

ING Private Equity Access Limited

ABN 48 107 843 381

Half-yearly report to investors
31 December 2005



Review of Operations

ING Private Equity Access Limited (the Company) enjoyed continued progress in the first six months of the 2006 financial year with the further development of the private equity portfolio and strong equity markets.

In chronological order, the significant events and milestones included:

- payment of a maiden, fully franked dividend of 4.7 cents per stapled security (2.35 cents per share)
- a commitment of NZ\$8 million to Auckland-based Direct Capital Partners
- the first Annual General Meeting as a listed company
- the unstapling of the Company's securities into their component shares and options, which now trade separately on the ASX
- a commitment of A\$8 million to Quadrant Private Equity
- continued growth in the Company's Net Tangible Assets ("NTA")

– a doubling of exposure to private equity as the investment strategy continues to be rolled out

Subsequent to the end of the half year, the Company has:

- made a commitment of A\$8 million to Pacific Equity Partners
- declared a fully franked dividend of 1.75 cents per share
- a total of approximately A\$66 million committed to a high quality private equity fund of funds portfolio
- benefited from the second private equity realisation of the portfolio through the sale of Tempo Services by Deutsche Private Equity Fund II. This reinforces the opportunistic nature of private equity, with a short holding period before selling at an attractive multiple of cost

The Company's strategy to "over-commit" its capital to private equity is on track with the final initial commitments expected to be announced in the first half of 2006. The commitment pace is expected to slow after that time. This is in line with the timeframe anticipated at the time of listing.

While the investment portfolio has been developing well and in line with our strategy, the weakness in the Company's share price has continued. This is in line with much of the Listed Investment Company sector. Nevertheless, we remain optimistic in the outlook for our portfolio and confident that long-term investors will be well rewarded by their investment.

Set out below is more detail on many of these points. To keep up to date with the Company's progress and its investment portfolio, investors are encouraged to visit the website at www.ingpeal.com.au.

Profit and Dividends

The Company continues to report healthy profits. Net profit after tax at 31 December 2005 was A\$3.232 million, due mainly to unrealised gains in the listed equity portfolio. The Company's dividend policy is to distribute as much of the realised profit, dividends and interest income it receives from its investments that it considers prudent.

In line with this policy, the Board is pleased to declare a dividend of 1.75 cents per share which will be paid on 20 March 2006, with a record date of 7 March 2006. When combined with the dividend paid in September 2005, total dividends paid equate to a yield of approximately 4.1% per share on the initial issue price.

As the private equity component of the portfolio increases over the next few years, investors should be aware that the Company's profits and dividends are expected to fluctuate and there may be some periods where smaller or no dividends are declared.

Portfolio Performance

The value of the Company's investment portfolio rose by 9.0% over the period buoyed mainly by the appreciation in the Australian listed equity portfolio. This result provides early validation of the Company's strategy to invest predominantly in listed equities rather than cash while the private equity portfolio is being built.

The value of the portfolio is reflected in the monthly NTA announcements. On 31 December 2005, the NTA of Ordinary Shares was \$1.105 before tax (\$1.064 after tax). On 30 June 2005, the NTA for Stapled Securities was \$2.047 after tax, equivalent to \$1.0235 per ordinary share after tax.

Unstapling of Shares and Options

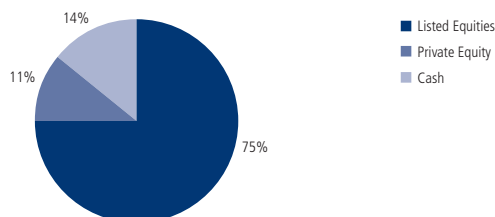
ING Private Equity Access Limited was listed on the Australian Stock Exchange (ASX) on 25 November 2004 with over 21 million Stapled Securities. Each Stapled Security consisted of two Ordinary Shares and one Option. On 31 October 2005, the Shares (ASX code: IPE) and Options (ASX code: IPEO) unstapled and commenced separate trading. At 31 December 2005, the number of Shares and Options on issue was 42.9 million and 21.4 million respectively. The Stapled Securities ceased to exist on 31 October 2005.

Each Option entitles its holder to subscribe for one Ordinary Share of the Company at an exercise price of A\$1.00. Options may be sold on the ASX or exercised at any time until 5pm on the exercise expiry date of 31 October 2007. Options that are not exercised by this date will lapse.

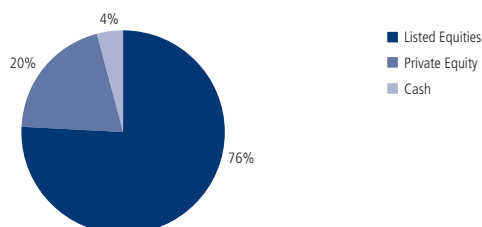
How is Your Money Invested?

The development of the Company's investment portfolio allocation over the last six months is shown below. Private equity exposure continues to grow and we anticipate that it will reach at least 30% by 30 June this year.

Sector exposure at 30 June 2005



Sector exposure at 31 December 2005



Private Equity Portfolio

The Company's private equity exposure almost doubled over the reporting period reflecting both new commitments to private equity managers and new investments by existing managers.

The Company announced a further two commitments over the six month period to 31 December 2005. During July, a commitment of NZ\$8 million was made to the highly regarded New Zealand-based manager, Direct Capital Management Limited. In November, a commitment of A\$8 million was made to one of Australia's leading private equity providers, Quadrant Private Equity Pty Limited. Subsequent to period end a commitment of A\$8 million to Pacific Equity Partners Fund III was made. New investments were made by Archer, Deutsche, Direct Capital Partners, Hastings, Ironbridge and NBC.

Summary of Private Equity Funds

Portfolio holdings at 31 December 2005 are outlined below.

Fund name	Investment stage focus	Size of Fund \$m	ING PEAL Committed \$m	Capital drawn \$m	Capital still to be drawn \$m
Archer Capital Fund 3	MBO*	450.00	7.50	2.59	4.91
Deutsche Private Equity Fund II	Expansion /MBO*	166.00	8.00	2.83	5.17
Direct Capital Partners III (\$A equiv)	Expansion /MBO*	109.55	7.43	1.35	6.08
Hastings Private Equity Fund 2	Expansion /MBO*	180.50	8.00	1.10	6.90
Ironbridge Capital 2003/4 Fund	MBO*	450.00	5.00	2.12	2.88
NBC Private Equity Fund II	Expansion /MBO*	63.00	6.00	0.86	5.14
Quadrant Private Equity Fund No.1	Expansion /MBO*	265.00	8.00	0.07	7.93
Wolseley Partners Fund I	Expansion /MBO*	107.40	8.00	0.16	7.84
Totals			57.93	11.08	46.85

* MBO = Management buy-out

Additions to the Private Equity Fund Portfolio

Direct Capital Partners III

Direct Capital Partners III is managed by Auckland-based Direct Capital Management Limited. Its focus is on mid-market expansion and management buyout investments in New Zealand and Australia with enterprise values between NZ\$20 million and NZ\$80 million. The founding directors of Direct Capital are Ross George, Mark Hutton and Bill Kermode who established Direct Capital in 1994 and are now considered to be pioneers of private equity in New Zealand. While the New Zealand private equity market is relatively young, funds managed by Direct Capital have invested over NZ\$175 million in 40 different opportunities over the past 10 years and exited 15 of these with an enviable record of success.

Quadrant Private Equity No.1

Quadrant Private Equity No.1 (Quadrant 1) is managed by Sydney-based Quadrant Private Equity Pty Limited. The fund will focus on medium sized management buy-outs and expansion capital opportunities in Australia and New Zealand. The team of Chris Hadley and George Penklis, with Andrew Gilman acting as CFO, has managed the successful stable of Quadrant Capital funds since 1996. Recent successes include Atlas Steels, Australian Airports Limited, LECG, Penrice Soda, Tasman Building Products, UndercoverWear and Village Life.

The following fund is not included in the table on the previous page as it was a commitment subsequent to period end.

Pacific Equity Partners Fund III

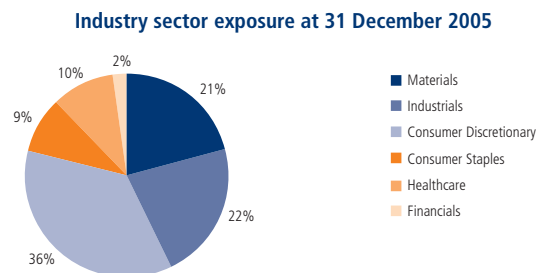
ING Private Equity Access Limited has made a commitment of A\$8 million to Pacific Equity Partners Fund III (PEP III). PEP III will have more than \$1 billion available for large management buy-out opportunities in Australia and New Zealand. The PEP stable of funds started in 1998, being founded in Sydney by Tim Sims, Simon Pillar, Rickard Gardell and Paul McCullagh. They have been joined as principals in the firm by Anthony Kerwick and Rob Koszckar. PEP now enjoys a very strong reputation which has attracted a range of experienced offshore investors to back its activities. Past investments include Frucor, Angus & Robertson, Emeco, Link Market Services and The Communications Group.

Summary of Private Equity Investments

Fund name	Investments	Business Description	Proportion of Total Assets at 31 Dec 2005
Archer Capital Fund 3	Emeco International	Earthmoving equipment rental business	2.8%
	Onesource Group Limited	Distributor of office technology equipment	1.6%
	Amart All Sports	Sporting goods and leisure wear retailer	0.5%
Deutsche Private Equity Fund II	Pacific Apparel Solutions	Wholesale apparel business	1.5%
	Tempo Services	Facility management and multi discipline support services	1.8%
	Pacific Bereavement Solutions	Funeral service operator	2.3%
Direct Capital Partners III	Max Fashions	Women's apparel label	1.0%
	Express Logistics Group Limited	Logistics provider specialising in dry goods delivery	0.7%
	NZ Pharmaceuticals	Manufactures & exports pharmaceutical intermediates & products	1.1%
Hastings Private Equity Fund II	Auscap Closure Systems	Manufactures metal closures for beverage and food	2.1%
	Shorko Holdings	Manufacturer of plastic film for the food industry	0.9%
Ironbridge Capital 2003/4 Fund	Auckland Central Backpackers	Operates a chain of backpacker complexes in NZ	0.2%
	Dexta Corporation	Specialist general insurance underwriting agency	0.6%
	Mrs Crocket's Kitchen	Chilled food manufacturer	1.1%
	Barbeques Galore	Retailer of barbeques and barbeque accessories	1.0%
NBC Private Equity Fund II	Australian Water Systems	Manufactures polyethylene rainwater tanks	1.7%
Quadrant Private Equity Fund No. 1	No investments yet		
Wolseley Partners Fund 1	No investments yet		

The investments above demonstrate a pleasing level of industry sector diversification as depicted in the chart on the following page.

Private Equity Industry sector exposure



Outlook for Private Equity

A number of high quality private equity managers have raised new funds over the course of 2005 or are in the process of raising funds. The buoyant Australian sharemarket has provided an opportunity to exit listed investments allowing some of the more successful managers to raise capital for new funds more quickly than has historically been the case. Recognition of private equity as a viable funding source continues to grow, along with interest in Australia from offshore investors, reflecting a maturing and attractive private equity sector.

Continued strength in the listed markets provides competition for larger deals, but this is not expected to continue indefinitely. In this environment, we have been pleased with the cautious and creative approach of our private equity managers in building their portfolios even if it takes them offshore to find deals with a strong Australasian flavour. Recent examples of this include the scheme of arrangement by Ironbridge which involved delisting BBQ's Galore from the NASDAQ Exchange in the US and Archer's investment in the New Zealand-based Onesource Group Limited.

Any potential listed market downturn, or cyclical decline in specific sectors, will enhance the investment opportunities for private equity. As the Company nears completion of its initial commitment program, we believe that it is well placed to benefit from any such market conditions.

Listed Equity Portfolio

Portfolio Review

Continuing the strong results from the first six months of calendar year 2005, the listed equity portfolio rose by 12.5% over the six month period to 31 December 2005.

Generally favourable results from the corporate profit-reporting season set the stage for a strong rise in the Australian listed market over the six months to December 2005. On average, net profits after tax were more than 30% higher compared with the previous corresponding period. This was underpinned by booming commodity prices, which led to massive margin increases in the resources sector.

Flowing from the strong earnings performance of the resources sector, materials and energy stocks were amongst the biggest price gainers for both the six-month period and the calendar year. Soaring base metal prices lifted already buoyant investment sentiment towards materials stocks, with Rio Tinto rising by 55% over the period and 79% over the year. Similarly, Woodside Petroleum rose by 35% over the period and 98% over the year, as the crude oil price surged to record levels.

The portfolio continues to be managed in a conservative manner, protecting the Company's capital base for its expected private equity commitments, and the top ten holdings (see table below) reflect a mix of high yielding financial stocks and resources exposure with good growth prospects.

Top 10 holdings as at 31 December 2005

Company	% of overall portfolio
BHP Billiton	8.4%
ANZ Banking Group	5.6%
National Australia Bank	4.8%
Commonwealth Bank	4.8%
Westpac Banking Group	3.5%
Rio Tinto	3.2%
Aristocrat Leisure	3.1%
Westfield Group	3.0%
Woodside Petroleum	2.8%
Woolworths	2.2%

Outlook for the Listed Equity Market

The Federal Government announced that the underlying cash balance for 2005/06 is now estimated at \$11.5 billion, up from the previous estimate of \$8.9 billion, made at the time of the May budget. The Government's strong financial position paves the way for a further round of tax cuts in 2006, which may contribute to the pool of liquidity available for investment in the listed market. Economic data releases continue to support the perception that the balance of domestic economic growth is shifting further from the consumer sector towards the business sector.

The current economic and business environment leads us to anticipate sustained demand for mineral and base metal resources. Accordingly, resource stocks should remain underpinned by the continued growth in global industrial production, which should maintain upward momentum for commodity prices and resource earnings.

Conversely, the prospect of a further rise in bond yields does not bode well for stock valuations. At particular risk are consumer discretionary stocks and those with high price-to-earnings ratios, as they are most sensitive to any change in valuation parameters.

In terms of particular areas of attraction, high-yielding stocks and those with international exposure or earnings derived from stable or diversified sources are likely to find favour with investors.

Financial Statements

Condensed income statement

	31 December 2005	31 December 2004
Income	\$'000	\$'000
Dividends and distributions	888	169
Interest	8	83
Change in market value of equities	3,436	595
Other revenue	13	0
	4,345	847
Expenses		
Manager's fees	238	52
Other expenses	174	48
	412	100
Net profit before tax	3,933	747
Tax expense	(701)	(215)
Net profit after tax (NPAT)	3,232	532

Note: Due to the first time adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS), comparatives have changed. In particular, AASB 139 'Financial Instruments: Recognition and Measurement' does not recognise transaction costs and does not require a net downward revaluation (applicable at 30 June 2005 and 31 December 2005) to be taken to the income statement. For a full reconciliation of these differences, refer to note 1(e) of the half-year report lodged with the ASX or with ASIC.

Condensed balance sheet

	31 December 2005	30 June 2005
Assets	\$'000	\$'000
Cash on hand	24	283
Receivables	87	402
Cash trust	1,884	5,225
Private equity	9,549	5,066
Listed equities	36,051	34,206
Deferred tax assets	294	188
Total assets	47,889	45,370
Liabilities		
Manager's and Directors' fees payable	137	130
Current and deferred tax liabilities	1,800	1,112
Other payables	43	167
Total liabilities	1,980	1,409
Net assets	45,909	43,961
Equity		
Share capital	41,741	41,741
Asset revaluation reserve	(687)	(410)
Retained earnings	4,855	2,630
Total equity	45,909	43,961

The information contained in this summary report has been prepared with all reasonable care by ING Private Equity Access Limited who accepts no responsibility or liability for any errors, omissions or misstatements. It is provided as general securities information only and is not in any way intended to constitute a securities investment recommendation or financial advice.

Directory

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ABN 48 107 843 381

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Jon Schahinger
(Managing Director)

Grant Bailey
(Executive Director)

Donald Stammer
(Independent and
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Company Secretary

Michael Maroney

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Stock Exchange Listing

A member of the official
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Exchange Limited

Ordinary Shares
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Options
ASX Code: IPEO

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

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. Select 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:

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