ING Private Equity Access Limited

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Sydney NSW 2000 Australia

27 February 2009

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Half-yearly report to Shareholders

Attached is a copy of the half-yearly report to investors for the period ended 31 December 2008 posted and emailed to shareholders.

Yours sincerely

Graham Batten
Company Secretary

ING Private Equity Access Limited

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Half-yearly report to investors
31 December 2008

Review

Introduction

Net profit/(loss) after tax	($8.20 million)
Net assets	$55.89 million
Net tangible asset backing (NTA)	$0.90 per share
Interim dividend	None declared
Private equity exposure	109%
Private equity commitments	$126.6 million
Number of private equity funds	16
Number of underlying investments	89

Over the last six months the Company and the private equity sector more generally have been operating against a global backdrop of extreme market instability and unprecedented events. There was significant deterioration in economic conditions and sentiment from early September starting with the failure of Lehman Brothers in the USA, followed by government capital injections and support for the banking sector in many countries.

Unsurprisingly, this translated into mixed activity in the private equity sector in Australia. At the upper end of the market, during the six months to December 2008, there were six new investments with an aggregate enterprise value of $1.18 billion which may be compared with seven investments worth $6.19 billion in the previous corresponding period. More significantly, during the six months to December 2008 there was only one exit worth $165 million which may be compared with eight exits worth $3.74 billion in the previous corresponding period.

Funds in the Company's portfolio were involved in a number of transactions in the period which are detailed later in this report. All of our fund managers were focused on existing portfolio investments to try and ensure that they can withstand the stresses resulting from the economic outlook.

Early in the six months under review the Company made a commitment to a mid-market private equity fund and declared and paid a fully franked dividend of 5.40 cents per share. The private equity portfolio was enhanced with exposure to eight new investments, 27 investments received follow-on funding but only one realisation settled. The Company's debt facility was utilised to help fund the calls from the private equity funds involved. Consistent with the market environment, the valuation of the portfolio (which always lags the listed market) declined steadily over the period followed by a more significant decline at the half-year balance date, resulting in the after tax NTA falling from $0.99 at the end of November to $0.90 at balance date.

At the Annual General Meeting (AGM) in October, the Company announced that, following a review of strategy and in light of the difficult environment, it would:

- cease making fresh commitments to new private equity funds; and
- use its future cash profits to fund existing private commitments in preference to paying dividends.

The Board also commented that it would continue to assess the merits of the strategy and remained open to alternatives that could release further value for all shareholders.

Set out below is more detail on these key themes. 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.

Financial results

As predicted at the AGM there was very little in the way of private equity realisations to contribute to revenue over the six months to 31 December 2008 and, in light of market conditions, an impairment charge was incurred which, between them, have contributed to an after tax loss of $8.20 million (2007: $1.74 million after tax profit). However, the impairment charge does not necessarily mean that the Company believes that a permanent loss has been incurred, as accounting standards require that a charge be considered where the "fair value" may be below cost by a significant amount or for a prolonged period (considered to be 9 months).

Private equity is a long term investment and the portfolio has plenty of time to deliver positive returns despite short term declines in value.

It should be noted that investments on the Balance Sheet are stated at "valuation" at all times. Each month, asset valuations are adjusted to reflect unrealised losses as well as unrealised gains and reported to the ASX in the Company's monthly NTA release. Changes to the NTA position are reflected in the Balance Sheet of the Company by movements in Asset values and in the Asset Revaluation Reserve. At the end of the reporting period, any impairment charge is made through the Income Statement resulting in a reduction in Retained Earnings and a corresponding increase in the Asset Revaluation Reserve. As a consequence, NTA does not change as a result of any impairment charge.

The Company's after tax NTA declined from $1.09 at 30 June 2008 to $0.90 at balance date. The decline was largely the result of the reduction in value of private equity investments driven by comparable, listed market valuation metrics reducing over the period, coupled with weaker operating results in many underlying companies. The decline was further impacted by a net dividend payment of $2.37 million during the period. The decline (adjusted for the dividend) is 14.5% compared with a 17.1% decline in the ASX300 (ex property and ex resources) Accumulation Index (property and resources are generally excluded from our private equity fund portfolios).

Given the operating result and in line with the Company's amended dividend policy announced at the AGM, no dividend has been declared (2007: fully franked dividend of 2.55 cents per share).

Capital management

The Company reviews its cash-flow forecasts on a regular basis and the current forecast relates to an economic environment that has a significantly bleaker outlook than that of only a few months ago. Consequently, the expectation of cash returns from the private equity portfolio in the short term has once again been lowered.

At 31 December 2008 the Company had $49.3 million of undrawn private equity commitments. It is unlikely that all of this will ever be drawn (historically, 5% to 10% of a diversified portfolio would remain undrawn). Much will remain undrawn in the short term as new investment activity remains subdued due to the increased uncertainties surrounding all investment decisions, a very tight credit market causing difficulty in sourcing appropriate debt packages and a continuing mismatch between buyers' and sellers' expectations. It would be usual for much of the Company's outstanding commitment to be funded by realisations of investments currently in the portfolio but the short term macro economic outlook leads to a conclusion that there will be few realisations over the next 12 to 18 months.

The Company has been drawing on its $20 million debt facility to fund calls on its portfolio commitments and the facility is drawn to a net $9 million at the date of this report. In light of these drawings and the outlook for realisations, the Company is moving to strengthen its position by working to reduce its capital commitments and to enhance its cash resources through the sale of a small portion of the portfolio where commitments remain to be called. The aim is to assist the Company in managing through the next few years so that shareholders can benefit from the current portfolio exposure as well as benefiting from investments that will be made in this economic downturn.

The Company will continue to assess its funding requirements and consider whether the equity and debt mix in its capital structure remains appropriate, recognising that private equity investments made in the current market environment are likely to produce attractive long term returns.

Investment 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	at 31 December 2008	at 30 June 2008
Private Equity	109%	88%
Listed Equity	1%	1%
Cash	(10%)	11%

Private Equity Portfolio

The Company's private equity commitments were largely unchanged over the last six months, with the sole addition of a $10 million commitment to NBC Private Equity Fund III shortly after financial year end. That took the total fund commitments to approximately $127 million across 16 funds and 11 managers.

There are now 89 companies in the underlying private equity funds providing exposure across a range of industry sectors some of which will be impacted more severely than others in this economic downturn. Similarly to reports on the listed sector, some portfolio companies within an industry will prove to be quite resilient depending on factors ranging from management quality, supply chain logistics, currency movements or products offered. For example, fast food providers are still reporting positive outlooks while retailers of bigger ticket household goods or luxury items have seen a rapid decline in sales. During the period there were no failures of companies within the portfolio, however, subsequent to balance date, Australian Discount Retail (Catalyst Buyout Fund No 1) was put into administration following poor Christmas trading.

Activity within the portfolio focused on strengthening existing companies to withstand the weakening economic conditions. 27 companies received follow-on funding for business expansion, bolt-on acquisitions, working capital enhancement or adjusting their capital structure. There were only eight new investments and one realisation over the six months (see below for further detail). Interestingly, the realisation of Stardex (in the Ironbridge portfolio, announced during the period but finalised subsequent to balance date) was at a price 40% above its carrying value and the realisation of Innovair (Direct Capital portfolio) during the period was at a price more than 300% above its carrying value.

The majority of private equity valuations use the listed markets to derive the various metrics required. With the continued decline in the public equity markets it was evident that the portfolio values were going to reduce when companies were valued as at 31 December. That proved to be the case with the after tax NTA falling another 9% to $0.90 from November to balance date.

2009 will be a difficult year. Our managers will be working to ensure that their portfolios can emerge in the best condition possible but it would be unrealistic to expect that there will not be further failures in such a diverse selection of companies. Realisations will be hard to achieve over the short term but when the economic outlook settles (and starts to turn) the patience of investing in, and the active management of, private equity should be rewarded.

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
20 February 2009

Summary of Private Equity Funds

Portfolio holdings at 31 December 2008 are outlined below.

Fund name	Investment stage focus	Size of Fund $m	Committed $m	Capital drawn $m	Capital to be drawn $m
Archer Capital Fund 3	Buyouts	450.0	7.5	6.4	1.1
Archer Capital Fund 4	Buyouts	1,360.0	10.0	1.4	8.6
Catalyst Buyout Fund 1	Buyouts	390.0	8.0	7.8	0.2
CM Capital 4	Venture Capital	153.5	8.0	3.4	4.6
Direct Capital Partners III ($A equiv)	Expansion / Buyouts	54.9	6.7	5.3	1.4
Hastings Private Equity Fund II	Expansion / Buyouts	180.5	8.0	7.4	0.6
Ironbridge Capital 2003/4 Fund	Buyouts	450.0	5.0	4.7	0.3
NBC Private Equity Fund II	Expansion / Buyouts	98.6	6.0	5.4	0.6
NBC Private Equity Fund III	Expansion / Buyouts	101.2	10.0	3.1	6.9
Pacific Equity Partners III	Buyouts	1,275.0	8.0	6.5	1.5
Pacific Equity Partners IV	Buyouts	4,060.0	10.0	1.9	8.1
Propel Private Equity Fund II	Expansion / Buyouts	70.8	3.4	3.2	0.2
Quadrant Private Equity Fund No. 1	Expansion / Buyouts	265.0	8.0	7.0	1.0
Quadrant Private Equity Fund No. 2	Expansion / Buyouts	500.0	10.0	5.1	4.9
Wolseley Partners Fund I	Expansion / Buyouts	107.40	8.0	7.7	0.3
Wolseley Partners Fund II	Expansion / Buyouts	235.0	10.0	1.0	9.0
Totals			**126.6**	**77.3**	**49.3**

Summary of new investments in the period

Fund	Company	Description
CM Capital 4	Datacastle Corporation	Enterprise software for data protection
Direct Capital Partners III	Rodd & Gunn NZ King Salmon	Menswear apparel chain Salmon producer
NBC Private Equity Fund III*	Fenix Holdings Australian Electrical Systems Hi Tech Express Layby Services Australia	Fitness clubs Manufacture & service of high voltage switchgear Logistic solutions for specialised freight Christmas hamper provider
Pacific Equity Partners IV	Borders Bookstores	Retailer of books and related products

In addition to the new investments, 27 existing investments received follow-on funding.

* New commitment with existing investments.

Summary of realisations

Fund	Company	Total return as a multiple of cost
Direct Capital Partners III	Innovair Group Limited	4.0 times
Ironbridge Capital 2003/4 Fund	STARDEX*	1.2 times

* Sale announced in December 2008 but settled in January 2009.

Summary of 20 largest private equity exposures

(by value as a percentage of the company's total assets as at 31 December 2008)

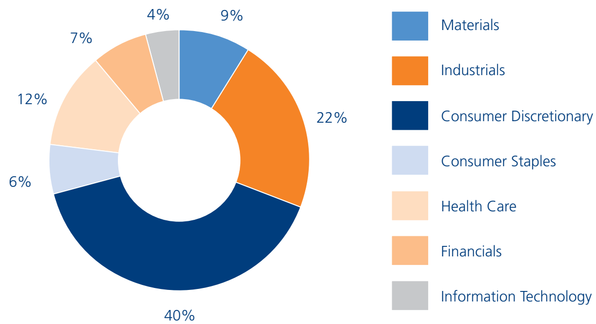
Fund	Date invested	Company	Percentage
Quadrant 2	Apr-07	Quick Service Restaurants	3.62%
Propel II	Dec-05	Pacific Bereavement Solutions P/L	3.04%
Wolseley I	Jan-06	Pacific Services Group	2.95%
Wolseley I & II	Apr-07	E W Cox	2.91%
Propel II	Nov-04	Pacific Apparel Solutions	2.65%
Quadrant 1	Dec-06	ATF Hire	2.62%
Hastings II	Jan-08	Bras N Things	2.61%
PEP III	Sep-06	Link / AAS Group	2.50%
PEP III	Jun-06	Griffins Food Limited	2.40%
Quadrant 2	Apr-08	IVF	2.38%
Quadrant 1	May-06	Kathmandu	2.21%
Archer 3 & 4	Apr-07	iNova Pharmaceuticals	2.17%
Quadrant 1	Dec-07	Independent Pub Group	2.13%
Archer 3 & 4	Sep-05	Amart All Sports	2.01%
NBC III	Dec-07	Fenix Holdings	1.97%
PEP III	Jul-07	Veda Advantage Limited	1.93%
PEP IV	Jun-08	American Stock Transfer	1.83%
Catalyst 1	Apr-05	Aperio Group Pty Ltd	1.80%
DCP III	Aug-08	NZ King Salmon	1.59%
Catalyst 1	Aug-06	Metro Glasstech	1.52%
Total			**46.84%**

Summary of vintages (calendar year)

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

2004	2005	2006	2007	2008
4	14	30	31	10

Industry sector exposure at 31 December 2008



Financial Statements

Condensed income statements
For the 6 months ended 31 December 2008

	31 Dec 2008 $'000	31 Dec 2007 $'000
Revenues		
Dividends/distributions revenue	776	1,082
Interest revenue	85	229
Change in net market value of investments	(249)	1,593
Other revenue	1	52
	613	2,956
Expenses		
Management fees	351	332
Other expenses	331	313
Impairment charge	11,991	-
	12,673	645
Profit before income tax expense	**(12,060)**	**2,311**
Income tax expense	3,865	(570)
Net profit (loss) after tax	**(8,195)**	**1,741**

Condensed balance sheets
As at 31 December 2008

	31 Dec 2008 $'000	30 Jun 2008 $'000
Assets		
Cash	385	7,458
Receivables	17	72
Private equity	59,555	60,257
Listed equity	454	707
Deferred tax assets	2,938	256
Total assets	63,349	68,750
Liabilities		
Current tax liabilities	1,196	1,410
Deferred tax liabilities	1	629
Other payables	252	346
Borrowings	6,007	-
Total liabilities	7,456	2,385
Net assets	**55,893**	**66,365**
Equity		
Issued capital	60,376	59,469
Reserves	(95)	(190)
Retained profit	(4,388)	7,086
Total Equity	**55,893**	**66,365**

Note: The above figures represent a summary version of the Company's accounts as released to the ASX on 20 February 2009.

Directory

ING Private Equity Access Limited
ABN 48 107 843 381

Directors
Geoff Brunsdon (Independent, Non-Executive Director and Chairman)
Jon Schahinger (Managing Director)
David McClatchy (Non-Executive Director)
Donald Stammer (Independent, Non-Executive Director)

Company Secretaries
Graham Batten
Chris Hadjia

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Stock Exchange Listing
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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:

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