



ING Private Equity Access Limited

HALF-YEARLY REPORT TO INVESTORS

31 DECEMBER 2012

ABN 48 107 843 381

Review

Introduction

Net profit after tax	\$1.69 million
Net assets	\$67.16 million
Net tangible asset backing (post tax)	\$0.49 per share
Net debt	\$1.7 million
Debt facility limit	\$12 million
Interim dividend paid	2.25 cents per share
Number of private equity funds	16
Number of underlying investments	67
Undrawn commitments	\$12.6 million

In spite of very modest levels of activity in the Australian private equity sector it was pleasing that the Company was in a position to pay its second dividend (with significant tax benefits attached) for the 2012 calendar year.

The Australian listed equity market enjoyed strong gains over the six months to 31 December even though macro-economic indicators remained very mixed and there was continued turmoil in the middle-east and North Africa. There are some positive signs emerging for China and the USA and if these continue, the next six months may be able to hold recent market gains as Australia follows that overseas lead.

Financial results

The half year produced a profit of \$1.69 million compared with a loss of \$0.46 million in the prior corresponding period. The drivers of the change were a flow of distributions from the portfolio and an improvement in unrealised valuations (net of any changes due to the realisation of assets).

Net Tangible Assets (“NTA”) per share at 31 December was \$0.46 pre-tax (\$0.47 at 30 June) and \$0.49 post-tax (\$0.50 at 30 June). The decline was the net result of improvements in unrealised values reduced by the payment of the 2.25 cents per share dividend in November.

The cash for that dividend largely came from a single realisation in the NBC III portfolio when it sold its interest in Fenix Holdings. At the time of declaring the dividend the debt facility was undrawn and undrawn commitments had also declined so it was pleasing to be able to pay the second dividend within a six month period and again with significant tax benefits attached (100% franked and 100% LIC capital gains). The Company will continue to return cash to shareholders when it is feasible and prudent to do so.

Capital management

At 31 December 2012 the Company had \$12.6 million (\$17.8 million at 30 June) of undrawn private equity commitments, much of which will not be drawn for some years. The majority of that \$5.2 million reduction was funded by existing cash reserves but towards the end of the half year, the Company did draw on its \$12 million debt facility (expiry in July 2014). At period end, net debt was \$1.7 million (net debt was zero at 30 June).

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

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.

Activity within the portfolio reflected the modest levels witnessed in the overall Australian private equity sector with very few exits, some follow-on activity and a few new deals.

NBC Capital achieved a good result with the sale of its fitness clubs business to the listed Ardent Leisure but that was the only exit within the portfolio. In contrast, the prior corresponding period was very active. In addition to the sale of Ausfule by Archer IV, announced in early February, we are aware of a number of other exit processes that are currently taking place and hope for significant cash inflows over the six months to 30 June. Quadrant 2 managed to recapitalise its investment in Virtus Health and returned some capital to investors. We may see more of this type of activity if the potential buyers of assets do not meet the vendors' price expectations for well-run cash generative businesses.

There were four new investments added to the portfolio. Pacific Equity Partners IV acquired Peters Ice Cream and the Spotless Group to its portfolio, Wolseley Partners II purchased the Caxton Print Group and NBC Capital III will be seeking to expand the Fusion/Degani business that it announced in December. Five businesses received follow-on funding.

The valuations of businesses within the portfolio appear to reflect cautious optimism by the managers concerned. Overall, the uplift in unrealised valuations did not fully reflect the change in the listed sector as there is still some concern over the sustainability of the gains that sector has enjoyed. That appears to be a prudent approach.

There are still 67 companies in the underlying private equity funds, providing well diversified exposure across a range of industry sectors.

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, from those sites, to most of the underlying portfolio companies.

Sydney
21 February 2013

Summary of Private Equity Funds

Portfolio holdings as at 31 December 2012 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	11.6
Archer Capital Fund 4	Buyouts	1,360.0	10.0	8.9	1.1	6.5
Catalyst Buyout Fund 1	Buyouts	390.0	8.0	8.0	-	0.9
CM Capital Venture Trust 4	Venture Capital	153.5	8.0	7.0	1.0	0.4
Direct Capital Partners III (\$A equiv)	Expansion / Buyouts	56.8	6.9	6.7	0.3	7.1
Hastings Private Equity Fund II	Expansion / Buyouts	180.5	8.0	7.9	0.1	3.7
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	-	0.4
NBC Private Equity Fund III	Expansion / Buyouts	101.2	10.0	7.1	2.9	3.8
Pacific Equity Partners Fund III	Buyouts	1,254.0	7.9	7.5	0.4	2.0
Pacific Equity Partners Fund IV	Buyouts	3,761.0	9.3	7.1	2.2	-
Propel Private Equity Fund II	Expansion / Buyouts	70.8	3.4	3.4	-	5.2
Quadrant Private Equity No. 1	Expansion / Buyouts	265.0	8.0	7.9	0.1	8.4
Quadrant Private Equity No. 2	Expansion / Buyouts	500.0	10.0	8.7	1.3	6.7
Wolseley Partners Fund I	Expansion / Buyouts	107.4	8.0	8.0	-	1.8
Wolseley Partners Fund II	Expansion / Buyouts	235.0	10.0	7.5	2.5	-
Total			125.7	113.0	12.6	62.3

Summary of new investments in the period

Fund name	Company	Description
Pacific Equity Partners Fund IV	Peters Ice Cream Spotless Group	Ice cream manufacturer Outsourced facilities management and services
NBC Private Equity Fund III	Fusion Food Group/Degani Bakery Café	Licensor of Degani Bakery Cafés, supplying coffee and other consumables
Wolseley Partners Fund II	Caxton Print Group	Commercial printing and related services

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

Summary of realisations

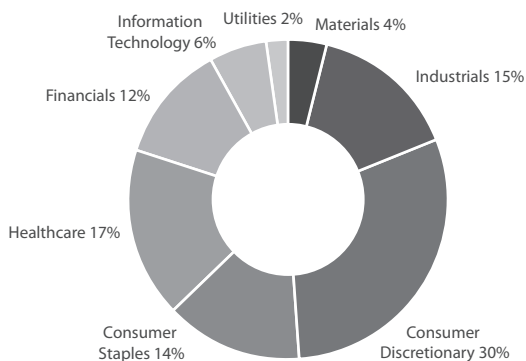
Fund	Company	Total return as a multiple of cost
Archer 4	Funtastic	0.3x
NBC Private Equity Fund III	Fenix Fitness	2.1x

Summary of vintages (calendar year)

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

2004	2005	2006	2007	2008
2	1	11	19	13
2009	2010	2011	2012	
4	6	6	5	

Industry sector exposure at period end



Summary of 20 largest private equity exposures

(by value as a percentage of the Company's total assets as at 31 December 2012)

Fund	Date settled	Company	Percentage
PEP III & IV	Jul 07	Veda Advantage	4.9%
PEP III	Sep 06	Link Administration	4.7%
Quadrant 2	Apr 09	Summerset Retirement (NZX: SUM)	4.4%
Wolseley II	Dec 10	Guardian Childcare	4.0%
PEP III	Jun 06	Griffins Food	3.7%
Wolseley II	Nov 12	Caxton Print Group	3.2%
Wolseley I & II	Apr 07	Cox Gomyl	3.1%
Quadrant 2	Apr 08	Virtus Health	2.8%
Quadrant 2	Jul 10	Sentia Media	2.7%
Catalyst I	Jan 07	Global Television	2.6%
PEP IV	Jan 10	Energy Developments (ASX:ENE)	2.6%
Archer 4	May 10	Ausfuel	2.6%
Archer 4	Jun 11	Quick Service Restaurants	2.2%
PEP IV	Aug 12	Spotless Group	2.2%
Wolseley II	Jul 10	Abergeldie Group	2.2%
NBC III	Aug 08	Layby Services	2.1%
Wolseley I	Jan 08	Next Media Holdings	2.1%
Catalyst I	Feb 07	Ezibuy	2.0%
Propel II	Nov 04	The PAS Group	2.0%
Quadrant 2	Dec 07	Independent Pub Group	2.0%
Total			58.1%

Financial Statements

Condensed income statements
For the 6 months ended 31 December 2012

	31 Dec 2012 \$'000	31 Dec 2011 \$'000
REVENUES		
Dividends and distributions revenue	2,148	9,345
Interest revenue	28	66
Change in net market value of investments	742	(9,301)
	2,918	110
EXPENSES		
Management fees	281	326
Interest and bank expense	102	391
Other expenses	273	220
	656	937
Profit before income tax expense	2,262	(827)
Income tax expense	(572)	369
Net profit (loss) after tax	1,690	(458)
Other comprehensive income	-	-
Total comprehensive income for the period	1,690	(458)

Condensed balance sheets
As at 31 December 2012

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
ASSETS		
Cash	315	2,929
Receivables and prepayments	134	128
Unlisted private equity investments	65,007	61,402
Tax assets	4,058	4,878
Total assets	69,514	69,337
LIABILITIES		
Other payables	104	132
Borrowings	2,009	-
Current tax liabilities	243	659
Deferred tax liabilities	-	5
Total liabilities	2,356	796
Net assets	67,158	68,541
EQUITY		
Issued capital	73,005	73,005
Retained earnings	(5,847)	(4,464)
Total equity	67,158	68,541

Note: The above figures represent a summary version of the Company's Appendix 4D and Interim Financial Report as released to the ASX on 21 February 2013.

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)

Company Secretary

Sam Jackson

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Stock Exchange Listing

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

Website

www.ingpeal.com.au

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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 Investor Login 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 Communications Option to elect or change your Annual Report Election

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

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