

ING Private Equity Access Limited

HALF-YEARLY REPORT TO INVESTORS

31 DECEMBER 2010

ABN 48 107 843 381

Review

Introduction

Net profit after tax	\$0.95 million
Net assets	\$71.82 million
Net tangible asset backing (pre tax)	\$0.50 per share
Net debt	\$6.77 million
Interim dividend	None declared
Private equity exposure	109%
Number of private equity funds	16
Number of underlying investments	85

The Company experienced a relatively uneventful six months to 31 December with a very modest level of transaction activity within its portfolio. There were few sales and few new investments, reflecting a skittish period in financial markets. Throughout the reporting period, weakness in Europe and mixed economic data out of the USA dragged down the confidence that the positive China story provides Australia and that nervousness resulted in a weak Christmas period for retailers as consumers adopted a cautious approach to spending. Businesses are also still adopting a very cautious approach to spending and new investment decisions.

Financial results

Profit after tax for the half year was \$0.95 million compared with \$4.42million in the prior corresponding period. The change was driven by two main factors – fewer profitable realisations in the current period and an insignificant increase in unrealised valuations (the prior period enjoyed a more material uplift, coming out of the “GFC” period).

Net Tangible Assets per share was unchanged from 30 June 2010 to balance date at \$0.50 before tax and \$0.52 after tax, reflecting subdued market conditions and a still uncertain outlook. The investment portfolio is reasonably diversified but private

equity funds tend to err on the side of conservatism with their valuations. In addition, private equity funds usually exclude the resources sector which has underpinned the Australian listed sector recently. For comparative purposes, over the six months to 31 December the S&P/ASX 300 Accumulation Index returned 13.34%.

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 and none is expected to be declared until the Company enjoys a significant number of exits from the underlying portfolio.

Capital management

At 31 December 2010 the Company had \$29.9million (\$34.1million at 30 June) of undrawn private equity commitments, much of which will not be drawn for some years. The Company has been using its \$20 million three year debt facility (expiry in July 2012) to fund calls on its portfolio commitments and the facility is drawn to a net \$6.8 million at the date of this report (\$5.6 million at 30 June).

The Company continues to review its cash-flow forecasts on a regular basis and to date the forecasts have proved to be conservative with a slow new deal market offset by a modest number of realisations – a pattern likely to continue over the next six months if the current economic conditions persist.

The Company will continue to assess its capital requirements but currently, the debt facility and expectations of cash inflows appear adequate to meet the Company’s commitments.

Investment allocation

The private equity portfolio was fairly static over the period in absolute terms. Debt funding was utilised during the period under review and its use is demonstrated by “Cash” being depicted on a net basis (ie; cash less debt).

Asset exposure	at 31 December 2010	at 30 June 2010
Private equity	109%	108%
Listed equity	0%	1%
Cash	(9)%	(9)%

Private Equity Portfolio

The Company’s private equity fund portfolio was unchanged over the last six months, with total fund commitments of approximately \$126 million across 16 funds and 11 managers.

Portfolio activity during the period focused on growing businesses, ensuring stable bases for expansion and preparing businesses for sale. There was only one new business that joined the portfolio (a chain of early childhood centres in Wolseley II) but 13 received follow-on funding to support growth or enhance their capital structures. Two businesses went into administration during the six months.

On the exit front, the period started strongly with the sale by Quadrant of ATF Services in early July but that proved to be the only substantial realised exit for the period. Towards period end, two other sales were announced (Bledisloe in Propel II and Tegel Poultry in Pacific Equity Partners III) but they are subject to regulatory approvals and may not settle for some months. There continues to be press speculation about a number of businesses in the portfolio as IPO candidates but trade sales will continue to be the most likely exit path during calendar 2011. We are aware of a number of sale processes underway and hope that a number of these will progress to settlement during the March quarter.

The new year has been dominated by news of natural disasters around the country – first the floods, then the cyclone and then bushfires. Many of the underlying portfolio businesses have exposure to affected areas and no doubt will suffer subdued

trading in the very short term. This may be offset in due course by an increase in activity as rebuilding takes place and lost possessions replaced.

There are still 85 companies in the underlying private equity funds providing well diversified exposure across a range of industry sectors which may be impacted differently by macro-economic conditions. Economic signals remain mixed and confidence continues to be dampened by factors such as the recent civil unrest in North Africa. We retain a cautious outlook for the remainder of this financial year but a positive outlook for the portfolio over the medium term.

To keep up to date with the Company’s portfolio, investors are encouraged to visit the website at www.ingpeal.com.au which contains links to the funds and to most of the underlying portfolio companies.

Sydney
18 February 2011

Summary of Private Equity Funds

Portfolio holdings as at 31 December 2010 are outlined below.

Fund name	Investment stage focus	Fund size \$m	Committed \$m	Capital drawn \$m	Capital to be drawn \$m	Cash back \$m
Archer Capital Fund 3	Buyouts	428.5	7.1	6.5	0.6	5.6
Archer Capital Fund 4	Buyouts	1,360.0	10.0	4.2	5.8	0.4
Catalyst Buyout Fund 1	Buyouts	390.0	8.0	7.9	0.1	0.6
CM Capital 4	Venture Capital	153.5	8.0	5.8	2.2	0.4
Direct Capital Partners III (\$A equiv)	Expansion / Buyouts	58.07	7.1	6.4	0.7	4.9
Hastings Private Equity Fund II	Expansion / Buyouts	180.5	8.0	7.9	0.1	3.2
Ironbridge Capital 2003/4 Fund	Buyouts	450.0	5.0	4.8	0.2	3.8
NBC Private Equity Fund II	Expansion / Buyouts	98.6	6.0	6.0	0.0	-
NBC Private Equity Fund III	Expansion / Buyouts	101.2	10.0	5.4	4.6	-
Pacific Equity Partners III	Buyouts	1,275.0	8.0	7.0	1.0	0.6
Pacific Equity Partners IV	Buyouts	4,060.0	10.0	3.1	6.9	-
Propel Private Equity Fund II	Expansion / Buyouts	70.8	3.4	3.4	0.0	2.8
Quadrant Private Equity Fund No. 1	Expansion / Buyouts	265.0	8.0	7.7	0.3	7.9
Quadrant Private Equity Fund No. 2	Expansion / Buyouts	500.0	10.0	8.5	1.5	-
Wolseley Partners Fund I	Expansion / Buyouts	107.40	8.0	7.9	0.1	-
Wolseley Partners Fund II	Expansion / Buyouts	235.0	10.0	4.3	5.7	-
Total			126.6	96.8	29.8	30.2

Summary of new investments in the period

Fund name	Company	Description
Wolseley Partners Fund II	Redstone Group	Childcare centre operator

In addition to the new investments, 13 existing investments received follow-on funding.

Summary of realisations

Fund	Company	Total return as a multiple of cost
Co-Investment	Dilithium Networks	0.0 times
Direct Capital Partners III	Triton Hearing Clinics	1.0 times
Hastings II	Reflections	0.0 times
Quadrant Private Equity Fund 1	ATF Hire	1.7 times

Summary of 20 largest private equity exposures

(by value as a percentage of the Company's total assets as at 31 December 2010)

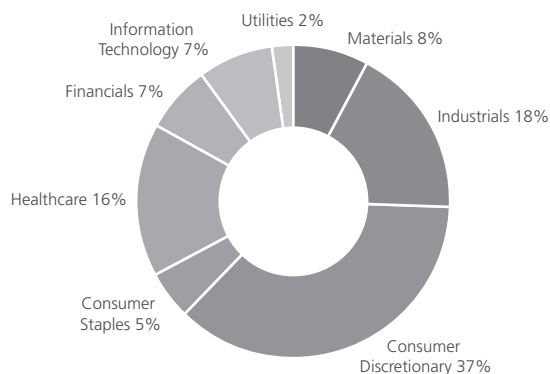
Fund	Date invested	Company	Percentage
Wolseley I	Jan 06	Pacific Services Group	4.13%
Quadrant 2	Apr 07	Quick Service Restaurants	3.87%
Archer 4	Jan 09	MYOB	3.81%
Archer 3 & 4	Sep 05	Rebel Group	3.64%
Archer 3 & 4	Dec 06	iNova Pharmaceuticals	3.13%
NBC III	Dec 07	Fenix Fitness	3.12%
Propel II	Dec 05	Bledisloe Group	3.05%
PEP III	Jun 06	Griffins Food	3.02%
Hastings II	Jan 08	Bras N Things	3.00%
PEP III	Sep 06	Link Administration	2.89%
Quadrant 2	Apr 08	Virtus Health (formerly IVF)	2.62%
Quadrant 2	Apr 09	Summerset Retirement	2.45%
Propel II	Nov 04	The PAS Group	2.31%
Archer 3 & 4	Jun 07	Cellarmaster Wines	2.30%
Wolseley I & II	Apr 07	Cox Gomyl	2.24%
Hastings II	Feb 07	Endeavour Learning Group	2.20%
Quadrant 2	Dec 07	Independent Pub Group	2.20%
NBC III	Aug 08	Layby Services	2.14%
PEP III	Jul 07	Veda Advantage	2.08%
Catalyst 1	Jan 07	Global Television	1.94%
Total			56.15%

Summary of vintages (calendar year)

Number of underlying companies that were acquired in a particular year (excluding realisations).

2004	2005	2006	2007	2008	2009	2010
2	6	19	31	16	5	6

Industry sector exposure at period end



Financial Statements

Condensed income statements For the 6 months ended 31 December 2010

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
REVENUES		
Dividends and distributions revenue	1,847	3,182
Interest revenue	37	33
Change in net market value of investments	400	4,013
Other revenue	-	3
	2,284	7,231
EXPENSES		
Management fees	323	345
Interest and bank expense	451	437
Other expenses	243	229
	1,017	1,011
Profit before income tax expense	1,267	6,220
Income tax expense	(319)	(1,799)
Net profit after tax	948	4,421
Other comprehensive income	-	(57)
Total comprehensive income for the period	948	4,364

Condensed balance sheets As at 31 December 2010

	31 Dec 2010 \$'000	30 Jun 2010 \$'000
ASSETS		
Cash	1,805	468
Receivables and prepayments	416	357
Unlisted private equity investments	75,801	73,326
Listed private equity investments	253	386
Tax assets	2,512	2,740
Total assets	80,787	77,277
LIABILITIES		
Other payables	257	277
Borrowings	8,571	6,040
Current tax liabilities	142	91
Deferred tax liabilities	2	2
Total liabilities	8,972	6,410
Net assets	71,815	70,867
EQUITY		
Issued capital	73,005	73,005
Retained earnings	(1,190)	(2,138)
Total equity	71,815	70,867

Note: The above figures represent a summary version of the Company's Appendix 4D and Interim Financial Report as released to the ASX on 18 February 2011.

Directory

ING Private Equity Access Limited
ABN 48 107 843 381

Directors

Geoff Brunson (Independent, Non-Executive Director and Chairman)
Jon Schahinger (Managing Director)
Donald Stammer (Independent, 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

Manager

ING Investment Management Limited
Level 21
83 Clarence Street
Sydney NSW 2000 Australia
T: +61 2 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

A member of the official list of the Australian Securities Exchange Limited
ASX Code: IPE

Website

www.ingpeal.com.au

Email

ingpeal@ing.com.au

The information in this summary is provided by ING Private Equity Access Limited (ING PEAL) and is not meant to nor does it constitute financial or taxation advice and is:

- of a general nature and does not take into account individual circumstances, financial position, needs or objectives;
- not to be relied upon in acquiring any investment; and
- provided in good faith and derived from sources believed to be accurate at the time but no warranty of accuracy or reliability is given and no responsibility arising in any other way including by reason of negligence for errors or omission herein is accepted.

Before acting on any information, the appropriateness of it should be assessed having regard to your specific investment objectives, financial circumstances or needs and independent financial advice should be obtained prior to acquiring a financial product.

References to currency in this report are in Australian dollars, unless otherwise specified. Investments in ING PEAL are not deposits with or other liabilities of nor guaranteed by any entity of the ING Group in Australia or elsewhere and are subject to investment risk including loss of income or capital invested.

Annual Report Election and Email Notification Service

Investors are able to update their shareholder details - including Annual Report Elections - online.

To directly access your shareholder records and change your own Annual Report Election online:

1. Visit the share registrar's website at www.linkmarketservices.com.au
2. Choose the Select Holding option
3. From the Company Name menu select ING Private Equity Access Limited
4. Enter your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), your surname or company name and your postcode to access your details
5. Select Communication Option to change your Annual Report Election

Alternatively, you may choose to contact Link Market Services on the details below:

Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000 Australia
Locked Bag A14, Sydney South, NSW 1235 Australia

Free Call: 1800 891 098 (Australian investors)
Toll Free: 0800 507 120 (New Zealand investors)
Outside Australia: +61 2 8280 7185
Facsimile: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

