



ING Private Equity Access Limited

HALF -YEARLY REPORT TO INVESTORS
31 DECEMBER 2009

ABN 48 107 843 381

Review

Introduction

Net profit after tax	\$4.4 million
Net assets	\$70.1 million
Net tangible asset backing (pre tax)	\$0.49 per share
Net bank debt	\$0.7 million
Interim dividend	None declared
Private equity exposure	100%
Number of private equity funds	16
Number of underlying investments	87

The last six months witnessed some recovery of confidence in the economic outlook and financial markets generally. These conditions allowed the Company to benefit from the realisation of a number of underlying investments in the portfolio which generated cash profits and reduced the Company's net debt position. However, with uncertainty still hanging over the outlook for the global economy and with credit markets still relatively constrained, there were very few new investments made in the Australian / New Zealand private equity sectors and the number of underlying portfolio companies was relatively unchanged over the six months.

Financial results

Profit after tax for the half year was \$4.4 million compared with an after tax loss in the prior corresponding period of \$8.2 million. The turnaround was driven by two main factors – the profitable realisation of several underlying investments and the early adoption of 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.

Pre-tax Net Tangible Assets ("NTA") per share declined from \$0.73 at 30 June 2009 to \$0.49 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. At 31 July, following the rights issue, the pre tax NTA was \$0.44 per share. The increase 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.

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.

Capital management

At 31 December 2009 the Company had \$40.2m of undrawn private equity commitments (\$42.6m as at 30 June 2009), much of which will not be drawn for some years. The Company has been using its revised \$20 million three year debt facility to fund calls on its portfolio commitments and at 31 December 2009, the Company had net debt of \$0.7 million (finance facility debt less cash on hand) reflecting the cash that has been returned to the Company from realisations in the December quarter of 2009. Debt was at \$14 million at 30 June but significantly reduced through the proceeds of the rights issue completed in July.

The Company reviews its cash-flow forecasts on a regular basis. We continue to adopt a conservative approach to expectations of cash being returned to the Company while this is partly offset by a still slow new deal market, reducing demands on the Company's cash resources in the near term.

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.

Investment allocation

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

Asset exposure	at 31 December 2009	at 30 June 2009
Private equity	100%	126%
Listed equity	1%	1%
Cash	(1)%	(27)%

Private Equity Portfolio

Following the decision to cease any further new private equity commitments, 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.

There are 87 companies in the underlying private equity funds providing exposure across a range of industry sectors. Similar to reports on the listed sector, some portfolio companies within an industry have proven to be quite resilient to the economic downturn depending on factors ranging from management quality, supply chain logistics, currency movements or products offered. Over the six months, no companies within the portfolio were placed into administration or receivership.

Activity within the portfolio continued to focus on strengthening existing companies to withstand the still uncertain economic conditions. 20 portfolio companies received follow-on funding for business expansion, bolt-on acquisitions, working capital enhancement or adjusting the capital structure. There was one new investment (by Direct Capital) and three realisations (by Quadrant, Direct Capital and Archer Capital) over the six months (see below for further detail). All of the realisations were at values in excess of their recent carrying values, in line with our historical experience. Archer also announced the conditional sale of a further investment to settle after period end.

The majority of private equity valuations use the listed markets to derive the various metrics required. With the improvement in the public equity markets it was evident that the portfolio values were likely to increase over the half-year. That proved to be the case. Over the six months the S&P/ASX 300 (ex property and ex resources) Accumulation Index gained 27.6% and the Company's portfolio increased by 11.3%.

Calendar 2010 will be an interesting year. The economic signals, while mixed, are somewhat encouraging and the environment should be increasingly conducive to private equity activity. We have a very sound portfolio and look forward to a more normal operating environment following the extremely volatile last 18 months.

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 private equity funds and to most of the underlying portfolio companies.

Sydney
19 February 2010

Summary of Private Equity Funds

Portfolio holdings at 31 December 2009 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	3.9
Archer Capital Fund 4	Buyouts	1,360.0	10.0	3.4	6.6	-
Catalyst Buyout Fund 1	Buyouts	390.0	8.0	7.9	0.1	0.6
CM Capital 4	Venture Capital	153.5	8.0	4.6	3.4	0.1
Direct Capital Partners III (\$A equiv)	Expansion / Buyouts	53.0	6.6	5.8	1.1	4.1
Hastings Private Equity Fund II	Expansion / Buyouts	180.5	8.0	7.7	0.3	3.2
Ironbridge Capital 2003/4 Fund	Buyouts	450.0	5.0	4.7	0.3	3.6
NBC Private Equity Fund II	Expansion / Buyouts	98.6	6.0	5.9	0.1	-
NBC Private Equity Fund III	Expansion / Buyouts	101.2	10.0	3.8	6.2	-
Pacific Equity Partners III	Buyouts	1,275.0	8.0	6.7	1.3	0.6
Pacific Equity Partners IV	Buyouts	4,060.0	10.0	2.1	7.9	-
Propel Private Equity Fund II	Expansion / Buyouts	70.8	3.4	3.3	0.1	2.8
Quadrant Private Equity Fund No. 1	Expansion / Buyouts	265.0	8.0	7.4	0.6	5.3
Quadrant Private Equity Fund No. 2	Expansion / Buyouts	500.0	10.0	6.7	3.3	-
Wolseley Partners Fund I	Expansion / Buyouts	107.40	8.0	7.8	0.2	-
Wolseley Partners Fund II	Expansion / Buyouts	235.0	10.0	1.9	8.1	-
Total			126.1	86.2	40.2	24.2

Summary of new investments in the period

Fund name	Company	Description
Direct Capital Partners III	Fishpond Limited	Online retailer

In addition to the new investments, 20 existing investments received follow-on funding.

Summary of realisations

Fund	Company	Total return as a multiple of cost
Archer 3	Emeco International	3.0 times
Direct Capital Partners III	Express Logistics Group Ltd.	3.5 times
Quadrant 1	Kathmandu	2.8 times

Summary of 20 largest private equity exposures

(by value as a percentage of the Company's total assets as at 31 December 2009)

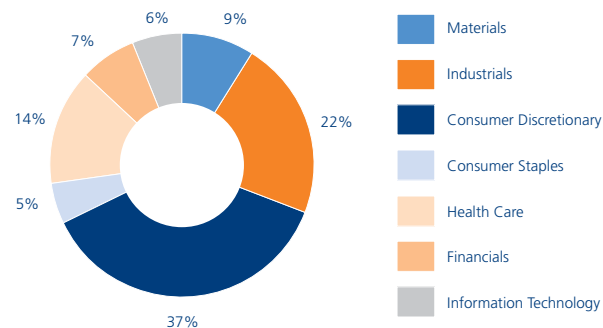
Fund	Date invested	Company	Percentage
Archer 3 & 4	Sep-05	Rebel Group	4.67%
Quadrant 2	Apr-07	Quick Service Restaurants	3.12%
Wolseley I	Jan-06	Pacific Services Group	3.05%
NBC III	Dec-07	Fenix Holdings	2.96%
Hastings II	Jan-08	Bras N Things	2.80%
PEP III	Sep-06	Link Administration	2.71%
PEP III	Jun-06	Griffins Food Limited	2.68%
Propel II	Dec-05	Bledisloe Group	2.66%
Archer 3 & 4	Dec-06	iNova Pharmaceuticals	2.65%
Wolseley I & II	Apr-07	Cox Gomyl	2.62%
Propel II	Nov-04	The PAS Group	2.43%
Quadrant 2	Apr-08	IVF Australia	2.21%
Archer 4	Jan-09	MYOB	2.11%
Quadrant 2	Dec-07	Independent Pub Group	1.93%
Quadrant 1	Dec-06	ATF Hire	1.91%
PEP III	Jul-07	Veda Advantage Limited	1.82%
Archer 3 & 4	Jun-07	Cellarmasters	1.78%
Wolseley I	Jan-08	Next Media Holdings	1.76%
DCP III	Aug-08	NZ King Salmon	1.68%
Quadrant 2	Apr-09	Summerset Retirement Villages	1.62%
Total			49.17%

Summary of vintages (calendar year)

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

	2004	2005	2006	2007	2008	2009
Per Year	3	7	22	34	16	5
Cumulative	3	10	32	66	82	87

Industry sector exposure at 31 December 2009



Financial Statements

Condensed income statement For the 6 months ended 31 December 2009

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
REVENUES		
Dividends and distributions revenue	3,070	776
Interest revenue	145	85
Change in net market value of investments	4,041	(11,991)
Other revenue	3	1
	7,259	(11,129)
EXPENSES		
Management fees	345	351
Interest and bank expense	437	91
Other expenses	229	240
	1,011	682
Profit before income tax expense	6,248	(11,811)
Income tax expense	(1,808)	3,581
Net profit (loss) after tax	4,440	(8,230)
Other comprehensive income	(76)	130
Total comprehensive income for the period	4,364	(8,100)

Condensed balance sheet As at 31 December 2009

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
ASSETS		
Cash	4,299	696
Receivables and prepayments	358	336
Unlisted private equity investments	67,263	63,531
Listed private equity investments	939	606
Tax assets	3,189	4,305
Total assets	76,048	69,474
LIABILITIES		
Other payables	287	464
Borrowings	5,532	14,671
Current tax liabilities	67	-
Deferred tax liabilities	18	17
Total liabilities	5,904	15,152
Net assets	70,144	54,322
EQUITY		
Issued capital	73,005	61,547
Reserves	-	76
Retained earnings	(2,861)	(7,301)
Total equity	70,144	54,322

Note: The above figures represent a summary version of the Company's Appendix 4D and Interim Financial Report as released to the ASX on 19 February 2010.

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

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Auditor

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Stock Exchange Listing

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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:

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