basis of the short term price.

- The valuations of each private equity investment are based on the current value of the underlying businesses which they hold. The private equity managers do not intend to sell these underlying businesses until their potential has been realised and/or utilised. Historically, at any point in time, the values at which they are held by the private equity manager and hence the Company, are generally lower than the eventual sale prices.
- The indirect impact of significant listed equity market movements on private equity valuations.

The major risks in relation to the Company are more indirect in relation to the private equity investments in so far as a prolonged drop in market values may lead to lower profits (or losses) in the short term. Risks may also include an underlying investment not being able to reach its full potential in a timely manner or at all, which would cause a delay or a decrease in the expected cash flows to the Company. The likelihood of such an event is considered periodically by the Manager and the findings are reviewed by the Board. Consideration procedures include, but are not limited to, the review of regular reports from the managers, direct correspondence with the manager, and information provided with monthly unit price advices which explain any price movement of the fund, partnership or investment.

(ii) Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in exchange rates.

As at 30 June 2010, the Company has one direct investment denominated in US dollars ("USD") and several in New Zealand dollars ("NZD"). As a result of these investments, the Company's balance sheet and profit or loss can be affected by movements in the NZD/AUD and USD/AUD exchange rates.

Relevant exchange rates and their effect on the Company's financial instruments are monitored by the Manager, and if deemed appropriate or necessary, the terms of the investment management agreement allow foreign currency hedging to be undertaken using derivatives. The Company does not currently hedge its foreign exposure.

The Company has a foreign currency exposure to capital commitments made to an overseas private equity firm for amounts which may be called in the future. The timing and extent of these calls cannot be predicted at

the date of this report because money is called as and when it is required by the foreign investment fund. As at the end of the financial year, the Company has one capital commitment to a foreign investment fund being Direct Capital Partners, with an uncalled commitment of NZD \$1,071,230 (approx AUD \$872,117) (2009: NZD \$1,443,050 (approx AUD \$1,156,299)).

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's direct exposure to interest rate risk is related to its cash holdings and the finance facility. The Company's cash holdings are held on a floating interest rate basis, while the finance facility is a bill facility and is exposed to the interest rate changes on the date that the bill matures (90 – 180 days).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations by their due date, due to a lack of cash accessible by the Company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's liquidity primarily comprises cash at bank and a finance facility. The finance facility is available for a total of \$20 million, of which \$6 million has been drawn down at balance date (2009: \$14 million).

The Company's liquidity requirements include the Company's day to day running costs and expenditures such as the amounts payable to its trade creditors and the amounts to which the Company is committed to pay to its unlisted private equity investments which are paid on a "drawdown" basis.

The Company's day to day running costs and expenditures are quantitatively immaterial in relation to the Company's overall commitments. The timeframes within which they will be drawn are known to be less than 12 months. The Company's day to day running costs have decreased as a result of the termination of the administration fee from 1 November 2009, and as a result of a 15% reduction in the management fee expense payable to the investment manager effective 1 January 2010.

The Company's unpaid Private Equity commitments are material (refer note 21 and 22), and as such, the Manager and the Board devote considerable time to ensuring that the Company will be able to meet its current investment obligations. As a result of this, the Board has resolved to permanently cease future commitments to private equity funds and allow the investments currently held by the Company to "run-off" because they feel that this is the most prudent course of action from a cash flow and liquidity risk perspective and ultimately, to deliver value back to shareholders.

In time and dollar terms, there is no schedule or timeframe on which to forecast the private equity drawdowns. Calls can be made at any time over approximately 8 years from balance sheet date but are not due until approximately 10 days after they are called.

There is a "maximum" commitment payable which will be the total that is paid for the private equity investment over the life of the investment, and if the private equity investment is a fund or trust, there is an end date for drawing of commitments which corresponds to the documentation governing the investment. Venture capital limited partnerships and unlisted companies have no such end date, but do have an estimated end date advised at the time of application. All of these dates are subject to change under certain conditions, and therefore indicative only.

Despite these limitations of information, the Manager utilises a cash forecast using the latest drawdown information and trends gathered from all of the Investment Manager's private equity investments, which are then reviewed and considered by the Board utilising its experience in the private equity domain. Based on this uncertain forecast the Company assesses its capacity to meet its obligations from the various sources of cash available to it. These may include:

- cash on hand;
- the sale of the liquid investments;
- the sale on the secondary market of its private equity investments;
- distributions and returns received from its investments;
- capital raised from the dividend reinvestment plan;
- capital raised via placements or rights issues; and
- prudent levels of borrowings utilising the cash advance facility disclosed in note 18.

To further reduce liquidity risk, the Board has resolved to use its future cash profits to help fund existing portfolio commitments in preference to paying dividends. Dividends or returns of capital will be paid at the point in the future when the Board considers that the distributions from the investments currently held are deemed to be adequate to cover the remaining liquidity requirements of the Company, and when the Board feels that the Company has been able to reduce its debt to an appropriate level.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Company trades only with reputable, creditworthy third parties, and as such collateral is not requested nor is it the Company's policy to securitise its receivables.

The Company does not have any material credit risk to any single debtor or group of debtors.

All amounts are receivable in Australian Dollars and are not past due or considered impaired.

Capital management

The Board's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future capital requirements of the business. The Board of Directors aims to maintain capital at a point that ensures that the Company continues as a going concern whilst maintaining optimal returns to shareholders.

On 9 June 2009, the Company announced a fully underwritten pro-rata non-renounceable rights issue which closed on 10 July 2009. As a result, a total of 68,285,601 shares were issued at \$0.17 each to provide \$11,608,552 in additional share capital for the Company.

The proceeds of these share issues were primarily used to pay down debt from the Company's debt financing facility on 14 July 2009.

The Board does not currently have any other plans to issue further shares on the market.

The Company is not subject to externally imposed capital requirements.

7. OPERATING SEGMENTS

The Company has one operating segment: Investments in Private Equity. For this segment, the Managing Director reviews internal management reports in relation to the Company's private equity investments on at least a monthly basis.

Information regarding the results of the Company's reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the Company's Managing Director.

Comparative segment information has been represented in conformity with the requirement of AASB 8: "Operating Segments".

Reportable segment information

In thousands of AUD	Private Equity Investment Segment	
	2010	2009 (Restated)
External revenues	8,866	(14,109)
Interest expense	(216)	(325)
Reportable segment profit/(loss) before income tax	7,410	(15,335)
Reportable segment assets	73,906	64,309
Reportable segment liabilities	(6,040)	(14,797)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

In thousands of AUD	2010	2009 (Restated)
REVENUES		
Total revenue for reportable segment	8,866	(14,109)
Other revenue	3	46
Total revenue	8,869	(14,063)
PROFIT OR LOSS		
Total profit or loss for reportable segment	7,410	(15,335)
Unallocated amounts:		
Non-segment revenues	3	46
Other corporate expenses	(248)	(399)
Profit before income tax	7,165	(15,688)
ASSETS		
Total assets for reportable segment	73,906	64,309
Other assets	3,371	5,165
Total assets	77,277	69,474
LIABILITIES		
Total liabilities for reportable segment	6,040	14,797
Other liabilities	370	355
Total liabilities	6,410	15,152

Geographical segments

The Company's investments are managed by ING Investment Management in Australia, but investments are domiciled in Australia, New Zealand and the USA.

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of investments.

Geographical information

In thousands of AUD	2010	2009 (Restated)
REVENUES		
Australia	8,360	(14,452)
Other countries	509	389
Total revenue	8,869	(14,063)
NON-CURRENT ASSETS		
Australia	68,847	58,186
Other countries	4,479	5,345
Total non-current assets	73,326	63,531

8. OTHER EXPENSES

In thousands of AUD	2010	2009
Administration fees	29	92
Audit fees	67	97
Co-investment management fees	110	135
Legal fees	–	18
Registry fees	54	59
Sundry expenses	98	133
Total other expenses	358	534

9. FINANCE INCOME AND FINANCE COSTS

In thousands of AUD	2010	2009
Interest received	52	107
Total finance income	52	107
Establishment and facility fees in relation to debt financing facility	(453)	(130)
Interest expense on debt financing facility	(216)	(325)
Total finance expenses	(669)	(455)
Net finance costs recognised in profit or loss	(617)	(348)

10. INCOME TAX EXPENSE

In thousands of AUD	2010	2009 (Restated)
CURRENT TAX EXPENSE		
Current period	682	–
Adjustment for prior periods	(100)	(43)
DEFERRED TAX BENEFIT		
Carried forward tax benefit on current period losses	–	(271)
Origination and reversal of temporary differences	1,439	(4,433)
Total income tax expense/(benefit)	2,021	(4,747)

INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Unrealised taxable gain/(loss) on available for sale investments	24	(42)
Total income tax recognised in other comprehensive income	24	(42)
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX ACCOUNTING PROFIT		
Profit/(loss) for the period	5,144	(10,941)
Total income tax expense/(benefit)	2,021	(4,747)
Profit/(loss) excluding income tax	7,165	(15,688)
Income tax using the Company's tax rate of 30% (2009:30%)	2,150	(4,706)
Permanent differences in relation to deferred and current income and expenditure	(28)	2
Gross up of income due to franking credits received	1	–
Franking credit rebate	(2)	–
Over provision in prior years	(100)	(43)
Income tax expense/(benefit) reported in profit or loss	2,021	(4,747)

11A. CASH AND CASH EQUIVALENTS

In thousands of AUD	2010	2009
Bank balances	468	696
Cash and cash equivalents in the statement of cash flows	468	696

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 21.

11B. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

In thousands of AUD	2010	2009 (Restated)
Profit/(loss) for the period	5,144	(10,941)
ADJUSTMENTS FOR:		
(Gain)/loss after tax on sale of investments classified as available for sale	(90)	41
Change in fair value of investments classified as fair value through profit or loss	(4,407)	15,008
Gain of foreign exchange on shareholder loans	(56)	(52)
Adjustment to deferred tax assets and liabilities for share issue expenses in prior years	550	–
Operating profit before changes in working capital	1,141	4,056
CHANGES IN WORKING CAPITAL		
Increase in dividends receivable	(22)	(160)
(Increase)/decrease in interest receivable	(1)	41
Decrease in other receivables	1	3
Increase in non-equity prepaid expenses	(147)	–
Decrease/(increase) in deferred tax assets	1,565	(4,049)
Decrease in payables	(27)	(42)
(Decrease)/increase in interest payable	(200)	240
Increase/(decrease) in tax provision	91	(1,410)
Decrease in deferred income tax liability	(15)	(612)
Net cash from/(used in) operating activities	2,386	(1,933)

12. RECEIVABLES

In thousands of AUD	2010	2009
Dividends/distributions receivable	194	172
Interest receivable	4	3
Other receivables	12	13
Total trade and other receivables	210	188

The Company's exposure to credit, currency and interest rate risks related to trade and other receivables is disclosed in note 21.

13. PREPAYMENTS

In thousands of AUD	2010	2009
Prepaid finance facility fees	100	–
Prepaid insurance expenses	47	–
Prepaid costs of anticipated equity transactions	–	114
Accrued costs of anticipated equity transactions	–	34
Total prepayments	147	148

As at 30 June 2009, prepayment amounts related to the costs associated with the pro-rata non-renounceable rights issue to shareholders which closed on 2 July 2009. The shares in relation to this issue were allotted on 10 July 2009, at which time the costs associated with the issue were transferred to equity as prescribed under Australian accounting standards.

As at 30 June 2010, prepaid costs relate to amounts which were physically paid before balance date, while accrued costs relate to amounts incurred prior to balance date, but invoiced and paid after balance date.

The Company does not have an exposure to credit, currency or interest rate risks in relation to its prepayments and accruals.

14. LISTED PRIVATE EQUITY INVESTMENTS

In thousands of AUD	2010	2009
CURRENT INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed private equity investments	386	606
Total listed private equity investments	386	606

As at 30 June 2010 and 2009, the Company held one (1) listed equity investment: CathRx Limited (CXD) which was listed on the ASX through an initial public offering (IPO) in 2005. Prior to the IPO, it was partly owned by a private equity fund managed by CM Capital, a manager in the Company's portfolio.

The Company's exposure to market and credit risks related to listed private equity investments is disclosed in note 21.

15. UNLISTED PRIVATE EQUITY INVESTMENTS

In thousands of AUD	2010	2009 (Restated)
NON-CURRENT INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS		
Unlisted private equity investments	73,326	63,209
NON-CURRENT AVAILABLE FOR SALE INVESTMENTS		
Unlisted private equity investments	–	322
Total unlisted private equity investments	73,326	63,531

The Company's exposure to market and currency risks related to unlisted private equity investments is disclosed in note 21.

Impairment

As a result of adopting AASB 9: "Financial Instruments", impairment losses have been restated for all reclassifications of available-for-sale financial assets to financial assets held at fair value through profit or loss. In the current and prior financial periods the Company's available for sale assets were not considered to be impaired prior to sale.

The Company has guidelines that have been developed to ensure that the impairment requirements of the Corporations Law and AASB 139 are applied to the Company's investments in the context of the environment in which the Company operates.

16. TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

In thousands of AUD	Balance Sheet		Income Statement	
	2010	2009 (Restated)	2010	2009 (Restated)
DEFERRED INCOME TAX ASSETS				
Accrued expenses	44	102	(58)	68
Revaluations of listed private equity investments	341	275	66	68
Revaluations of unlisted private equity investments	2,194	3,657	(1,463)	–
Revaluation of unlisted cash trust	–	–	–	(15)
Share issue expenses taken to equity which are deductible in the future	161	–	161	–
Tax losses carried forward	–	271	(271)	271
Gross deferred income tax assets	2,740	4,305		
DEFERRED INCOME TAX LIABILITIES				
Accrued interest	(2)	(1)	1	12
Exchange gains or losses on foreign loan	–	(16)	(16)	(16)
Gross deferred income tax liabilities	(2)	(17)		
Deferred tax income			(1,580)	388

Deferred tax assets

The deferred tax asset balance of \$2.740 million is recognised on the statement of financial position of the Company as at 30 June 2010 (2009: \$4.305 million). \$2.194 million of the total balance is due to the current fair value of the financial investments in private equity funds being below cost value (2009: \$3.657 million) and \$0.341 million of the total balance is due to the current fair value of listed private equity investments being below cost value (2009: \$0.275 million). It is probable that the deferred tax asset is recoverable as it is the Company's expectation that either the fair value of the investments will revert to being above their cost value in the future or an overall capital gain will be realised on final sale of the private equity investments.

Current tax liabilities

In thousands of AUD	2010	2009
Opening balance	–	1,410
Charged to income	682	–
Adjustment in respect of prior years	(100)	(43)
Utilisation of prior period losses	(271)	–
Payments of tax during the year	(100)	(1,367)
Equity related deductions	(120)	–
Total current tax liability	91	–

17. PAYABLES

In thousands of AUD	2010	2009
Outstanding listed equity purchases	–	126
Related party payables (refer note 24)	164	197
Accrued costs of anticipated equity transactions	–	34
Trade and other payables	113	107
Total payables	277	464

Accrued costs of anticipated equity transactions are costs in relation to the pro-rata rights issue that have been incurred, but not invoiced before balance date. Prepayments in relation to the rights issue are disclosed in Note 13 and the total fees in relation to the rights issue are disclosed in Note 19.

The Company's exposure to liquidity risk related to trade and other payables is disclosed in Note 21.

18. LOANS AND BORROWINGS

In thousands of AUD	2010	2009
Debt finance facility	6,040	14,240
Co-investment shareholder loans	–	431
Total loans and borrowings	6,040	14,671

Debt finance facility

The finance facility is a \$20 million, 3 year finance facility in place to July 2012. The debt finance facility has been in place since 14 July 2009. The finance facility is an Australian dollar floating rate facility where the Company is able to determine the drawdown and/or rollover period which may be for a period of 90 or 180 days with interest reset on each drawdown or rollover amount. The Company has not breached any of its covenants relating to this debt finance facility. The debt finance facility agreement contains a negative pledge, preventing the Company from entering into more debt agreements in the future which would jeopardize the bank's current priority claim on the Company's assets. The facility has a carrying amount of \$6.040 million (2009: \$14.240 million).

In thousands of AUD	2010	2009
Proceeds from bank loan	6,000	14,000
Accrued interest	40	240
Total debt finance facility	6,040	14,240

Co-investment shareholder loans

During the 2009 financial year, two of the Company's directly held investments sold their businesses and assets. The proceeds in relation to the sales were forwarded to the shareholders of the co-investments in the form of interest free loans.

These sales were finalised during the financial year at which time the liquidation of the co-investments commenced and the balance of the loan was offset in full against the investment liquidation proceeds received to date as allowed under the terms of the loan agreement.

19. CAPITAL AND RESERVES

Share Capital

In thousands of AUD	2010	2009
ORDINARY SHARES		
Issued and fully paid	73,005	61,547

Shares

In thousands	2010	2009
ON ISSUE AT 1 JULY	68,286	60,744
Issued 30 September 2008 at \$0.68 per share as a result of the dividend reinvestment plan in relation to the final dividend	–	1,334
Issued on 5 June 2009 as a result of a share placement at \$0.19 per share	–	6,208
Issued 10 July 2009 as a result of a rights issue at \$0.17 per share	68,285	–
Total shares on issue	136,571	68,286

Issuance of ordinary shares

On 10 July 2009, as a result of a fully underwritten pro-rata rights issue, 68,285,601 shares were issued at \$0.17 each raising \$10,907,465 being gross proceeds of the rights issue, less transaction costs of \$701,087 (2009: Institutional placement of approximately 6.2 million shares at \$0.19 per share raising approximately \$1.18 million).

During the year, no shares were issued as a result of exercising of options (2009: Nil).

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

There are currently no share options on issue.

Dividends

The following dividends were declared and paid by the Company:

	Cents per share	Total amount \$'000	Franked/unfranked	Date of payment
2010				
Final 2009	Nil	–	N/A	N/A
Total amount		–		
2009				
Interim 2008	5.40	3,279	Franked	30 September 2008
Total amount		3,279		

Franked dividends declared or paid during the year were franked at a tax rate of 30%.

The Company has a dividend reinvestment plan which operated for the dividend payment listed above.

No dividends have been declared since the end of the financial year.

Dividend franking account

In thousands of AUD	2010	2009
30% franking credits available to shareholders of the Company for subsequent financial years	3,006	3,253

The above available amounts are based on the balance of the dividend franking account at year end adjusted for franking credits that will arise from the payment of current tax liabilities. The ability to utilise franking credits is dependent upon there being sufficient available profits to declare dividends.

Retained profits and asset revaluation reserve

AASB 9 has been adopted from 7 December 2009 because this is the earliest date allowable under the standard. Although not mandatory until years commencing 1 July 2013, the Board has resolved to adopt AASB 9: "Financial Instruments" because they consider it to be more transparent and relevant for users of the financial statements in order to understand the financial position of the Company at balance date and the movement in the value of the Company's net assets from period to period.

The impact of adopting AASB 9 has been a reclassification of fair value gains of \$1,455,832 being the net of the reversal of the impairment charge and fair value movements, from the asset revaluation reserve to retained earnings at 30 June 2009 (2008: \$148,563 loss). This adjustment is required for investments in unlisted private equity instruments still held at 7 December 2009 which have been reclassified from available for sale to fair value through profit or loss.

The following reclassifications have been made in respect of the periods ended 30 June 2009 and 30 June 2008:

- The impairment of available for sale assets for the period of \$18,465,168 (2008: \$1,161,000) has been reclassified to net increase/(decrease) in fair value of investments;
- The fair value gains during the period of \$15,150,513 (2008: \$327,072) has been reclassified from other comprehensive income to net increase/(decrease) in fair value of investments in the profit or loss; and
- The tax effect of the fair value gains during the period of \$1,858,523 (2008: \$982,491) has been reclassified from other comprehensive income to income tax benefit in the profit or loss.

As a result the net loss after tax for the year ended 30 June 2010 decreased by \$1,604,394 and other comprehensive income decreased by \$1,604,394, resulting in no change in total comprehensive income.

A reconciliation of 30 June 2009 and 2008 balances of total shareholders' equity to the restated balances are as follows:

In thousands of AUD	As previously reported	Reverse impairment charge	Fair value movement of unlisted investments	Restated
30 JUNE 2009				
Issued capital	61,547	–	–	61,547
Asset revaluation reserve	1,513	(12,926)	11,470	57
Retained earnings	(8,738)	12,926	(11,470)	(7,282)
Total shareholders' equity	54,322	–	–	54,322

In thousands of AUD	As previously reported	Reverse impairment charge	Fair value movement of unlisted investments	Restated
30 JUNE 2008				
Issued capital	59,469	–	–	59,469
Asset revaluation reserve	(190)	(813)	961	(42)
Retained earnings	7,086	813	(961)	6,938
Total shareholders' equity	66,365	–	–	66,365

As a result of the change in the net loss after tax, basic and diluted loss per share for the year ended 30 June 2009 changed from (20.18) cents per share to (17.60) cents per share.

The asset revaluation reserve comprises the cumulative net change in the fair value of available for sale financial assets until the investment is derecognised or impaired:

In thousands of AUD	2010	2009 (Restated)
Opening balance	57	(42)
Net gain on available-for-sale financial assets prior to sale	33	100
Net gain/(loss) on available-for-sale financial assets sold during the period and transferred to profit or loss	(114)	41
Income tax on items taken directly to equity	24	(42)
Closing balance	–	57

20. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30 June 2010 was based on the profit attributable to ordinary shareholders of \$5,144,109 (2009: \$10,940,527 (restated) loss; 2009: \$12,544,921 (previously published loss)) and a weighted average number of ordinary shares outstanding of 134.513 million shares (2009: 62.167 million), calculated as follows:

In thousands of AUD	2010	2009 (Restated)
Profit/(loss) attributable to ordinary shareholders	5,144	(10,941)

Shares

In thousands	Note	2010	2009
Issued ordinary shares at 1 July	19	68,286	60,744
Effect of shares issued in share placements		–	425
Effect of shares issued in rights issue		66,227	–
Effect of shares issued in final dividend reinvestment plan		–	998
Weighted average number of ordinary shares at 30 June		134,513	62,167

Diluted earnings per share

During the year, there were no dilutive potential ordinary shares on issue; therefore there is no difference between basic earnings per share and diluted earnings per share (2009: Nil).

21. FINANCIAL INSTRUMENTS

Market price risk

Exposure to market price risk

The carrying amount of the Company's financial assets represents the maximum risk exposure. The Company's maximum exposure to market price risk was \$386,096 (2009: \$605,640) for listed private equity investments and \$73,325,480 (2009: \$63,531,021) for unlisted private equity investments.

Sensitivity to market price risk

A 10% movement in the value of the Company's investments would have increased/ (decreased) equity and profit or loss after tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

In thousands of AUD	Equity 2010	Equity 2009 (Restated)	Profit or loss 2010	Profit or loss 2009 (Restated)
Listed private equity investments +10%	27	42	27	42
Listed private equity investments -10%	(27)	(42)	(27)	(42)
Unlisted private equity investments +10%	5,133	4,447	5,133	4,425
Unlisted private equity investments -10%	(5,133)	(4,447)	(5,133)	(4,425)

Interest rate risk

Exposure to interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

In thousands of AUD	2010	2009
FIXED RATE INSTRUMENTS		
Financial liabilities	–	431
VARIABLE RATE INSTRUMENTS		
Financial assets	468	696
Financial liabilities	6,040	14,240

Sensitivity to interest rate risk for fixed rate and variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss after tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

In thousands of AUD	Equity 2010	Equity 2009 (Restated)	Profit or loss 2010	Profit or loss 2009 (Restated)
Financial assets +100bps	3	5	5	7
Financial assets -100bps	(3)	(5)	(5)	(7)
Financial liabilities +100bps	(42)	(100)	(60)	(142)
Financial liabilities -100bps	42	100	60	142

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments.

In thousands of AUD	Carrying Amount	1 month or less	1 month to 12 months	On call
30 JUNE 2010				
Trade and other payables	277	277	–	–
Private equity commitments	–	–	–	34,142
Loans and borrowings	6,040	–	6,040	–

In thousands of AUD	Carrying Amount	1 month or less	1 month to 12 months	On call
30 JUNE 2009				
Trade and other payables	464	464	–	–
Private equity commitments	–	–	–	42,563
Loans and borrowings	14,671	431	14,240	–

Private equity commitments may be called at any time in the future, but are not due until approximately 10 days after they are called. Calls can be made at any time over approximately eight years from balance sheet date.

Details of private equity commitments held by the Company at balance date are as follows:

In thousands of AUD				
Fund name	Commitment	Drawn capital	Undrawn capital	Approximate end date of fund
Archer Capital Fund 3	7,143	6,505	638	Aug 2014
Archer Capital Fund 4	10,000	3,900	6,100	Mar 2017
Catalyst Buyout Fund 1	8,000	7,880	120	Sep 2016
CM Capital Venture Trust No 4	8,000	5,120	2,880	May 2017
Direct Capital Partners III (\$A equiv)*	6,513	6,361	872	Sep 2015
Hastings Private Equity Fund 2	8,000	7,886	114	Nov 2014
Ironbridge Capital 2003/4 Fund	5,023	4,738	285	Feb 2014
NBC Private Equity Fund II	6,000	5,961	39	Jun 2015
NBC Private Equity Fund III	10,000	4,295	5,705	Nov 2017
Pacific Equity Partners III	8,000	6,902	1,098	Dec 2015
Pacific Equity Partners IV	10,000	3,026	6,974	Dec 2017
Propel Private Equity Fund II	3,412	3,357	55	Jun 2015
Quadrant Private Equity Fund No.1	8,000	7,489	511	Nov 2015
Quadrant Private Equity Fund No.2	10,000	8,490	1,510	Apr 2017
Wolseley Partners Fund I	8,000	7,870	130	Apr 2015
Wolseley Partners Fund II	10,000	2,889	7,111	Jun 2018
	126,091	92,669	34,142	

* Due to exchange rate fluctuations over the period of the drawdowns for Direct Capital Partners III, drawn capital + undrawn capital will not equal total commitment in AUD.

Currency risk

Exposure to currency risk

The Company's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

In thousands of AUD	NZD 2010	USD 2010	NZD 2009	USD 2009
Unlisted private equity investments	4,436	43	5,031	314
Foreign cash	50	–	9	–
Co-investment shareholder loans	–	–	(431)	–
Total balance sheet exposure	4,486	43	4,609	314

Exchange rates

The following significant exchange rates applied at year end:

AUD	2010	2009
NZD	1.22831	1.24799
USD	0.84465	0.80845

Sensitivity to currency risk

A change of 10% in the Australian dollar against the following currencies at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

In thousands of AUD	Equity 2010	Equity 2009	Profit or loss 2010	Profit or loss 2009
NZD +10%	230	235	230	235
NZD -10%	(281)	(287)	(281)	(287)
USD +10%	3	25	3	25
USD -10%	(4)	(30)	(4)	(30)

Credit risk

Exposure to credit risk

The carrying amount of the Company's cash and receivables represents the maximum credit risk exposure. The Company's maximum exposure to credit risk was \$676,916 (2009: \$884,045) being \$467,692 in relation to cash and cash equivalents (2009: \$695,759) and \$209,224 in relation to receivables (2009: \$188,287).

None of the Company's receivables are past due (2009:Nil) or considered impaired. All receivables are due within 30 days.

The Company does not have any material credit risk to any single debtor or group of debtors.

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

In thousands of AUD	Carrying amount 2010	Fair value 2010	Carrying amount 2009	Fair value 2009
Cash	468	468	696	696
Trade and other receivables	210	210	188	188
Listed private equity investments	386	386	606	606
Unlisted private equity investments	73,326	73,326	63,531	63,531
Trade and other payables	277	277	464	464
Loans and borrowings	6,040	6,040	14,671	14,671

The basis for determining fair values is disclosed in note 5.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In thousands of AUD	Level 1	Level 2	Level 3	Total
30 JUNE 2010				
Financial assets designated as fair value through profit or loss	386	–	73,326	73,712
	386	–	73,326	73,712

During the financial year, there have been no transfers between levels 1, 2 or 3.

Reconciliation of Level 3 balances in the fair value hierarchy

In thousands of AUD	2010
Beginning balance	63,531
Unrealised gains for the period recognised in the profit or loss	4,681
Realised gains for the period recognised in other comprehensive income	114
Unrealised losses transferred from asset revaluation reserve on sale of available for sale instrument	(81)
Purchases and calls paid for unlisted private equity investments	8,482
Sales of unlisted private equity investments	(355)
Capital returns from unlisted private equity investments	(2,555)
Offset of co-investment loans and investments due to end of warranty period	(431)
Proceeds received from investment loans	(60)
Ending balance	73,326

Sensitivity analysis

The valuation inputs for the level 3 financial assets vary depending on the corporate structure of the investment. Although the Company is primarily a fund of fund structure, it also invests through other “non-fund” entities. The Company’s investments therefore need to be valued differently according to the differing legal structures of its investments:

- Investments in private equity trusts are valued by multiplying a unit price provided by the investment manager by the number of units the Company holds in the trust;
- Venture Capital Limited Partnerships (VCLP) are valued using a value of the VCLP assets provided by the investment manager of the partnership proportioned by the Company’s share of VCLP assets under the partnership agreement; and
- Direct private equity investments are valued using a value of the direct investment provided by the investment manager of the investment, proportioned by the share of equity in the investment which the Company holds.

The valuation inputs of the Company’s investments are therefore twofold:

1. The proportion of a trust, VCLP or direct investment which the Company holds; and
2. The unit price of a trust or the underlying value of a VCLP or direct investment.

The proportion of an investment which the Company's holds is primarily fixed under the terms of the governing document of the investment (relevant trust deed, partnership agreement, bare trustee agreement, unit trust agreement or management agreement). Therefore, the only reasonable change in a valuation input that could occur, and hence the Company's sensitivity to changes in valuation inputs, is a change in the unit price of a trust or the underlying value of a VCLP or direct investment (ie the market price risk).

The Company's sensitivity to market price risk is set out above in the first table of this note.

22. CAPITAL AND OTHER COMMITMENTS

In thousands of AUD	2010	2009
Private equity commitments contracted but not provided for	34,142	42,563

These commitments reflect the capital commitment in respect of future investments in current private equity investments held. Due to the inherent nature of this type of investment, the timeframe of these commitments cannot be accurately predicted because capital can be called by investment managers at any time, however it is unlikely that the Company would be required to pay the entire outstanding commitment at one time. This is supported by historical trends.

Estimated forecasted cash flow projections are provided below by the Company. These projections are a broad estimate and are not able to be relied upon. They have been made by the Manager based on information from various sources, such as

- discussions with private equity managers;
- historical trends in the industry;
- the current economic environment; and
- reports obtained by the Manager from industry data aggregators, private equity managers and other economic sources.

Although these projections are used by the Board for discussion, they are not relied upon, and as such the Board aims to achieve sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Future capital payments are forecasted to take place within the following timeframes:

Private equity commitments contracted but not provided for

In thousands of AUD	2010	2009
Within 1 year	11,332	13,590
Between 1 year and 5 years	19,654	16,410
Later than 5 years	3,156	12,563
	34,142	42,563

Generally, drawdowns by a specific fund are substantially made over the 5 year period from first commitment to a fund. Consequently, it has been typical, particularly amongst later stage private equity funds, which form the bulk of the portfolio, for there to be realisations and consequential distributions from underlying funds before all drawdowns by these funds need to be met. This creates significant internal cash generation to meet outstanding commitments. It is also common for a private equity fund to terminate without having drawn down the full commitment, further reducing the actual commitment to be met.

In the recent economic environment it has been noteworthy that new investments by private equity funds have slowed significantly. This has reduced calls on the Company's outstanding commitments. Last financial year the Board predicted a decline in the realisations that would occur during the year ended 30 June 2010, however the Board was encouraged to note that some sizeable realisations did still proceed during the period and into the year ending 30 June 2011.

Due to the unpredictable amounts and rate of drawdown on the Company's existing commitments and the ability of the Company to meet its drawdown requests should they increase at a rapid rate and in size of value, there would be uncertainty about the Company's ability to meet its commitments in all circumstances. Furthermore, the Company is reliant on the support of its lender through its debt finance facility of \$20 million (refer to note 18) and may be reliant on an extension of that facility in the future.

The Directors expect the Company to finance the future drawdown of its outstanding commitments, if required, by one or a combination of the following options:

- Utilising the current debt finance facility of the Company;
- Distributions expected to be received by the Company as a result of realisations of assets by private equity investments;
- Disposal of some private equity commitments in order to reduce demands on capital and generate cash; and
- Capital raised through a share placement or rights issue.

23. CONTINGENCIES

Contingent assets

As at the date of this report, the Company does not have any contingent assets (2009: nil).

Contingent liabilities

As at the date of this report, the Company does not have any contingent liabilities (2009: nil).

24. RELATED PARTIES

Key management personnel compensation

Other than the Directors, there were no key management personnel during the year.

Individual Directors' compensation disclosures

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' report.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

Key management personnel and Director transactions

Mr Wright holds a position in ING Investment Management Limited that results in him having control or significant influence over the financial or operating policies of that entity.

ING Investment Management Limited transacted with the Company in the reporting period as a result of its position as Manager of the Company. The terms and conditions of the transactions with ING Investment Management Limited were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to ING Investment Management Limited were as follows:

In thousands of AUD	Transaction	Note	Transaction value year ended 30 June		Balance outstanding as at 30 June	
			2010	2009	2010	2009
Key Management Person						
Mr J Wright	Management Fees	(i)	647	673	164	172
Mr J Wright	Administration Fees	(ii)	29	92	–	25
			676	765	164	197

(i) Management Fee

In consideration for the services provided under the Management Agreement, the Manager is entitled to a Management Fee which is calculated on the last business day of each month and paid no less frequently than quarterly.

From 1 January 2010, the management fee has been charged at the rate of 0.85% per annum of the gross asset value of the portfolio. Prior to 1 January 2010, the management fee was charged at the rate of 1% per annum of the gross asset value of the Portfolio.

(ii) Administration Fee

On 1 November 2009, the administration fee payable to the manager was discontinued as a result of a review of the fee under the terms of the management agreement.

For the period to 1 November 2009, the Manager was entitled to receive an administration fee of \$28,644 plus any applicable GST (2009 (12 months): \$91,609).

(iii) Performance Fee

Under the terms of the Management Agreement, the Manager will be entitled to a Performance Fee calculated annually over three year rolling periods from the end of the month in which the Company was admitted to the ASX's Official List (30 November 2004).

The fee payable is equal to 10% of any out-performance of the Portfolio over a benchmark which is the greater of:

- (a) the total return of the S&P/ASX 300 Accumulation Index over the calculation period plus 3% per annum; and
- (b) 25% over the calculation period.

As at 30 June 2010, no Performance Fee has been paid or become payable to the Manager (2009: \$Nil).

Purchases from related parties are made in arms length transactions at both normal market prices and normal commercial terms.

Outstanding balances at year-end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables.

Movements in shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties is as follows:

Director	1 July 2009	Purchases	Sales	30 June 2010
Geoff Brunndon	482,812	582,812	–	1,065,624
Jon Schahinger	450,000	524,941	–	974,941
Don Stammer	245,000	245,000	–	490,000
James Wright	–	–	–	–

Director	1 July 2008	Purchases	Sales	30 June 2009
Geoff Brunsdon	433,305	49,507	–	482,812
Jon Schahinger	450,000	–	–	450,000
Don Stammer	245,000	–	–	245,000
James Wright	–	–	–	–

No shares were granted to key management personnel during the reporting period as compensation in 2009 or 2010.

Other related parties

Contributions to superannuation funds on behalf of Directors are disclosed in the remuneration report.

1,165,624 shares are held by Jesena Pty Limited at balance date. Geoff Brunsdon is a Director of Jesena Pty Limited and has the power to influence the voting rights and disposal over 1,065,624 of the 1,165,624 shares held by Jesena Pty Limited.

874,941 shares are held by Schank Superannuation Fund at balance date. Jon Schahinger is a joint trustee of the superannuation fund, and has the power to influence the voting rights and disposal of its equity holdings.

490,000 shares are held by Meroma Pty Limited at balance date. Don Stammer is a Director of Meroma Pty Limited, and has the power to influence the voting rights and disposal of its equity holdings.

18,944,712 shares are held by ING Funds Management Limited at balance date. James Wright is the Chief Investment Officer of ING Investment Management Limited, the Investment Management Company of this entity and their related funds, and has the power to influence the voting rights and disposal of these equity holdings.

25. SUBSEQUENT EVENTS

Since 30 June 2010, there have been no matters or circumstances not otherwise dealt with in the financial report that have significantly affected or may significantly affect the Company.

26. AUDITORS' REMUNERATION

In AUD	2010	2009
AUDIT SERVICES		
Auditors of the Company – KPMG Australia Audit and review of financial reports (current year)	63,000	85,000
Other auditors – Ernst & Young Australia Audit and review of financial reports (prior year)	–	12,397
	63,000	97,397
OTHER SERVICES		
Auditors of the Company – KPMG Australia Taxation services (current year)	8,000	7,500
Other auditors – Ernst & Young Australia Taxation services (prior year)	–	5,250
	8,000	12,750

Directors' Declaration

1. In the opinion of the Directors of ING Private Equity Access Limited (the Company):
 - (a) the financial statements and notes set out on pages 33 to 65, and the Remuneration report in the Directors' report, set out on page 22, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declaration required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2010.
3. The directors draw attention to note 2(a) of the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Geoff Brunsdon
Chairman

Sydney
20 August 2010

Independent Audit Report



Independent auditor's report to the members of ING Private Equity Access Limited

Report on the financial report

We have audited the accompanying financial report of ING Private Equity Access Limited (the Company), which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 26 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of ING Private Equity Access Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the Remuneration Report included on pages 22 to 23 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of ING Private Equity Access Limited for the year ended 30 June 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Andrea Waters
Partner

Sydney
20 August 2010

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Additional ASX Disclosures

Additional information required by the ASX Ltd listing rules and not disclosed elsewhere in this report is set out below. Unless otherwise stated, the information below is current as at 10 August 2010.

SHAREHOLDINGS

Substantial Shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number
Quay Fund Nominees Pty Limited ATF Quay Australia 4 Fund	34,369,189
Australia and New Zealand Banking Corporation Group Limited	18,944,712
Select Asset Management Limited	6,860,112

Securities exchange

The Company is listed on the Australian Securities Exchange. The home exchange is Sydney.

Other information

ING Private Equity Access Limited, incorporated and domiciled in Australia, is a publicly listed Company limited by shares.

Twenty largest security holders

The names of the twenty largest holders of quoted securities are:

Name	Number of ordinary shares held	Capital held (%)
1 Quay Fund Nominees Pty Limited	34,369,189	25.17%
2 J P Morgan Nominees Australia Limited	18,944,614	13.87%
3 Mr Victor John Plummer	5,000,000	3.66%
4 HSBC Custody Nominees (Australia) Limited	4,906,045	3.59%
5 Cogent Nominees Pty Limited	3,238,702	2.37%
6 Mr Ross Ian Thompson	2,617,647	1.92%
7 Mr Kenneth John Butterfield	1,850,000	1.35%
8 UBS Wealth Management Australia Nominees Pty Limited	1,320,227	0.97%
9 Jesena Pty Limited	1,065,624	0.78%
10 Mrs Kathryn Margaret Evans	1,000,000	0.73%
11 Mr Jon Douglas Schahinger & Dr Elizabeth Mary Frank	900,000	0.66%
12 Mr Mark Hamish Lochtenberg & Mrs Fiona Lochtenberg	880,000	0.64%
13 Mr Simon Robert Evans	866,861	0.63%
14 Forbar Custodians Limited	746,792	0.55%
15 Mr David Graham Clark	700,000	0.51%
16 Oblique Pty Limited	600,000	0.44%
17 Mr Willem Bartus Josef Slot & Mrs Hanna Slot	559,355	0.41%
18 Mrs Glenda Claire Orgill	530,000	0.39%
19 Mr Gregory Hugh Halliday & Mr Simon Robert Evans & Mr Thomas Vernon Furner	518,226	0.38%
20 Wilclair Investments Pty Limited	505,000	0.37%
	81,118,282	59.39%

Voting rights

Ordinary shares

Refer note 19 in the financial statements

Distribution of equity security holders

Category	Number of equity security holders	Number of shares
1 – 1,000	70	31,067
1,001 – 5,000	689	2,276,337
5,001 – 10,000	529	4,123,797
10,001 – 100,000	1,037	30,468,450
100,001 and over	109	99,671,551
	2,434	136,571,202
The number of shareholders holding less than a marketable parcel of securities is:	95	65,892

INVESTMENT

Brokerage and Investment Transactions

During the year, the Company paid \$Nil (2009: \$Nil) in brokerage costs relating to 20 (2009: 13) investment transactions.

Management Agreement

ING Private Equity Access Limited has appointed ING Investment Management Limited as the Manager of the Company.

The Company has appointed the Manager to:

1. invest and manage the Portfolio in accordance with the terms of the Agreement; and
2. perform various administration services, specifically:
 - preparing financial statements required to be issued by the Company;
 - assisting the Company to carry out company secretarial functions, including arranging meetings of shareholders of the Company and liaising with the Company's share registry;
 - assistance in preparing communications to shareholders of the Company;
 - assistance in preparing income tax returns and maintaining tax related records for the Company; and
 - arranging the establishment and maintenance of a website for the Company.

In consideration of the services provided under the Agreement, the Manager was entitled to a Management Fee of 0.0833% of the value of the Portfolio calculated on the last business day of each month (being a fee of 1% per annum of the value of the Portfolio), and paid no less frequently than quarterly. From 1 January 2010, the Management Fee has been reduced to 0.070833% of the value of the Portfolio calculated on the last business day of each month (being a fee of 0.85% per annum of the value of the Portfolio).

Management and administration fees paid or accrued during the reporting year were \$676,563 (2009: \$765,210).

Investment Portfolio

The investments held by ING Private Equity Access Limited at balance date are:

UNLISTED PRIVATE EQUITY INVESTMENTS

Archer Capital Fund 3
Archer Capital Fund 4
Catalyst Buyout Fund 1
CM Capital Venture Trust 4
Hastings Private Equity Fund II
Ironbridge Capital 2003/4 Fund
NBC Private Equity Fund II
NBC Private Equity Fund III
Pacific Equity Partners Fund III
Pacific Equity Partners Fund IV
Propel Private Equity Fund II
Quadrant Private Equity Fund No.1
Quadrant Private Equity Fund No.2
Wolseley Partners Fund I
Wolseley Partners Fund 2

UNLISTED CO-INVESTMENTS

Dilithium Networks
Express Logistics Group Limited
Go Bus Group Limited
Innovair Limited
Fishpond Limited
New Zealand King Salmon Limited
NZP Holdings Limited
Paper Coaters Group Limited
Rodd and Gunn Limited
Shears and Mac4 Limited
Triton Hearing Clinics Limited
Vitaco Group Limited

LISTED PRIVATE EQUITY INVESTMENTS

CathRX Limited

Directory

ING Private Equity Access Limited

ABN 48 107 843 381

Directors

Geoff Brunsdon (Independent, Non-Executive Director and Chairman)

Jon Schahinger (Managing Director)

Don Stammer (Independent and Non-Executive Director)

James Wright (Non-Executive Director)

Company Secretaries

Graham Batten

Chris Hadjia

Registered Office of the Company

Level 21, 83 Clarence Street
Sydney NSW 2000, Australia
Email: ingpeal@ingim.com.au

Manager

ING Investment Management Limited
Level 21, 83 Clarence Street
Sydney NSW 2000, Australia
T: 02 9276 6200
www.ingim.com.au

Registrar

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000, Australia
T: 1800 891 098 (Australian investors)
T: 0800 507 120 (New Zealand investors)

Auditor

KPMG
10 Shelley Street
Sydney NSW 2000, Australia

Stock Exchange Listing

Official list of the Australian Securities
Exchange Limited
Shares ASX Code: IPE

Website

www.ingpeal.com.au

ING Private Equity Access Limited does not guarantee the repayment of capital or the investment performance of the Company.

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