ANNUAL REPORT 2010

IFU INVESTMENT FUND FOR DEVELOPING COUNTRIES

CONTENTS

LEGAL MANDATE

"For the purpose of promoting economic activity in developing countries, IFU has been created to promote investments in these countries in collaboration with Danish trade and industry."

The Act on International Development Cooperation, The Danish Parliament, 7 June 1967.

MISSION, VISION AND STRATEGY

Mission: To enhance global economic growth, development and more equitable income distribution through increased global flow of socially and environmentally responsible, productive investments making optimal use of comparative advantages.

Vision: To contribute through information and advice in connection with co-investments to enhance Danish enterprises' active participation in the global flow of productive investments towards developing countries.

Strategy: To become known, recognised and used by all relevant Danish enterprises as a competent provider of knowhow, experience and external financing as well as their most preferred investment partner in developing countries.

WELCOME NOTE FROM THE CEO

DEAR READER,

A new trend has emerged in international development cooperation. Grant financing of public sector development is no longer considered sufficient to ensure sustainability. It is also necessary to provide a good framework for the private sector - not in the form of subsidies, but generally in the form of creating a good enabling environment for private sector development. This is a current trend in Denmark as well as in many other countries.

At the beginning of 2011, the Danish government adopted a strategic framework for growth and employment as a central element of its new development strategy "Freedom from Poverty, Freedom to Change". The government plans to increase significantly the resources allocated to private sector development.

IFU strongly welcomes this new, holistic approach to development. IFU has been in the business of promoting direct investment in developing countries for more than 40 years and has extensive experience from fostering high development impact in the host country while at the same time benefiting Danish industry – on purely commercial terms. We are pleased to note that IFU is intended to play an important role in implementing the new strategy and stand ready to respond to this challenge.

The part of the strategic framework of specific importance to IFU is the decision by the Danish government to raise the income ceiling for countries eligible for IFU investments from USD 3,156 to USD 6,098 GNI per capita. This will allow IFU to invest in 26 more countries and thus cover all of Africa, most of Asia and some parts of Latin America. IFU thereby remains relevant for Danish companies. IFU's poverty focus will be maintained by a requirement that at least 50 percent of IFU's yearly investments must be made in countries with a per capita income below the former limit of USD 3,156.

As far as IFU's performance in 2010 is concerned, contracted investments reached DKK 559m. Over the time span 2005 to 2010, the annual average investment level amounted to approximately DKK 500.

IFU generated net income of DKK 67m in 2010, which, although the lowest in five years, was in line with expectations at the beginning of the year.

There is a risk that our cash flow will come under pressure in the years 2011 to 2013, as the government has decided to extract DKK 75m from the Fund in each of these years. The government has authorised the Minister for Foreign Affairs to issue a guarantee of DKK 300m, which IFU can draw on if facing a position of negative liquidity.

In recent years, IFU has participated in international investment funds together with Danish pension funds for the purpose of raising additional capital for projects in developing countries, primarily in Africa. The Minister for Development Cooperation has proposed to consider mobilising additional capital for IFU as part of a new approach to involve institutional investors in development finance. IFU plans to take an active part in these deliberations.

Since 1989, IFU has been fund manager of the Investment Fund for Central and Eastern Europe, IØ. The government decided in 2010 to accelerate the phasing out of IØ. The implication is that IFU's role has changed from that of an active fund manager to managing an existing portfolio. Accordingly, there is no longer a need to promote IØ. A brief annual report for IØ can be found on our website.

Finally, in May 2010, IFU moved to new premises in Copenhagen. The staff has expressed great satisfaction with our new, light offices that encourage people to work together and share information. At the same time, a staff satisfaction survey was carried out, which showed that 96 percent of the staff were satisfied or very satisfied with their job at IFU. In 2009, the job satisfaction rate was 94 percent.

Finn Jønck - Managing Director, CEO

In 2010, IFU's investments reached DKK 559m

EXECUTIVE SUMMARY 2010

- Contracted investments in new projects increased to DKK 501m
- DKK 58m was invested as additional financing in 13 projects
- 32 new projects are expected to employ approximately 6,300 people
- DKK 219m was contracted in 11 new investments in Africa
- IFU made its first investments ever in Bhutan and Mongolia
- Ongoing focus on climate-related investments with eight projects in 2010
- 82% of all projects were classified as good or excellent in their compliance with IFU's CSR policy
- Fulfilment of IFU's success criteria of 82%
- IFU FOCUS seminars were held in China and Vietnam focusing on Global Compact, CSR and HR
- A new visual identity was launched during the year
- IFU's head office moved to new premises in Copenhagen
- Net income of DKK 67m

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS 2006-2010

	2010 DKKm	2009 DKKm	2008 DKKm	2007 DKKm	2006 DKKm
INCOME STATEMENT					
Gross contribution from projects[1]	121	126	115	355	467
Operating income[2]	61	65	62	306	414
Net income for the year	67	90	106	332	425
BALANCE SHEET AT 31 DECEMBER					
Share capital investment in projects at cost	1,196	1,077	1,018	989	1,064
Project loans at cost	812	745	736	771	850
Total investment in projects at cost	2,009	1,822	1,754	1,759	1,914
Accumulated value adjustments	(217)	(296)	(293)	(318)	(470)
Investments in projects, net[1]	1,791	1,526	1,461	1,442	1,445
Cash and bonds	484	685	699	791	359
Repaid capital/paid-in capital during the year	0	(75)	(200)	0	0
Total equity capital	2,304	2,237	2,222	2,316	1,984
Total balance	2,342	2,270	2,253	2,341	2,015
ADDITIONAL DATA					
New projects contracted (no.)	32	35	36	33	34
Portfolio of projects end of year (no.)	227	218	206	201	201
Investments contracted	559	642	451	464	498
Investments disbursed	398	272	369	260	372
Undisbursed contracted investments incl. guarantees	900	806	567	564	481
Binding commitments not yet contracted	319	319	216	227	245
KEY RATIOS					
Gross contribution from projects/Average investment in projects - value adjusted	7.3%	8.5%	7.9%	24.6%	36.4%
Operating income/Average investment in projects - value adjusted	3.7%	4.3%	4.3%	21.2%	32.3%
Net income for the year/Average total equity capital	2.9%	4.1%	4.7%	15.5%	24.0%
Accumulated value adjustments/Investment in projects at cost	(10.8)%	(16.2)%	(16.7)%	(18.1)%	(24.5)%
Average number of full-time employees (IFU, IØ and IFV)	71	73	73	76	75

[1] Information about composition of the contribution from projects including value adjustments can be found in "Financial review 2010" on page 29.
[2] Operating income = gross contribution from projects less operating expenses

IFU generated net income
of DKK 67m in 2010

MANAGEMENT'S REVIEW

INVESTMENTS IN 2010

In 2010, the level of contracted investments reached a total of DKK 559m. This is the second highest level ever, and thus the momentum initiated in 2009, when the global financial crisis caused a significant increase in demand for IFU's financial services, continued in 2010.

Investments were made in 32 new projects totalling DKK 501m. The expected direct employment effect of the new projects is approximately 6,300 people. The projects are distributed on 16 different countries, two of which are first-time IFU countries, namely Bhutan and Mongolia. Two of the new projects have a broader focus - one regional in Africa, and one with a global focus. Moreover, IFU provided additional financing of DKK 58m to 13 ongoing projects employing approximately 1,000 people.

The average amount invested in new projects in 2010 was DKK 15.6m (slightly up from DKK 14.2m in 2009). 65% of the amount invested in new projects was in the form of share capital and project loans with equity features (up from 55% in 2009).

In Africa, IFU's investment activities remained at a high level, in line with IFU's focus on poor countries in general and on Africa in particular. Eleven of the new investments were related to Africa, this continent representing 44% of IFU's total contracted investments in new projects. This marked a small decrease compared to the level of 53% in 2009.

IFU generated net income of DKK 67m in 2010.

>

Highlights of 2010

	Number of projects		DKKm		EURm*	
	2010	2009	2010	2009	2010	2009
Net income			67	90	9	12
Total equity capital at 31 December			2,304	2,237	309	301
Investments contracted	45	53	559	642	75	86

*) Exchange rate: EUR 100 = DKK 745.44 at 31.12.2010 and DKK 744.15 at 31.12.2009

Investments in 2010 – an overview

Number of new projects		32		
Number of additional financing of ongoing projects		13		
NEW PROJECTS				
IFU's contracted investments	DKK	501m	EUR	67m
Expected total investments in projects	DKK	4,122m	EUR	553m
Investments in new and ongoing projects	DKK	559m	EUR	75m
Disbursement of share capital and loans	DKK	398m	EUR	53m
Received from projects (dividends, interest, sale of shares and repayment of loans)	DKK	277m	EUR	36m
Expected direct employment in new projects		6,300 jobs		

OPERATIONAL FRAMEWORK

IFU's legal mandate is to promote economic activity in developing countries by promoting investment in these countries in collaboration with Danish trade and industry. IFU was established by law in June 1967 as part of the Act on International Development Cooperation with the overall purpose of promoting economic and social growth in developing countries.

IFU was established as a legally independent, self-governing entity, limited in its liability to the extent of its net worth only. IFU's Supervisory Board and the Managing Director are appointed by the Danish Minister for Development Cooperation.

IFU provides share capital participation, loans and guarantees on commercial terms for investments in production or service companies in developing countries.

IFU's revenues are comprised of interest income, dividends and profit from the sale of shares.

IFU operates on commercial terms and is self-financing.

Protea Farm, South Africa, production of flowers.

INVESTMENTS CONTRACTED IN 2010

	Project name	Country	IFU's contracted investments in DKKm			Expected direct employment (persons)
			Shares*	Loans**	Total	
	New projects financed by IFU					
	AFRICA					
1	Energy and Carbon Fund	Africa (Regional)	52.2		52.2	6
2	Helnan International Hotels	Africa (Regional)	2.5		2.5	4
3	Arab National Cement Co.	Egypt	42.9		42.9	470
4	CareWorks Kenya****	Kenya				
5	G4 Kenya	Kenya		12.0	12.0	500
6	Maersk Liberia	Liberia		80.7	80.7	256
7	Paradis Mozambique	Mozambique	2.6		2.6	40
8	Protea Farm	South Africa		7.4	7.4	120
9	DZ Card (Africa)	Tanzania		9.1	9.1	60
10	Shangri-La Estate	Tanzania		7.3	7.3	209
11	Superclean	Uganda		2.4	2.4	260
	Subtotal Africa		**100.2**	**119.0**	**219.2**	**1,925**
	ASIA					
12	Nusaiba Fashion	Bangladesh	4.5		4.5	1,100
13	SRL Cosmos Trawl	Bangladesh	1.4		1.4	45
14	Ongdi Timber Industries	Bhutan	1.4		1.4	43
15	Dan Yu Pig Breeding China	China	2.3	8.0	10.3	17
16	House of Amber	China	5.0		5.0	50
17	Jumao Photonics China	China	17.2	5.5	22.7	1,200
18	Niebuhr China	China	7.9	8.9	16.9	100
19	Nissens Cooling Systems	China	4.0		4.0	25
20	RMG Steel Ningbo	China	3.8		3.8	20
21	Skykon China	China	4.1		4.1	112
22	Conveyor Teknik India	India	1.8		1.8	6
23	Radisson Ulaanbaatar	Mongolia	14.1		14.1	266
24	Khuan Khanun Biogas Plant	Thailand	5.0		5.0	15
25	Bank Invest Vietnam III	Vietnam	51.1		51.1	10
26	Kjaer-Nissan Vietnam	Vietnam		21.3	21.3	900
27	Sandlau Spinning Vietnam	Vietnam		3.3	3.3	260
28	WorkBook Software	Vietnam	2.1		2.1	50
29	Viedam Vietnam	Vietnam		6.6	6.6	120
	Subtotal Asia		**125.6**	**53.7**	**179.3**	**4,339**
	LATIN AMERICA					
30	Xoco Guatemala****	Guatemala				
	Subtotal Latin America		**0**	**0**	**0**	**0**
	EUROPE					
31	Fair Trees LLC	Georgia		2.0	2.0	30
	Subtotal Europe		**0.0**	**2.0**	**2.0**	**30**
	GLOBAL					
32	Microfinance project	DAC Developing Countries	100.0		100.0	4
	Subtotal Global		**100.0**	**0.0**	**100.0**	**4**
	Total new projects* **		**325.9**	**174.7**	**500.6**	**6,298**
	Additional financing of ongoing projects					Actual direct employment (persons)
	AFRICA					
33	Kosan Crisplant Cameroon	Cameroon	1.4		1.4	46
34	Radisson Emerald	Ethiopia		0.3	0.3	172
35	Fibertex	South Africa		20.1	20.1	39
	Subtotal Africa		**1.4**	**20.4**	**21.8**	**257**
	ASIA					
36	Stainless Steel Qingdao	China	3.1	2.8	5.8	67
37	Anyang Biogas	China		12.1	12.1	39
38	Rool China	China	0.2	1.5	1.7	51
39	Danish Steel Cluster	India		3.4	3.4	178
40	Compact India	India	1.2	1.5	2.7	34
41	Varo Thailand	Thailand	0.2		0.2	4
42	Orana Vietnam	Vietnam	1.0	2.9	3.8	83
43	Topas Eco Lodge	Vietnam		1.1	1.1	47
44	LTP Vietnam	Vietnam		1.4	1.4	200
	Subtotal Asia		**5.6**	**26.6**	**32.2**	**703**
	LATIN AMERICA					
45	Ingemann Food Nicaragua	Nicaragua		3.9	3.9	37
	Subtotal Latin America		**0.0**	**3.9**	**3.9**	**37**
	Total, additional financing* **		**7.0**	**50.9**	**57.9**	**997**
	GRAND TOTAL * **		**332.9**	**225.6**	**558.5**	**7,295**

*) Incl. overrun commitments.
**) Incl. guarantees.
***) Totals may not add up due to rounded figures.
****) Majority owned subsidiaries of existing IFU projects with financing of subsidiary provided in full or in part by the parent company and thus indirectly by IFU.
■ Climate-related investments.

IFU'S INVESTMENTS GENERATE ECONOMIC AND SOCIAL DEVELOPMENT

One important tool with which to stimulate development in poor countries is to facilitate foreign direct investment (FDI), which can bring about economic growth and generate work and income for the population. This creates a positive chain reaction that ultimately also produces knowhow and tax revenues, among other things.

IFU plays a key role in the Danish efforts to attract FDI to developing countries by providing advice to and co-investing with Danish companies and institutional investors. In all its investments, IFU is focused on the resulting impact in the host country in the form of employment, exports, import substitution, technology transfer, revenues, education, environment and corporate social responsibility.

One billion became 100 billion

IFU has been investing in developing countries for more than 40 years, and the effects have been very positive. In total, IFU has entered into more than 700 investment agreements with approximately 400 different Danish companies.

IFU makes investments in the form of share capital and loans and is focused on assisting Danish companies in setting up projects in developing countries. When a project company attains economic viability, IFU exits the investment and moves on to a new project. This means that the aggregate capital injection from the Danish state of approximately DKK 1bn has been reinvested several times over and has, by sharing the risk with the companies involved, contributed to a total investment of DKK 100bn, with IFU contributing close to DKK 9bn.

Viable companies create ongoing development

An important denominator in assessing the development impact of setting up a company is whether or not it is economically viable and can secure an ongoing contribution to the host country. In this sense, IFU has a high success rate. In China and India, close to two thirds of the companies that IFU has exited within the last ten years were still in operation at the end of 2010.

More than 350,000 jobs

Employment is essential and provides an opportunity for people to escape from poverty and improve their standard of living. In this respect, IFU's investments have been successful in creating an estimated 140,000 direct jobs in the projects established. Previous analyses have shown that this figure tends to be underestimated, and that the actual number of employees on average ends up being higher than the original estimate. However, direct jobs are only part of the impact. Each direct job created brings with it one to two indirect jobs in the supply chain or service companies. Measured like that, IFU's investments have over the years contributed to more than 350,000 jobs in developing countries.

ASSESSMENT OF IFU'S IMPACT

In 2010, Michael W. Hansen, Associate Professor at the Copenhagen Business School, carried out an assessment of the impact that IFU's co-investments have in developing countries as well as in Denmark. His findings were that IFU plays a central role in Danish investments in developing countries, and that these investments provide benefits to the host countries as well as to Danish trade and industry. Preliminary findings indicate that most projects tend to have neutral or positive job effects in Denmark, and that the primary motive for Danish companies investing in developing countries is to gain access to new markets.

> Michael W. Hansen concluded:
> *"The assessment shows that there is no contradiction in having a public fund assist Danish trade and industry in making investments in developing countries and at the same time improving development in these countries. On the contrary, investing abroad is necessary for Danish businesses to stay competitive, and the developing countries need private investment to prosper."*

The full assessment will be published in the spring of 2011.

Greenfield projects have a greater impact

According to the UN, as much as 80 percent of global FDI consists of mergers and acquisitions of already existing companies, and thus only 20 percent is invested in new companies, so-called greenfield projects. At IFU, the situation is almost the opposite, as greenfield projects account for 68 percent of the portfolio.

Normally, greenfield projects are seen as having the highest development impact, because they introduce a brand new activity to the host country. At the same time, financial investors consider these projects to be particularly risky. Thus, risk sharing and co-investing by IFU in these projects is often crucial for them to be established.

On the other hand, the greater impact from greenfield projects does not mean that mergers and acquisitions have no development effect. Often these types of investment may indeed result in a significant upgrading of the local activity both by transfer of technology and improvements in labour skills.

Training is essential

In countries where formal vocational education is sparse, training by companies is essential. Normally, a project company will have difficulty finding the necessary skilled labour. Therefore, more than 90 percent of the companies with whom IFU co-invests are expected to become involved in the training of employees, either training on location in the host country, training in Denmark, or both. This will contribute to a general lift in the level of education and enhance the skills of people in poor countries, hence making them better qualified and more employable in the labour market.

>

Rabai Power Plant, Kenya.

Developmental and environmental highlights

	weighted by invested amounts, new projects				
	2010	2009	2008	2007	2006
Fulfilment of Fund's success criteria (Range: 25 - 100%)*	82%	83%	80%	81%	78%
Development impact	82%	84%	78%	83%	80%
Partner mobilisation	78%	74%	73%	69%	70%
Sustainability and profitability of projects	89%	92%	90%	87%	88%
Efficiency and effectiveness of Fund operation	82%	78%	81%	77%	68%
Environmental Investment Ratio (Range: 0 - 100%)	32%	34%	31%	20%	45%

*Detailed information about IFU's success criteria can be found on www.ifu.dk.

Exports generate wealth

Many studies show that foreign companies play a significant role in paving the way for exports from developing countries into the global market and thus generating foreign currency earnings. For some two thirds of IFU's co-investments, it is expected that the project companies will generate some level of exports, either regionally or internationally, thereby contributing both to fighting barriers to entry in the global market and expanding the economies of the host countries.

Development impact

To measure the development impact of an investment, IFU has prepared a set of success criteria that are used in the appraisal of each investment. The full list of success criteria can be found on www.ifu.dk.

44 percent of IFU's investments in **new projects** were made in **Africa**

The success criteria estimate the effects that an investment will have on the host country by way of creating employment, transfer of knowledge and the impact on CSR issues. These effects are added up in the category "development impact", which carries a 50% weighting in the total score of the project. Moreover, IFU estimates the "Fund's additionality", which focuses on IFU's relative financial participation, capital mobilisation and mitigation of political and financial risk, among other things. Finally, the investments are assessed on "sustainability and profitability" and "efficiency and effectiveness of Fund operation". The success criteria are consolidated annually into four main categories, which are shown in the table above. When added up, the scores in each of the four categories indicate the total fulfilment of IFU's success criteria, ranging from 25–100%. As a result, IFU can track the development impact of new investments annually and compare its performance from year to year.

Environmental investments are, as part of IFU's CSR appraisal, estimated separately and display the percentage of IFU's investment that is focused on improvements in respect of the environment, occupational health and safety, renewable energy and facilities for waste water treatment, among other things.

Apart from the success criteria, the expected direct employment and actual direct employment in active investments are published annually. These figures can be seen in the project portfolio and on www.ifu.dk.

DEVELOPING COUNTRIES ON THE RISE

After a devastating financial crisis in 2008/2009, the world economy is now recovering. But the pace is slow, and the future remains uncertain.

According to IMF, the International Monetary Fund, the global economy grew by five percent in 2010. Global growth was driven in particular by the emerging and developing economies, which grew at just over seven percent in 2010. In comparison, the advanced economies had a growth rate of three percent. This is the prevailing picture also for the years to come.

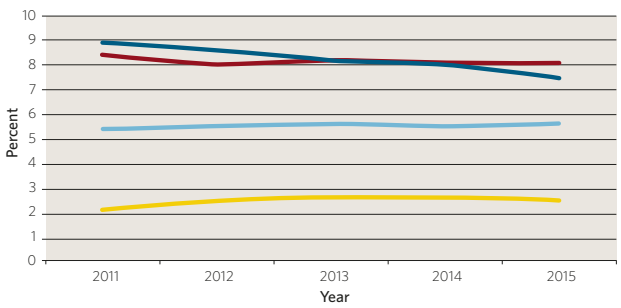
China and India leading the way

The highest rates of economic growth in 2010 were in China and India at around ten percent. These two countries have managed well during the crisis, substituting declining growth in exports with higher domestic demand. Both higher public spending and consumer spending have been key issues in easing the effects of the crisis. The governments of both countries are planning to scale back their spending programmes over the coming years, but it is expected that growth in private demand will remain high. This is partly due to continued job creation and rising wages.

This suggests that companies wanting to invest in China and India should pay more attention to the opportunities in the domestic markets, as the growing middle classes build purchasing power, hence increasing demand for more quality and high-end products.

Asia in general has also experienced promising growth rates of about nine percent. According to the IMF, the Asian economies will continue to grow at a yearly rate of approximately seven percent until 2015.

Real GDP growth



Source:
IMF, International Monetary Fund

"Global businesses cannot afford to ignore the potential in Africa"
McKinsey Global Institute

Africa is growing fast

Since the turn of the century, Africa has shown promising developments. The average annual growth rate in Africa was close to five percent from 2000 to 2008, and despite the crisis, economic growth is expected to be around five to six percent over the next few years.

Learning flower arranging at Protea Farm, South Africa.

So far, Danish investments in Africa have been relatively small, but there is a growing awareness of the potential of this continent. This is in line with a report by McKinsey Global Institute entitled "Lions on the move", which concludes that global businesses cannot afford to ignore the potential in Africa.

Poverty remains widespread in Africa, but economic indicators are pointing towards a brighter future. The global race for natural resources is one important denominator for growth in Africa. Further, the inflow of FDI, the growing labour force, urbanization and the related rise of middle-class consumers will play a significant role in the years ahead.

Therefore, consumer-facing industries such as retail, telecommunications and banking are promising sectors. Infrastructure-related industries and agriculture also have very encouraging prospects, and it should be noted that Africa holds 60 percent of the world's total uncultivated arable land.

IFU – MUCH MORE THAN INVESTMENT CAPITAL

It is IFU's ambition to add maximum value to the project companies for the benefit of all stakeholders, including IFU's Danish and local partners, the employees and the host country. The portfolio of financially sound and environmentally sustainable project companies provides IFU with a strong platform for being the preferred partner for innovative Danish companies looking at investment opportunities in the emerging markets of developing countries.

IFU's contribution to the value creation of its projects goes far beyond the mere provision of capital. IFU's partners also benefit from a range of tailor-made services, which are part of the package when IFU is chosen as a co-financing partner.

Experience from 85 countries

From the moment IFU and an investment partner establish contact to consider a joint investment, and throughout the project cycle, IFU makes its experience from more than 700 investments in 85 countries available to the project.

IFU's unique knowledge of investments in emerging and developing economies is vested first and foremost in its experienced investment managers and its broad network of regional offices and local advisers. IFU's status as a semi-governmental financial institution provides for ease of access to government at all levels in host countries, as well as to financial institutions both internationally, regionally and in the host countries. IFU's participation is often seen as an important "blue-stamp" for a project.

Professional advice from day one

During project appraisal, IFU will put the assumptions made in the business plan to the test. IFU will also challenge its partners on their managerial and financial capabilities to execute the investment projects. The aim of IFU's appraisal is to ascertain that all important aspects regarding the legal and financial structure, management and organisation, market, tax, technology and CSR issues are duly taken into account.

IFU's appraisal provides its investment partners with a qualified and experienced second opinion on the viability of an investment project, which will often lead to improvements that enhance the chances of making the project a success.

When project implementation begins, IFU will bring all its lessons learned from past investments into play in order to steer the project around common pitfalls. IFU will help to ensure that the project company is built on a solid and lasting legal framework, which will protect the company and its investors also at times when the going gets rough.

IFU offers its experience in managing CSR and corporate governance issues in developing economies, so that measures can be taken which will protect the company and its shareholders from legal, environmental or reputational problems arising from the activities. Project companies focusing on improving their CSR status can apply for a grant from the Danida CSR Training Fund managed by IFU (see page 26). In IFU's experience, good management stands out as a key success factor for developing any investment project. IFU's local advisers and investment managers can contribute to the process of identifying and screening competent management resources capable of handling the challenges of a multi-cultural setting.

Ongoing involvement

After the start of operations, IFU stays in close contact with all of its project companies. IFU will appoint an experienced investment manager or an external adviser with the right experience, skills and competence to serve on the project company's board of directors. Supported by IFU's global investment team, IFU's nominee on the board will devote part of his or her time to actively assist the company in meeting its targets and objectives by bringing to the table IFU's substantial knowledge and experience from doing business in emerging economies. From time to time, IFU will arrange regional IFU FOCUS seminars (see page 27), which provide a forum for information and networking for senior management in companies forming part of IFU's portfolio.

> "It creates **security** to have **IFU on the board of directors** during the first difficult years"
>
> MARTIN SØNDERBY NIELSEN,
> DIRECTOR AND OWNER,
> KAREN BLIXEN CAMP

CAPITAL EXTRACTION

IFU made no repayments to the Danish government in 2010, thus leaving the total capital repayment from IFU to the government since 2004 unchanged at DKK 1,025m. It has, however, been decided that IFU will repay DKK 75m each year during the three-year period 2011-2013, thus bringing the total amount repaid to DKK 1,250m by the end of 2013.

IFU AS FUND MANAGER

IFU has acted as fund manager for the Investment Fund for Central and Eastern Europe (IØ) since that fund began operations in 1990. IØ has invested a total of nearly DKK 5.5bn in 435 projects in 18 different countries. The total amount of DKK 1.9bn injected into IØ by the Danish state has already been more than repaid. For further details on IØ, see www.ioe.dk.

In 2010, the Danish government decided that IFU should accelerate the phasing out of IØ by increasing the capital extraction from IØ in the years 2011 to 2013. As a result, no further investments will be made by IØ except those that still have a clearance in principle and are deemed feasible and fall within the remaining IØ budget.

GOGLOBAL COOPERATION

The collaboration within the GoGlobal initiative continued in 2010. GoGlobal comprises IFU, Eksport Kredit Fonden (EKF), the Ministry of Foreign Affairs (Danida) and the Ministry of Foreign Affairs (The Trade Council).

All of these institutions offer services and financing to Danish enterprises operating outside Denmark, including in developing countries. The collaboration between the institutions aims to provide more specific information to interested companies, and to offer supplementary knowledge to the employees of the GoGlobal institutions.

A total of 11 of the new projects co-financed by IFU in 2010 are being established in collaboration with Danida's B2B programme, the mixed-credits scheme and/or EKF.

For further information on the GoGlobal initiative, see www.goglobal.dk.

IFU ELIGIBLE COUNTRIES

In 2010, IFU's country limit was adjusted to USD 3,084 GNI per capita.

In early 2011, the Minister for Development Cooperation announced that IFU's country limit will be adjusted upwards to USD 6,098, corresponding to 50% of the upper limit for the UMIC (Upper Middle Income Countries) according to the World Bank's classification. This implies that 26 countries will be reintegrated into IFU's operational area, among them Angola, Colombia, Peru, Serbia and Thailand. A complete list of eligible countries is posted on IFU's website.

Ground breaking ceremony at Hanoi Vung Tau brewery, Vietnam.

In connection with the adjustment, it was decided that at least 50 percent of new investments must be made in countries falling below the former GNI per capita limit, which in 2011 has been adjusted to USD 3,156.

If a country's GNI per capita exceeds the upper limit for two consecutive years, it will no longer be eligible for new IFU investments.

PROMISING BUSINESS IN AFRICA

IFU continued its strong focus on Africa in 2010, contracting 11 new investments in seven African countries for a total of DKK 219m. DKK 100m was in the form of share capital, and DKK 119m was loan financing. One of the new investments is a regional fund that will target energy and carbon projects across the continent. Furthermore, IFU signed three agreements for additional financing for existing projects for a total of DKK 22m.

The investments covered different sectors such as infrastructure, service, agriculture and production. Eight of the new investments were carried out in cooperation with small and medium-sized Danish companies. Two investments were in the infrastructure sector, which is crucial for the development of Africa.

Including the new investments made in 2010, IFU has a total portfolio of 85 active investments in Africa with a total financial commitment of DKK 1.6 bn. IFU is represented on the board of 53 of these investments, eight have pending nominations for IFU board representatives, and ten are either indirect projects or investments being exited.

IFU has set up three regional offices in Africa (in South Africa, Kenya and Ghana). This provides a strong position and closeness to the market that enables the Fund to spot

South Africa - a bridgehead for Fibertex

Fibertex, an Aalborg-based company producing non-wovens, has singled out South Africa as an important market. In cooperation with IFU and a local partner, Fibertex has set up a factory outside Durban, which opened in the spring of 2010.

The rationale behind the investment is that South Africa is a promising market due to extensive infrastructure investments. Furthermore, Fibertex expects that in the future South Africa could serve as a bridgehead for expansion into other countries in southern Africa, as well as Australia and New Zealand.

"We see a huge potential for a high market share in a growing South African market. Establishing a presence and cooperating with a local partner has brought us close to the market and enables us to produce and sell our products at a competitive cost structure," says Jørgen Bech Madsen, CEO of Fibertex.

IFU's South African office has assisted Fibertex in setting up the business and has also helped put together a comprehensive financial package, for which both IFU and the Industrial Development Corporation of South Africa (IDC) have contributed share capital.

"Having IFU on board during the preparations and establishment of the new company has been a huge benefit for us. They know the local market and have a diversified network, and that makes matters easier. At the same time, it is reassuring that IFU is sharing in the financial risk by investing directly in our subsidiary," says Jørgen Bech Madsen.

Fibertex South Africa will initially employ about 40 people and is expected to have an annual turnover of DKK 60-80m.

"This is an investment that in many ways contributes to the development of South Africa. It creates new jobs, leads to transfer of technology and upgrades the skills of local workers. At the same time it reduces imports, and it is also likely that the company will generate exports in the future and thus earn export revenue to South Africa," says Johnny Ohgrøn Hansen, Head of IFU's regional office in Johannesburg.

Aureos Africa Fund

A large number of small and medium-sized enterprises (SMEs) in Africa have difficulty getting finance and lack the skills needed to grow their business and thus create further employment in Africa.

To participate in solving this challenge, IFU, together with the pension fund PKA, has invested in the Aureos Africa Fund, an investment fund targeting SMEs. The strategy is to offer equity and assistance to SMEs with the potential to become regional or pan-African companies.

"By participating in funds like this we can facilitate and assist Danish institutional investors in gaining entry to a promising African market, while at the same time attracting additional capital and providing assistance to African companies, which are prerequisites for them to continue growing their businesses," says Kim Gredsted, Senior Investment Manager at IFU.

The total capital committed to the fund is close to USD 350m with IFU's contribution making up USD 5m. PKA has invested USD 30m in the fund. Since the start of operations in 2009, the fund has invested in eleven companies, which combined employ more than 10,000 people. One of these is a construction company in Ghana, which from humble beginnings has grown to become a leading community home builder and real estate developer in Ghana. The company has also established a subsidiary in Sierra Leone.

new investment opportunities and attract more Danish investments to Africa. At the same time, the offices play a central role in IFU's on-location service and advice to its partners.

In recent years, Danish companies as well as institutional investors (such as pension funds) have increased their awareness towards Africa, although still cautious in their investment strategies. In 2011, IFU will continue its efforts to promote the growing potential for Danish trade and industry in Africa and work intensively to increase Danish investments on the continent. A more flexible approach to IFU's requirement of always having a Danish partner could, however, benefit both the host countries as well as the Danish interests.

Private investments can contribute to stabilizing North Africa

Political protests in several countries in Northern Africa against the ruling leaders have lead to a politically insecure situation and thus increased the political and economical risk for Danish companies operating in the region. IFU has experience in tackling risks in developing countries and can therefore assist the companies in minimizing the potential consequences.

The public protests are not least a result of huge unemployment among young people, the severe economic situation and poor living conditions. A way to contribute to stabilizing the region is to increase private investments, which can generate employment, education and income. This is IFU's core competence, and in that regard the Fund is available in the facilitation and co-financing of increased Danish investments in the region.

Solar powered water system established by Grundfos Lifelink Kenya.

BREAKDOWN OF IFU'S PROJECT PORTFOLIO

Up to the end of 2010, IFU had co-financed a total of 719 projects in 85 countries. Of these, IFU was still involved in 227 investments, while 492 projects had been exited.

Of the 227 active projects, 48% were located in Asia, 37% in Africa, 9% in Latin America and the remaining 6% in Europe or Global.

More than half of IFU's projects made with SMEs
56% of the active projects were established with Danish SME partners, i.e. companies with less than 250 employees and either a balance sheet below EUR 43m (DKK 320m) or a turnover below EUR 50m (DKK 372m). The SME group is composed of 66% classified as small, i.e. companies with less than 50 employees and either a balance sheet or a turnover below EUR 10m (DKK 74.5m). The remaining 34% is classified in the medium group. The SME total of 56% compares with 62% in 2009.

More than half of IFU's investments are made with Danish **small and medium-sized** companies

Making jewellery at Georg Jensen Thailand.

The size classifications used are those defined by the EU and are also used by Statistics Denmark.

44% of the projects were established with large Danish partners. This is a slight increase compared with 38% in 2009.

Manufacturing the largest sector
The distribution of active investments by main sector shows that manufacturing continues to be the largest sector by far accounting for nearly 60% of the portfolio followed by trade and transport at 13%, finance and insurance at 8%, agriculture at 7%, while other sectors make up 12% combined. There are no significant changes compared to previous years.

Information about all projects can be found in a separate publication entitled IFU project portfolio 2010.

Portfolio overview 2009-2010

	Number of projects		DKKm		EURm*	
	2010	2009	2010	2009	2010	2009
Contracted investments in projects since establishment in 1967,	719	687	8,861	8,303	1,189	1,116
of which						
disbursed (1967- end of year)*			6,323	5,925	846	796
undisbursed at 31 December			900	806	121	108
Number of countries in which IFU has invested since 1967	85	83				

* Disbursed investments are smaller than contracted investments due primarily to the following factors:
- A number of projects have not been implemented.
- Contracted investments in share capital normally include a 25% overrun commitment. Most often, this commitment is not disbursed.
- Part of the contracted investments is in the form of guarantees, which normally do not result in disbursement.

INVESTMENTS IN CHINA

In 2010, IFU contracted seven new investments in China for a total of DKK 67m. DKK 44m was in the form of share capital, and DKK 23m was loan financing. Furthermore, IFU signed three agreements for additional financing for existing projects totalling DKK 20m.

Including the new investments in 2010, IFU has a total portfolio of 44 active investments in China with a total financial commitment of DKK 623m. IFU is represented on the boards of 37 of the investments.

First agricultural investment in China

The majority of the new investments are in the manufacturing sector, but one of the new investments is in Dan Yu Pig Breeding, which is the Fund's first major investment in China's agricultural sector. The project, which is backed by a number of Danish investors, will set up a pig farm expected to produce 3,880 breeding pigs and 7,600 slaughter pigs annually.

This is a very promising investment, as 50 percent of the world's slaughter pigs are produced and consumed in China, and because Danish know-how and production methods, among other things, can contribute to high productivity and enhanced food safety, which is strongly needed in the country.

More than 100 investment agreements

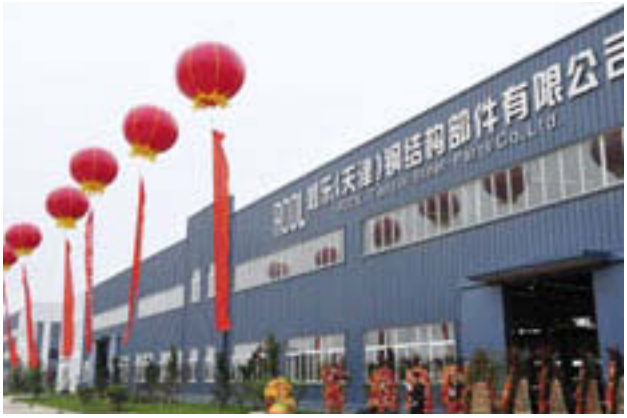
IFU has made more than 100 investment agreements with Danish companies entering the Chinese market, and the bulk of these have seized the opportunity to build a low-cost production base in China and thereby remain competitive in the global export markets. Many of the companies have also tapped into the growing demand on the Chinese market, thus expanding their overall business base. At the same time, Danish investments have contributed to the economic development in China and the eradication of poverty, which is still widespread in the country.

Rool – now also in China

One example is Rool Maskinfabrik. This small subsupplier of parts to companies in the wind and other industries started production in India a few years ago. In 2010, they opened a new factory in China. Both investments were made with IFU as a partner. The opening of production in India and China has improved the company's competitive strength and enabled the company to grow in Denmark as well as in India and China.

The outlook for Danish companies wanting to invest in China remains positive. However, at a time when the advantages of low production costs are diminishing, though still an attractive factor in central and western China, businesses need to develop their strategies accordingly.

A promising sector is consumer goods with an average annual growth of 20 percent. Strong economic growth and a policy stimulating domestic consumption in the past few years have increased the purchasing power. China's consumption of luxury goods is growing at the fastest pace in the world, its total volume being second only to Japan. Bestseller, Flexa and Innovation were some of the first movers IFU partnered with to bring their retail business to China, and they have all established a strong foothold in the Chinese market. Over the next decade, it is expected that income reform and growth in labour costs will be catalysts for more consumer spending and hence an even faster growing market.



Opening ceremony at Rool metal processing factory, China.

China – a clean energy powerhouse

China is also emerging as the world's clean energy powerhouse. Green investments have grown impressively. In 2009, China exceeded the US in clean energy investments, and the Chinese government has shown strong commitment to investing further in renewable energy projects over the next ten years at an estimated amount of USD 740bn.

Danish flagship companies within wind energy such as Vestas have established a presence and expanded quickly in the market, and a number of the small and medium-sized subsuppliers as well as service companies have moved with their clients to China in collaboration with IFU and are now carefully exploring the domestic market.

BEHIND THE SCENES – A REPORT FROM IFU'S REGIONAL OFFICE IN NEW DELHI

IFU is an active investor offering among other things professional advice on location. This is the strategic motive behind the Fund's five regional offices covering most of IFU's investment countries. At the same time, having a local presence gives a first-hand impression of actual developments and new opportunities for Danish trade and industry.

One of the offices is located in New Delhi, India, and covers the South Asia region.

84 investments in India

At the end of 2010, IFU signed investment agreement number 84 in India.

IFU assists Danish companies wanting to set up commercially viable projects in India that can benefit from the country's economic and social development. IFU is typically involved from the first step through the establishment and setting up of the business until exiting the investment when the company is fully consolidated.

"Our strength is that as an "outsider" we can ask the difficult questions that the partners do not always ask each other. Often we can see other options or risks, because we have the local know-how. IFU can also assist in finding the right location, getting into contact with local authorities and recruiting the workforce and management," says Deepa Hingorani, Head of IFU's South Asia office.

Board participation provides valuable input

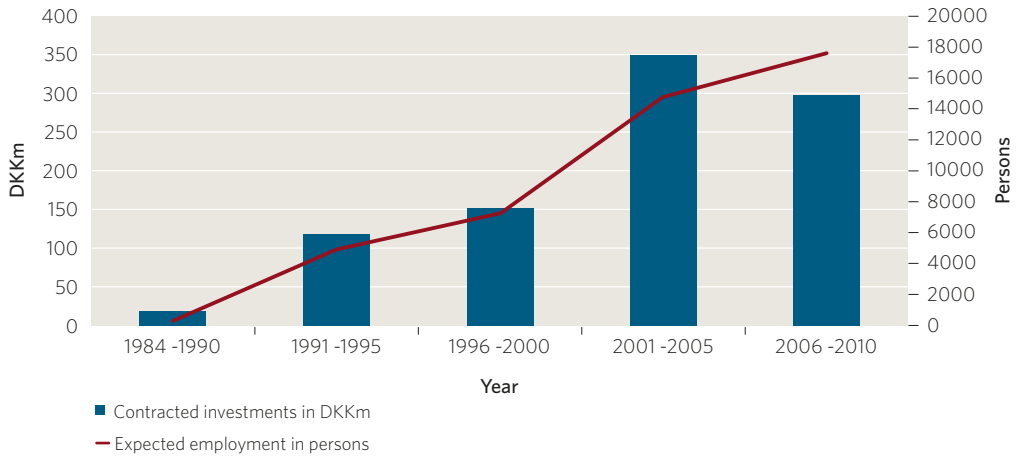
Deepa Hingorani is assisted by two investment managers, Rahul Dubey and Nidhi Narang. One of their important tasks is to represent IFU on the boards of the project companies.

In the South Asia region, IFU has 28 active investments and is represented on the boards of 17 of these investments, whereas four of them have pending nominations.

"Board representation works both ways. We can give valuable input to the management of the company, and in return

Testing fruit compounds at Orana India.

IFU investments in India



we gain experience that we can use when providing advice to other companies," says Deepa Hingorani.

25 years of experience

IFU has been investing in India for more than 25 years and is the most experienced Danish investor in the country. In the beginning, only a few Danish companies could see the potential, but today India is attracting growing interest for a number of reasons.

The Indian economy is booming, and in many sectors, such as energy, cleantech, consumer goods and IT, prospects are promising.

"There are many opportunities for Danish companies in India, and if you want to be in an expanding market, India is one of the places to be," says Deepa Hingorani.

Another advantage is that India is an English-speaking country with a large number of well-educated people.

If you want to be in an **expanding market, India** is one of the places to be

"India is hot, but we also recommend Danish companies to consider Bangladesh, Sri Lanka, Bhutan and Nepal, which are countries also covered by IFU's South Asia office," says Deepa Hingorani.

Deepa Hingorani, Head of Regional Office, Rahul Dubey and Nidhi Narang, investment managers.

CLIMATE AND ENERGY – A VAST POTENTIAL IN DEVELOPING COUNTRIES

The rapid economic development in Asia, Africa and Latin America has led to growing demand for energy investments. In Asia alone, the International Energy Agency (IEA) estimates that the need for investments in the energy sector will be as high as USD 6.3 trillion over the next 20 years.

On the one hand, there is a great need to expand the supply of energy, while on the other, there is a need to produce energy more efficiently, both to stay competitive and to avoid heavy pollution. The IEA estimates that if 1 unit of GDP produced in Denmark uses 1 unit of energy, India and Indonesia will use approximately 1.4 units of energy and China approximately 2.5 units. Inspired by these facts, the governments of India and China have decided to reduce the energy intensity by up to 45% over the coming years.

Deepa Hingorani, Head of Regional Office, and Peter Schwalbe, Department Director (right), at Indo-Danish Business Days.

Promising opportunities for Danish companies

The planned reduction of energy intensity creates promising opportunities for Danish companies. Several large Danish companies have already established production in Asia to serve local markets, as have many of their subsuppliers. IFU has been a very active co-investor with these companies, in many cases SMEs, which, in order to remain preferred global suppliers, are forced to establish production in e.g. China. IFU is present in the local markets and is ready to support such developments.

Another area of interest is exports of Danish energy technology and equipment. The competition on the international market is tough, and the financial crisis in 2009 has in many ways changed the market conditions. It is no longer enough to deliver technology and equipment; the companies also need to contribute financing in order to win lucrative contracts.

BanCoc hydro project in Vietnam financed via NEFCO Carbon Fund (carbon project presently under UNFCCC registration).

A new investment facility

A survey of the leading Danish energy exporters conducted by IFU and Nordjysk Elhandel A/S (NEAS) reveals that Danish energy exporters in general are not prepared to meet the request to contribute financing.

As a consequence, and in order to support Danish energy exporters, IFU and NEAS in 2010 decided to develop a joint investment facility to provide part of the equity in projects where Danish technology plays a significant role. This initiative combines IFU's experience in developing countries with NEAS' experience in the energy market, where they are currently engaged in about 75 projects under the Kyoto Protocol's Clean Development Mechanism (CDM).

IFU and NEAS intend to invest in two to four test projects during 2011 and use the experience from this process to develop a proposal for an investment fund that can attract financing from institutional investors. Such a scheme, when operational, will benefit not only Danish energy exporters, but also the host countries and the investors providing the financing.

IFU ENGAGES IN MICROFINANCE

In 2010, IFU signed a joint venture agreement with the Danish pension funds PBU and PKA for the establishment of a fund, Danish Microfinance Partners K/S (DMP). DMP will be managed by LD Invest in collaboration with IFU.

The purpose of DMP is to invest in financial institutions with significant exposure to microfinancing and/or financing of SMEs. In order to obtain a desired geographic diversification, DMP focuses on Asia, Latin America and Africa. Investments are primarily made in the form of equity and quasi-equity instruments.

A dual investment approach

Microfinance enables investors to adopt a dual investment approach that considers both social and financial returns. In many developing countries, the poor do not qualify as bank customers and therefore cannot access finance through the formal financial sector. Hence, most of the world's poor lack access to basic financial services that would help them manage their assets and generate income.

Microfinance is the creation of small-scale financial services and is broadly considered to be one of the important drivers of economic growth in low income countries and thereby to the promotion of global prosperity. The development of the microfinance sector is still in its early stages in many countries. During the last decade, a number of small-scale banking institutions have been established and developed in low-income countries. Today, many of these institutions are looking to expand their business, but to do that they require fresh capital and hence become potential investment targets for institutional investors.

Micro loan recipient.

Meeting with micro loan recipients in India.

Respect for CSR principles

If the poor population is to benefit, it is vital that the microfinance business is based on sound CSR principles. One of the objectives of DMP is therefore to look at how a potential investee company measures up to its CSR policy, which calls for responsible lending, including human rights, OHS, environmental and anti-corruption aspects. DMP also requires its investee companies to comply with an exclusion list describing activities for which money cannot be lent and requirements prohibiting coercive practices for lending or recovery.

DMP has already begun to build a presence in India, having signed agreements with two financial institutions that provide microfinance.

More investments in the years to come

As co-manager of the fund, IFU is closely involved in the sourcing, appraisal and monitoring of the investments made by DMP. IFU's regional offices and its investment managers in Copenhagen will all devote considerable time to developing the fund and securing its success. IFU receives a fee for services rendered.

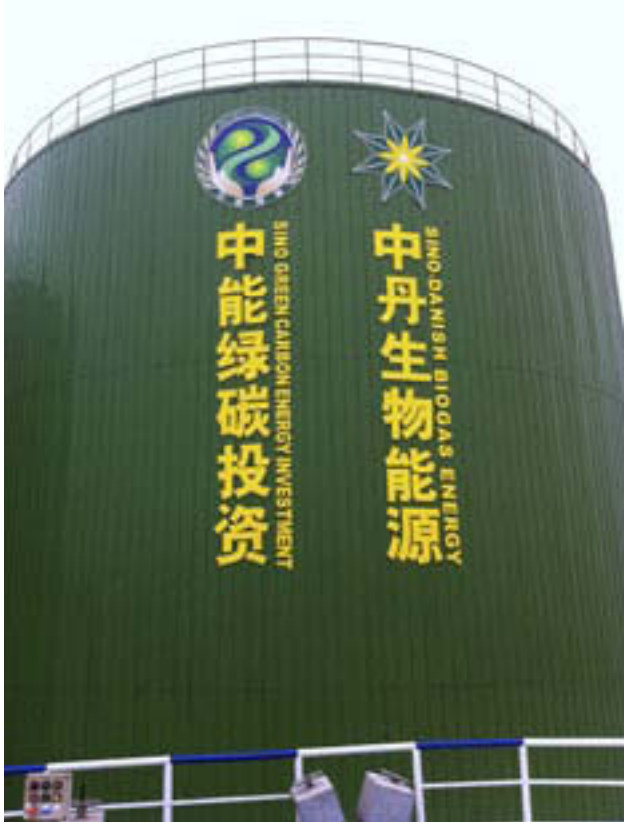
In 2011, DMP is expected to sign further contracts with microfinance institutions in India and Africa.

CORPORATE SOCIAL RESPONSIBILITY REPORTING

IFU's corporate social responsibility (CSR) policy states that IFU's investments shall, on an ongoing basis, contribute to the creation of jobs and income, improving corporate governance, sound environmental and social performance, and development in the local communities involved. IFU seeks to contribute to the global achievement of the UN Millennium Development Goals and signed up to the 10 UN Global Compact principles in 2008. IFU is committed to implementing and advancing these principles together with the project companies and within its sphere of influence.

IFU's CSR policy covers the four areas of the UN Global Compact: human rights, labour rights, environment and anti-corruption. The policy also has special focus on climate change, occupational health and safety, animal welfare and community development.

The reporting below is a summary of IFU's Communication on Progress (COP) to the UN Global Compact, which constitutes IFU's mandatory reporting as required under section 99 a (7) of the Danish Financial Statements Act. The complete COP can be found on IFU's website (http://www.ifu.dk/en/COP).



Anyang Biogas, China.

Compliance is the baseline

IFU's CSR policy states that project companies must be in compliance with all host country regulatory requirements at all times. In addition, international standards must be used as a baseline for significant CSR issues, and if these standards are not met, the project company must draw up and implement a CSR Action Plan to address these issues.

Active ownership – beyond the baseline

IFU's goal is for a project company's CSR objectives to be anchored in its business strategy and be fully adapted to and integrated into company procedures and operations, so that CSR remains a strategic issue after IFU has exited.

Therefore, in addition to the requirements set out in IFU's CSR policy, IFU induces each project company to adopt its own CSR policy, which clearly defines and describes the company's vision, strategy and operational guidelines, and for example to sign up to the UN Global Compact. The Fund sees this as a sign of the project company's strong commitment to CSR, although other means may also be used to ensure high standards. In 2010, 27% of project companies had a written CSR policy or were covered by a CSR policy defined by the parent company. This is four percentage points higher than in 2009.

New due diligence tool

In 2010, IFU introduced an updated due diligence tool ("Quick Check") as part of the appraisal process for new projects. It is called the Global Compact Self Assessment Tool and was launched at the UN Global Compact Leaders Summit in June 2010.

IFU took part in the development of this new tool to provide IFU's project companies with an instrument based on international standards and best practice that inspires continuous improvement and enables them to track and demonstrate progress. The tool may be used by companies of all sizes from all sectors and provides a means of testing their performance on the UN Global Compact principles.

New CSR status reporting guidelines

IFU requires all project companies to prepare an annual CSR Status Report for discussion and approval by their boards of directors. The CSR Status Report serves as a tool for the company to get an overview of its performance and identify issues for improvement. IFU has launched a new set of guidelines to improve the project companies' CSR

Ngoro Ngoro Mountain Coffee

Shangri-La Estate is located in the lush highlands of northern Tanzania on the outer slopes of the Ngorongoro Crater, 1,700 meters above sea level. The exceptionally fertile qualities of volcanic soil common to the crater area allow Shangri-La's coffee plants to flourish in their natural environment. The estate was established back in the 1930s and was acquired by a Danish farmer in 1992. In 2010, the farm was granted a loan by IFU to finance i.a. the installation of drip irrigation and the expansion of acreage used for coffee farming.

The estate has about 700 ha of land, of which 180 ha will be used for coffee farming, 100 ha for grassland and seven ha for Jatophra oil production, 200 ha are subleased for wheat production, and 73 ha have been set aside for future timber production. Deforestation in Tanzania is extensive, which has a dramatic effect on the fragile ecosystem. In order to prevent further erosion and increase the local biodiversity, Shangri-La has embarked on a forest replanting project – the remaining 140 ha are being replanted with indigenous rainforest trees.

The recently implemented drip irrigation has reduced the water consumption for irrigation purposes by 50 percent, and Shangri-La's water consumption will be further reduced when the planned reuse of washing water for pulped coffee is established.

There are about 50 permanent workers on the farm, and up to 600 are employed in the high coffee picking season. The employees are afforded good working conditions, trained in health and safety issues and offered good staff housing. Furthermore, the estate is committed to and involved in community empowerment, including improvement of the school for 300 students, housing for teachers and water supply to the village. Shangri-La Estate is working towards Rainforest Alliance certification, which is the assurance that the coffee is produced in a socially, economically and environmentally sustainable way.

New drip irrigation system has **reduced** the water consumption by **50 percent**

reporting and thus ensure that relevant information becomes available to the board.

Development of competences within IFU

Procedures and knowledge about CSR issues are part of IFU's ongoing development of competences through internal sharing of knowledge, courses and other forms of training. This contributes to the continuous improvement in the quality of the advice IFU provides to project companies.

In 2010, IFU held a board seminar to train investment managers and external advisers in handling CSR dilemmas in their capacity as board members of IFU's project companies. Furthermore, all investment managers and employees working with project companies completed a training course in the new CSR tools.

CSR Advisory Board

To stay up-to-date on new opportunities, dilemmas and risks, IFU has established a CSR Advisory Board consisting of four members, each representing important IFU stakeholders on one of the issues: human rights, environment, development and corporate policy.

>

The board meets regularly to discuss key issues like media communication, due diligence tools, supply chain dilemmas and anti-corruption and facilitation payments. The members are:

- John Nordbo, Conservation Director, Head of Climate Programme, WWF
- Jakob Simonsen, Director, UNDP Nordic Office
- Sune Skadegaard Thorsen, Senior Partner, Global CSR
- Malene Østergaard, CSR & Environment Director, Danfoss

Danida CSR Training Fund

IFU manages the Danida CSR Training Fund, which provides training grants for IFU's project companies. In 2010, IFU gave commitments to grants for eight CSR training programmes, such as training in chemicals management, personal protection equipment, HIV and other health issues. The project companies have shown considerable interest in applying for these grants, which have a total annual budget of DKK 3m.

Reviews of project companies

IFU regularly commissions external experts to make CSR reviews of either country or sector portfolios. All project companies involved receive a report including possible recommendations for further action and an evaluation of how urgently action is required. The reviews cover all projects in operation and relevant issues in IFU's CSR policy. Since 2005, 63 project companies have been reviewed.

In 2010, 19 project companies in eastern and southern Africa were reviewed. In general, the companies showed genuine intentions and efforts to comply with CSR requirements. However, instances of non-compliance were identified and recommendations made to take immediate action. IFU will follow the companies' initiatives to implement these recommendations closely.

To stay **up-to-date** on **new opportunities, dilemmas and risks,** IFU has established a **CSR Advisory Board**

Assessment of CSR performance

Each year IFU carries out an internal assessment of its portfolio regarding compliance with its CSR policy. Each project is classified into one of five categories as follows: excellent, good, fair, poor or critical.

In 2010, compliance assessments were carried out for 179 IFU projects. The compliance assessment does not include 30 projects that are in the process of being established, eight projects with no physical activities, and ten projects being exited.

The CSR classification is a combination of three separate classifications: 1) environment, 2) occupational health and safety (OHS) and 3) human rights and labour practices.

CSR classification

	Total score (%)	Environment (%)	OHS (%)	Human rights and labour practices (%)
Excellent	26	27	23	28
Good	56	57	56	54
Fair	17	14	19	17
Poor	1	1	2	1
Critical	0	1	0	0

Projects with the classification good are in compliance with local legislation and international standards, e.g. World Bank EHS guidelines on significant CSR issues. Projects with the classification excellent go beyond that. Projects with the classification fair, poor or critical are projects to which IFU pays close attention in order to advise the projects on how to improve their CSR performance.

The classification shows an improvement compared to 2009 with an increase in the total combined score of projects classified as either good or excellent from 77% to 82%. The increase can be attributed both to an improvement in the classifications made for several projects, and the fact that the projects exited in 2010 had below-average classifications.

The reasons for projects being classified as either poor or critical vary and include sewage treatment not working optimally, poor reporting or improper use of personal protection equipment.

IFU FOCUS SEMINARS

Participants in IFU FOCUS China, held in Beijing 27-28 September 2010.

IFU FOCUS is a seminar on CSR and HR facilitated by IFU and delivered by international and local experts to the managements of IFU's project companies. CSR and HR are key elements in building strong and sustainable companies. Separately, CSR and HR represent specialist functions with cross functional impact. Together, they leverage one another and are part of the definition and execution of good management practice.

IFU FOCUS creates a framework for training, new insight and sharing of best practice. It provides a platform for exchanging solutions to daily challenges for companies in similar situations and provides an opportunity for networking with companies and managers with the same interests and experience. The topics covered vary according to the needs in the region where the seminar is offered.

In 2010, IFU FOCUS was held in China and Vietnam with focus on CSR as a business case and the current status on labour law - practices and dilemmas. Furthermore, the seminars facilitated discussion and sharing of best practices on anti-corruption and facilitation measures.

"Extremely **useful** to **network** and gain **information** on the topics featured"

KENNETH HARDY,
VIKING VIETNAM

HUMAN RESOURCES

The development and success of IFU depend on having the right people and the necessary competences in the organisation. Motivated staff, continuing education and training and overall efficient processes for strategic organisational development are some of the prerequisites.

Employee satisfaction

Like in 2009, an employee satisfaction survey for all IFU staff worldwide was carried out in 2010. The survey was conducted in cooperation with Rambøll Management.

Both in 2009 and in 2010, the response rate was high, and the results were very positive.

The next employee satisfaction survey will be conducted in 2012.

Competence development

IFU as an organisation is highly dependent on the knowledge and capabilities innate to each individual, as well as the ability to combine these across functions, people, borders and cultures. Hence, key HR focus areas are to maintain a high level of professional skills and ensure an efficient basis for teamwork and cooperation.

A key delivery from IFU is its work and additionality provided on the boards of the project companies. Every second year, IFU invites all investment managers and external advisers representing IFU on company boards to a seminar on board work. In 2010, the event was held in mid-September in Copenhagen. The seminar covered two topics: Corporate governance in project companies in developing countries and the board's responsibility for preventing and disclosing fraud.

Employee satisfaction

	2010	2009
Response rate	90%	93%
Satisfied or very satisfied with their job at IFU	96%	94%

High employee satisfaction:
Both in 2009 and in 2010, the response rate was **high**, and the results were **very positive.**

People facts (IFU and IØ)

Number of employees (Average 2010)	71	Total number of advisers (January 2011)	42
Divided by regions:		Divided according to coverage:	
Europe (head office in Copenhagen)	56	Global	13
Asia	11	Asia	14
Africa	4	Africa	6
Eastern Europe	0	Eastern Europe/ Russia	7
Latin America	0	Latin America	2

Educational level	
Percentage of employees holding a master's degree	69%

Age, seniority and gender (Average 2010)	
Average age	42
Average seniority in years	10
Percentage male	48%
Percentage female	52%

FINANCIAL REVIEW 2010

IFU recorded net income of DKK 67m in 2010 compared to net income of DKK 90m in 2009, which was in line with expectations a year ago. Contributions from project-related activities were basically unchanged from 2009, but financial income was substantially lower.

Contribution from projects

Total contributions from IFU's primary project-related activities were DKK 121m against DKK 126m in 2009.

Looking more closely at the performance of the project companies making up IFU's share capital portfolio, most did well and as expected. However, a few large companies did not fully meet their targets, and this put downward pressure on their valuations and thus on the contribution from value adjustments in 2010 in IFU's accounts.

In numbers, share capital investments contributed DKK 66m in 2010 compared with DKK 162m in 2009. Broken down further, the figure is comprised of dividends of DKK 35m, more or less on a par with the DKK 39m recorded in 2009, contributions from divested investments of DKK 8m against DKK (1)m in 2009 and finally, value adjustments on the portfolio of DKK 23m against DKK 124m in 2009.

There was a substantial improvement in project loans and guarantees relative to 2009, when these items were severely impacted by negative value adjustments on a few large loan facilities. In total, loans and guarantees contributed DKK 42m compared to DKK (17)m in 2009.

Specifically, interest and fees contributed DKK 33m on a net basis against DKK 50m in 2009, the decline primarily being due to lower average floating rates. Value adjustments saw a large improvement to DKK (1)m against DKK (67)m in 2009. Finally, exchange rate adjustments net of value adjustments on derivatives contributed DKK 10m due to the appreciation of the USD against DKK during the year. In 2009, net exchange rate adjustments were flat at DKK 0m. Other contributions from projects improved to DKK 13m in 2010 from DKK (18)m in 2009. The positive contribution in 2010 was primarily due to in-part reversals of the provisions on receivables from the sale of shares made in 2009.

Operating expenses

IFU's part of the overall operating expenses for 2010 covering the three funds managed by IFU, i.e. IFU, the Investment Fund for Central and Eastern Europe (IØ) and the Investment Fund for Emerging Markets (IFV), was DKK 60m compared to DKK 62m in 2009.

Overall gross operating expenses were DKK 75m, compared with DKK 81m in 2009. In particular, the large decline was due to a reversal in 2010 of the payroll tax of more than DKK 3m expensed and paid in 2009, resulting in a net variation of DKK 7m between the two years. IFU has been informed that the tax authorities have decided that IFU is not subject to this tax. Adjusted for this, gross expenses rose modestly to DKK 79m in 2010 from DKK 78m in 2009, both years including DKK 2m in non-recurring expenses related to IFU's relocation to new premises in Copenhagen in 2010.

After recognition of fee income received from external sources for management services rendered by IFU, net expenses (adjusted for payroll tax) declined to DKK 76m against DKK 78m in 2009. An example of such services is IFU's contribution to the management of Danish Microfinance Partners (see page 23 for further details).

IFU's part of the overall net expenses rose to 83% from 76% in 2009 due to the closing of IØ and the continued divestment of the IØ portfolio. This trend is expected to continue in the next few years.

Financial income, cash flow and balance sheet items

Financial income, net of financial expenses, was DKK 6m compared to DKK 26m in 2009. The lower income is due to a combination of a lower average balance of cash and bonds and much lower average market interest rates.

IFU ended 2010 with cash and bonds totalling DKK 484m after having disbursed DKK 398m in new share capital and loans to project companies. Reimbursements from projects amounted to DKK 277m.

Undisbursed commitments were at a record level of DKK 1,219m at year-end 2010 (up from DKK 1,125m in 2009) reflecting a continued high level of new investments.

No capital repayment to the government was made in 2010, but as mentioned on page 15, the government has decided to extract DKK 75m from IFU in each of the years 2011-13.

IFU's equity capital at the end of 2010 was DKK 2,304m, up from DKK 2,237m at the end of 2009.

RISK MANAGEMENT

IFU invests in projects located in developing countries, where political and economic conditions may be turbulent. In addition, such projects are often subject to high commercial risk. As a result of this exposure, and in particular because IFU measures its investments at estimated fair value in accordance with the applied accounting principles of the Danish Financial Statements Act, IFU's net results may fluctuate considerably from year to year – in a positive or negative direction – due to value adjustments on the investments.

To minimize the overall risk in IFU's investment portfolio, a set of risk policies have been implemented in the investment policy. These policies include guidelines for project, partner and country risk exposure as well as guidelines for managing direct financial risk.

Project risk is managed by the indicative limit for IFU's participation in a single project, which is DKK 100m, whereas *partner risk* is limited through the indicative limit that a partner (at group level) should not account for more than 20% of the Fund's total project commitments (the sum of outstanding investments at cost, remaining commitments and binding commitments). Furthermore, as a guideline, the total commitment in a single country should normally not exceed 30% of the Fund's total project commitments.

Financial risk

At the end of 2010, IFU had a total of USD 36m (DKK 205m) at year-end exchange rate in USD-denominated loans outstanding, and the net profit is therefore sensitive to fluctuations in the USD/DKK exchange rate. A hedging

Orana India, production of fruit compounds.

policy is implemented in order to limit this sensitivity. At the end of 2010, 48% of the USD exposure had been hedged, and IFU's exposure to currencies other than USD, DKK and EUR was very low at 1% of the loan portfolio at cost.

At year-end, 40% of IFU's total outstanding investments at cost were placed in project loans, including loans with equity features. The major part of the project loans are based on IFU's standard interest terms of CIBOR/LIBOR floating rates plus a risk premium. An increase in CIBOR/LIBOR rates would therefore have a positive effect on IFU's interest income from project loans.

Liquidity is managed with the aim of always having a positive cash position. A DKK 300m credit facility shared with IØ is in place to cover unexpected negative short-term fluctuations in cash flows.

Events after the balance sheet date

No events materially affecting the financial position of IFU have occurred after the balance sheet date.

Distribution of project commitments as at 31 December 2010 – five largest portfolios.

Country/region	2010 (%)	2009 (%)
China	17.4	15.7
Africa (regional)	11.5	10.6
Vietnam	7.7	5.9
Egypt	6.2	9.7
India	6.1	6.1
Total	**48.9**	**48.0**

Note: Africa (regional): projects included cover more than one country.

It should be noted that by the end of 2010, IFU had an outstanding portfolio of DKK 224m in Northern Africa, of which DKK 179m in Egypt, both figures at cost value. Whether the recent events in the region will necessitate material negative value adjustments on IFU's investments is, however, too early to conclude.

OUTLOOK FOR 2011

In 2011, IFU expects to enter into agreements for approximately 30-35 new projects. IFU expects total investments in the range of DKK 475-525m, including additional financing for an estimated 15 projects. Focus will continue to be on the poor countries and especially on Africa, but special focus will also be on reintegrating the countries that are now again eligible for IFU investments.

Based on currently known expectations for the profit performance and value of the project companies, IFU expects to record a profit in 2011.

It is, however, inherently difficult to predict the development of the fair values of IFU's investments, including the effects of exchange rate fluctuations. Consequently, the expected net profit is subject to considerable uncertainty.

STATEMENT

STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

The Executive and Supervisory Boards have today considered and approved the Annual Report of the Industrialisation Fund for Developing Countries (IFU) for the financial year 1 January 2010 – 31 December 2010.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Annual Report gives a true and fair view of the Fund's financial position at 31 December 2010 and of the results of the Fund's operations and cash flows for 2010.

Copenhagen, 4 March 2011

EXECUTIVE BOARD:

Finn Jønck, Managing Director

Torben Huss, Deputy Managing Director

SUPERVISORY BOARD:

Michael Rasmussen, Chairman

Lars Andersen, acting Deputy Chairman

Beate Bentzen

Eva Berneke

Betina Hagerup

Steen Hommel

Jens Jørgen Kollerup

Christina Rasmussen

Lisbeth Scott Reinbacher

Susan Ulbæk

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Supervisory Board of the Industrialisation Fund for Developing Countries (IFU)

We have audited the financial statements and Management's review of IFU for the financial year 1 January 2010 – 31 December 2010. The financial statements comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and accounting policies. The financial statements and Management's review are prepared in accordance with the Danish Financial Statements Act.

The Supervisory and Executive Boards' responsibility
The Supervisory and Executive Boards are responsible for the preparation and fair presentation of the financial statements in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. Furthermore, the Supervisory and Executive Boards are responsible for preparing a Management's review that includes a true and fair account in accordance with the Danish Financial Statements Act.

Auditors' responsibility and basis of opinion
Our responsibility is to express an opinion on the financial statements and Management's review based on our audit. We conducted our audit in accordance with Danish Auditing Standards and the agreement between the Minister for Foreign Affairs and the Auditor General regarding the audit of IFU. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and Management's review are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and Management's review. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements and Management's review, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Fund's preparation and fair presentation of the financial statements and to the preparation of a Management's review that includes a true and fair account in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Supervisory and Executive Boards, as well as evaluating the overall presentation of the financial statements and Management's review.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Fund at 31 December 2010 and of the results of the Fund's operations and its cash flows for the financial year 1 January 2010 – 31 December 2010 in accordance with the Danish Financial Statements Act, and Management's review includes a true and fair account in accordance with the Danish Financial Statements Act.

Copenhagen, 4 March 2011

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Mikael Sørensen
State Authorised Public Accountant

Preben Larsen
State Authorised Public Accountant

IFU investments have contributed to more than 350,000 jobs in developing countries

ACCOUNTING POLICIES

This Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

Accounting policies in general

The accounting principles applied remain unchanged from previous year.

Presentation and classification

IFU's income statement and balance sheet vary from the standard tables of the Danish Financial Statements Act, because they are presented on the basis of IFU's special character as an investment fund (long-term investments), and with a view to the best possible clarity of information to the reader of the accounts. The deviation is in concurrence with section 23 (4) of the Danish Financial Statements Act.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Fund, and provided that the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Fund, and the value of the liabilities can be measured reliably.

On initial recognition assets and liabilities are measured at cost. Adjustment subsequent to initial recognition is effected as described below for each item.

Information brought to IFU's attention before the time of finalising the presentation of the Annual Report, and which confirms or invalidates affairs and conditions existing at the balance sheet date, is considered at recognition and measurement.

Income other than value adjustments is recognised in the income statement when earned, just as costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as value adjustments.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Foreign currency adjustment

Foreign currency transactions are initially recognised in DKK using the exchange rate at the transaction date. Loans, receivables, payables and other monetary items denominated in foreign currencies, which have not been settled at the balance sheet date, are converted into DKK using the exchange rate at the balance sheet date. All exchange rate adjustments, including those that arise at the payment date, are recognised in the income statement as value adjustments, financial income or financial expenses, depending on their nature.

Non-monetary items

Monetary balance sheet items are translated to the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates.

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Derivative financial instruments

IFU has established a set of criteria for entering into forward exchange contracts and cross currency swaps (derivative financial instruments) to hedge future transactions concerning selected foreign currency loans and receivables from sale of shares (fair value hedge).

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently adjusted to fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments are recognised in the income statement as either "Contribution from project loans and guarantees", if related to hedging of project loans, or "Other contributions from projects", if related to hedging of receivables from sale of shares.

Income statement

Contribution from share capital investments

Contribution from share capital investments includes declared dividends (after tax), contributions from divested share capital investments and value adjustments in relation to the outstanding portfolio at year-end. Dividends are included in the income statement at the declaration date.

Contribution from project loans and guarantees

Contribution from project loans and guarantees includes interest, value adjustments, including exchange rate adjustments in relation to the portfolio, the effect of derivatives and other value adjustments, principally of interest receivables.

Other contributions from projects

Other contributions from projects include value adjustments, including exchange rate adjustments in relation to receivables, the effect of derivatives and interest from receivables.

Operating expenses, net

IFU manages the administration and accounting of altogether three funds. This includes IFU, the Investment Fund for Central and Eastern Europe (IØ) and the Investment Fund for Emerging Markets (IFV). The total operating expenses incurred by IFU, net of income related to operating activities, are divided at year-end between IFU, IØ and IFV according to an activity dependent distribution key.

Operating expenses, net comprise expenses for Management, administrative staff, office expenses, depreciation of fixed assets and leasehold improvements, etc.

Income from investments in associates

Dividends from associates are included in the income statement at the declaration date.

Financial income, net

Financial income, net comprises interest income on cash and bonds, realised and unrealised capital gains and losses on bonds, interest expenses, exchange rate adjustments on cash and bank charges.

Balance sheet

Investments in projects – general

Share capital investments and project loans are reported at the estimated fair value as at the reporting date. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

When estimating the fair value of an investment, IFU seeks to use a methodology which is appropriate in light of the nature, facts and circumstances relating to the investment and its materiality in the context of the total investment portfolio. Methodologies are applied consistently from period to period, except when a change would result in a better estimation of fair value.

Because of the uncertainties inherent in estimating fair value for unquoted investments, in particular when located in developing countries, a degree of caution is applied when exercising judgement and making the necessary estimates.

For all investments the value determined by using the methods described below will be adjusted, if considered necessary and appropriate, by taking the following factors into account:

- The financial status and most recent results of and expectations for the project company.
- Risk of remittance, if any.
- Specific circumstances relating to the partners, project, country, region and/or sector.
- Current market conditions.
- Tax issues.

Share capital investment in projects, net

If the Fund receives a binding offer in writing during the 12-month period prior to the reporting date, this offer is used as a starting point for the valuation of the investment.

Quoted share capital investments

All quoted share capital investments are valued according to the most recent market price listed on or before the reporting date. If the market is not considered liquid, i.e. that a sale of the investment may cause a significant movement in the stock price, an illiquidity discount is applied.

Unquoted share capital investments

Investments are valued at cost until IFU receives audited accounts covering a period of at least two years of operational activities of the project company following the first disbursement by IFU.

Unquoted share capital investments having met the two-year operational criteria (as defined above) are divided into two groups dependent on the size of IFU's outstanding investment.

In this context, the larger investments are defined as those for which IFU's outstanding investment, measured either at cost or at intrinsic value, is above or equal to DKK 20m. These investments are initially valued by either the Discounted Cash Flow method (DCF), by an earnings multiple, if appropriate and reliable transaction/earnings multiples are available, or by the net assets methodology, if appropriate.

All other unquoted share capital investments having met the two-year operational criteria are initially valued at intrinsic value according to the most recent financial statement for the company received by IFU.

For all share capital investments, quoted as well as unquoted, exit terms agreed, if any, will be taken into account when performing the valuation.

Project loans, net

Project loans are measured at nominal value at actual exchange rates at the balance sheet date, except for project loans with an outstanding balance above DKK 20m with a fixed interest rate, which are valued at the net present value of the future cash flow.

For all loans the value is adjusted, if necessary and appropriate, by taking into account specific terms as agreed, if any, the expected sales value and accessibility of pledged assets, if any, and the historical record of debt service and actual defaults.

Investments in associates

Investments in associates are included in the balance at cost less accumulated impairment losses.

Fixed assets and leasehold improvements

Fixed assets and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Straight-line depreciation is made on the basis of an estimated useful life of the fixed asset varying from 3 to 5 years. Depreciation is recognised in the income statement under operating expenses, net.

Fixed assets and leasehold improvements costing less than DKK 50,000 per unit are recognised as costs in the income statement at the time of acquisition.

Interest receivable related to projects

Interest receivable related to projects and other receivables are measured at fair value, i.e. at actual exchange rates at the balance sheet date and after adjustments for risk of loss.

Other receivables

Investments in projects where a formal liquidation procedure has been initiated are stated as "Receivables from projects in liquidation" under "Other receivables" in the balance sheet.

Included in other receivables are administrative receivables and accrued interest receivables from bonds, both measured at cost.

Cash and bonds

Bonds are stated at the official prices quoted on the balance sheet date except for drawn bonds, which are stated at par value. Realised and unrealised gains or losses on bonds are recognised in the income statement under financial income, net.

Provision for losses

Provision for losses comprises anticipated losses related to guarantee agreements. Adjustments of provision for losses related to guarantee agreements are recognised in the income statement as "Other value adjustments" under "Contribution from project loans and guarantees".

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Lease commitments

Lease commitments relating to assets held under finance leases are capitalised and recognised in the balance sheet under long-term debt or current liabilities and are measured at amortised cost, which in most cases corresponds to nominal value.

Long-term debt

Long-term debt is measured at amortised cost, which in most cases corresponds to nominal value.

Current liabilities

Current liabilities related to projects are measured at fair value. Other current liabilities are measured at amortised cost, which in most cases corresponds to nominal value.

Cash flow statement

The cash flow statement has been prepared in accordance with the direct method and shows IFU's cash flow from operating, investing and financing activities as well as IFU's cash position at the beginning and end of the year.

Cash comprises cash at hand less short-term bank debt.

Packaging therapeutical food at Compact India.

Income statement

Note		2010 DKK 1,000	2009 DKK 1,000
1/	Contribution from share capital investments	66,174	161,516
2/	Contribution from project loans and guarantees	42,197	(17,332)
3/	Other contributions from projects	12,978	(17,748)
	GROSS CONTRIBUTION FROM PROJECTS	**121,349**	**126,436**
4/	Operating expenses, net	(60,437)	(61,923)
	OPERATING INCOME	**60,912**	**64,513**
5/	Financial income, net	6,000	25,915
	NET INCOME FOR THE YEAR	**66,912**	**90,428**

The net income for the year has been transferred to the equity capital.

Balance sheet at 31 December

Assets

Note		2010 DKK 1,000	2009 DKK 1,000
	FIXED ASSETS		
	Share capital investment in projects at cost	1,196,134	1,076,511
	Value adjustments	(69,460)	(107,137)
6/	Share capital investment in projects, net	1,126,674	969,374
	Project loans at cost	812,435	744,924
	Value adjustments	(148,010)	(188,796)
7/	Project loans, net	664,425	556,128
8/	Investment in associates	274	238
9/	Fixed assets and leasehold improvements	6,487	953
	Total fixed assets	**1,797,860**	**1,526,693**
	CURRENT ASSETS		
10/	Interest receivable related to projects	12,924	9,105
11/	Other receivables	47,081	46,502
	Bonds	178,059	354,724
	Cash	306,284	329,862
	Total current assets	**544,348**	**740,193**
	TOTAL ASSETS	**2,342,208**	**2,266,886**

Balance sheet at 31 December

Liabilities and equity capital

Note		2010 DKK 1,000	2009 DKK 1,000
	EQUITY CAPITAL		
	Paid-in capital	1,050,936	1,050,936
	Repaid capital	(1,025,000)	(1,025,000)
	Accumulated reserves	2,278,425	2,211,513
12/	**Total equity capital**	**2,304,361**	**2,237,449**
	PROVISION FOR LOSSES		
	Guarantees	9,034	0
13/	LONG-TERM DEBT	1,553	3,056
	Long-term debt	**10,587**	**3,056**
14/	CURRENT LIABILITIES	27,260	26,381
	Total liabilities	**27,260**	**26,381**
	TOTAL EQUITY CAPITAL, PROVISION FOR LOSSES AND LIABILITIES	**2,342,208**	**2,266,886**

15/ UNDISBURSED COMMITMENTS TO PROJECTS AND CLEARANCES IN PRINCIPLE
16/ CONTINGENT LIABILITIES
17/ PLEDGED ASSETS
18/ RELATED PARTY DISCLOSURES

Cash flow statement

	2010	2009
	DKK 1,000	DKK 1,000
CASH FLOW FROM OPERATING ACTIVITIES		
Dividends from projects received	42,481	35,871
Interest from projects received	24,951	46,136
Other project related payments	5,648	3,292
Operating expenses, net	(84,430)	(57,472)
Net payments related to financial income and expenses	10,666	23,475
Net cash from operating activities	**(684)**	**51,302**
CASH FLOW FROM (TO) INVESTING ACTIVITIES		
Received from sale of shares	57,084	118,081
Received from project loans	149,021	162,080
Received from derivatives, loans	(1,859)	(1,028)
Paid-in share capital in projects	(169,382)	(98,809)
Disbursement of project loans	(229,100)	(172,979)
Paid-in share capital in associates	(36)	(238)
Received from (invested in) bonds	172,840	3,705
Net cash from (to) investing activities	**(21,432)**	**10,812**
CASH FLOW FROM (TO) FINANCING ACTIVITIES		
Repaid to EIB (ECFI III Facility)	(1,462)	(1,418)
Repaid capital during the year	0	(75,000)
Net cash from (to) financing activities	**(1,462)**	**(76,418)**
NET CHANGE IN CASH	(23,578)	(14,304)
CASH BEGINNING OF YEAR	**329,862**	**344,166**
CASH END OF YEAR	**306,284**	**329,862**

Notes

Note		2010 DKK 1,000	2009 DKK 1,000
1/	Contribution from share capital investments		
	Dividends from projects	35,033	39,074
	Contribution from divested share capital investments	8,036	(1,327)
	Value adjustments, portfolio	23,105	123,769
	Contribution from share capital investments	**66,174**	**161,516**
2/	Contribution from project loans and guarantees		
	Interest income and fees related to project loans and guarantees	42,528	53,094
	Value adjustments excl. exchange rate adjustments, loan portfolio	7,822	(67,372)
	Value adjustments, guarantees	(9,034)	0
	Exchange rate adjustments, project loans	18,436	(2,435)
	Value adjustments, derivatives	(8,140)	2,806
	Value adjustments, interest and fees	(9,415)	(3,425)
	Contribution from project loans and guarantees	**42,197**	**(17,332)**
3/	Other contributions from projects		
	Value adjustments, receivables, excl. exchange rate adjustments	3,150	(21,897)
	Exchange rate adjustments, receivables	1,343	706
	Interest from receivables	8,522	3,493
	Other income and expenses	(37)	(50)
	Other contributions from projects	**12,978**	**(17,748)**

Note		2010 DKK 1,000	2009 DKK 1,000
4/	Operating expenses, net		
	Expenses, (IFU, IØ and IFV)		
	Salaries, head office	36,738	36,606
	Rental expenses	4,615	6,192
	Travelling expenses	4,473	3,830
	Regional Office expenses	10,095	10,605
	Fees for Supervisory Board	1,489	1,312
	Fees for external assistance	9,096	7,885
	IT expenses	3,789	4,429
	Office expenses	3,168	1,918
	Various expenses	4,712	4,477
	Payroll tax	(3,415)	3,415
	Depreciation of fixed assets and leasehold improvements (note 8)	705	557
	Total expenses	75,465	81,226
	Income, (IFU, IØ and IFV)		
	Management fees	(2,340)	(33)
	Board member fees, net of tax	(171)	(277)
	Various income	0	76
	Total income	(2,511)	(234)
	Total operating expenses, net (IFU, IØ and IFV)	72,954	80,992
	Operating expenses, net charged to IØ	(12,173)	(18,678)
	Operating expenses, net charged to IFV	(344)	(391)
	IFU's part of operating expenses, net	**60,437**	**61,923**
	Fee to the auditor of the funds included in "Fees for external assistance" and "Various expenses":	**1,141**	**1,130**
	- hereof audit fees	747	740
	- hereof non-audit fees	394	390

Note		2010 DKK 1,000	2009 DKK 1,000
	Specification of personnel expenses (salaries etc.)*		
	Salaries, remunerations etc.	40,431	40,154
	Pension contributions	3,654	3,582
	Other expenses for social security	206	181
	Payroll tax	(3,415)	3,415
	Personnel expenses in total	**40,876**	**47,332**
	*) The figures are included in "Salaries, head office", "Travelling expenses", "Regional Office expenses", "Fees for Supervisory Board" and "Payroll tax".		
	Total remuneration to the Supervisory Board	1,489	1,312
	Remuneration to the Executive Board:		
	Salaries and pension	2,875	2,787
	Performance remuneration	448	449
	Total remuneration to the Executive Board	3,323	3,236
	Total remuneration to the Supervisory Board and Executive Board	**4,812**	**4,548**
	Average number of employees, Head Office (IFU, IØ and IFV)	56	57
	Average number of employees, Regional Offices (IFU, IØ and IFV)	15	16
		71	**73**
5/	Financial income, net		
	Financial income		
	Interest income, cash and bonds	11,527	22,627
	Gain on bonds, net	(3,799)	3,627
	Financial income	**7,728**	**26,254**
	Financial expenses		
	Interest expenses, bank charges and exchange rate adjustments	(1,728)	(339)
	Financial expenses	**(1,728)**	**(339)**
	Financial income, net	**6,000**	**25,915**

Note		2010 DKK 1,000	2009 DKK 1,000
6/	Share capital investment in projects, net		
	Share capital investment in projects beginning of year at cost	1,076,511	1,017,798
	Paid-in share capital in projects during the year	169,382	98,809
	Project loans or interest converted into share capital during the year	4,516	5,673
	Proceeds from divestment of shares	(46,319)	(102,068)
	Income from divestment of shares relative to cost, net	(11,052)	56,299
	Share capital transferred to other receivables	3,096	0
	Share capital investment in projects end of year at cost	**1,196,134**	**1,076,511**
	Accumulated value adjustments beginning of year	(107,137)	(171,862)
	Reversed value adjustments, divested share capital investments	19,088	(57,626)
	Value adjustments, portfolio during the year (note 1)	23,105	123,769
	Value adjustments related to conversions during the year	(4,516)	(1,418)
	Accumulated value adjustments end of year	**(69,460)**	**(107,137)**
	Share capital investment in projects, net end of year	**1,126,674**	**969,374**
	Accumulated value adjustments end of year are comprised of:		
	Plus values	199,705	187,036
	Value adjustments excl. plus values	(269,165)	(294,173)
		(69,460)	**(107,137)**

Share capital investments acquired by IFU by means of syndicated capital are not included in the above figures and amount to DKK 0m (DKK 0m in 2009), measured at fair value.

Syndicated capital is investment capital received from third parties and invested in projects, in principle on their own account and risk, and syndicated capital therefore only becomes due to the extent that IFU receives payment from these projects.

Note		2010 DKK 1,000	2009 DKK 1,000
7/	Project loans, net		
	Project loans beginning of year at cost	744,924	736,333
	Disbursements during the year	229,100	172,979
	Interest converted into project loans during the year	1,796	102
	Repayments during the year	(149,021)	(162,080)
	Project loans converted into share capital during the year	(4,229)	0
	Exchange rate adjustments during the year relative to cost	(2,531)	(2,410)
	Project loans transferred to other receivables during the year	(156)	0
	Write-offs during the year	(7,448)	0
	Project loans end of year at cost*	**812,435**	**744,924**
	Accumulated value adjustments beginning of year	(188,796)	(121,399)
	Reversed value adjustments, loans written off	6,439	0
	Exchange rate adjustments realised	2,531	2,410
	Value adjustments incl. exchange rate adjustments during the year (note 2)	27,268	(69,807)
	Value adjustments related to conversions during the year	4,548	0
	Accumulated value adjustments end of year	**(148,010)**	**(188,796)**
	Project loans, net end of year	**664,425**	**556,128**
	Accumulated value adjustments end of year are comprised of:		
	Exchange rate adjustments relative to cost	2,844	(18,123)
	Value adjustments excl. exchange rate adjustment	(150,854)	(170,673)
		(148,010)	**(188,796)**
*)	Project loans end of year at cost are comprised of:		
	Senior project loans	760,414	712,574
	Subordinated loans	35,655	22,092
	Equity loans	16,366	10,258
		812,435	**744,924**

Note			2010 DKK 1,000	2009 DKK 1,000
*) Project loans end of year at cost in DKK distributed according to currency denomination:				
	2010 Currency	2009 Currency		
DKK			200,734	164,751
USD[1]	36,487	37,868	204,903	214,620
EUR	53,450	47,809	398,037	356,636
Other currencies			8,761	8,917
			812,435	**744,924**

[1)] USD 17.6m is hedged against DKK (USD 16.3m in 2009)

Project loans provided by IFU by means of syndicated capital are not included in the above figures and amount to DKK 7.4m (DKK 3.9m in 2009), measured at fair value.

8 / Investment in associates

Investment in associates beginning of year at cost	238	0
New investments during the year	36	238
Divestments during the year	0	0
Investment in associates end of year at cost	**274**	**238**
Accumulated value adjustments end of year	**0**	**0**
Investment in associates, net end of year	**274**	**238**

Investment in associates comprises of:

Name/domicile:	Form of company:	IFU's ownership interest:	Result (according to the latest approved annual report):	Equity (according to the latest approved annual report):
Management Equity Vietnam I Copenhagen, Denmark	ApS	20%	21	266
ME Vietnam Management Consultancy Ho Chi Minh City, Vietnam	LLC	20%	(0)	933
Danish Microfinance Partners Management Copenhagen, Denmark	ApS	45%	N/A	N/A

Note		2010 DKK 1,000	2009 DKK 1,000
9 /	Fixed assets and leasehold improvements		
	Cost beginning of year	2,909	1,898
	Additions during the year	6,239	1,011
	Disposals during the year	(1,555)	0
	Cost end of year	**7,593**	**2,909**
	Depreciation beginning of year	1,956	1,399
	Depreciation for the year (note 4)	705	557
	Depreciation for disposal of the year	(1,555)	0
	Depreciation end of year	**1,106**	**1,956**
	Book value end of year	**6,487**	**953**
10 /	Interest receivable related to projects		
	Interest receivable related to projects before value adjustments	72,138	54,186
	Value adjustments	(59,214)	(45,081)
	Interest receivable related to projects	**12,924**	**9,105**
11 /	Other receivables		
	Dividend receivables	16	7,332
	Receivables from sale of shares	35,296	45,007
	Receivables from sale of loan	330	0
	Receivable front-end fees	2,227	2,557
	Receivables from projects in liquidation	20,478	23,430
	Other project-related receivables	3,090	2,770
		61,437	81,096
	Value adjustments	(42,650)	(50,488)
		18,787	30,608
	Administrative receivables	19,011	5,095
	Accrued interest receivables from bonds	7,021	8,076
	Rental deposits	2,016	2,568
	Deferred income	246	155
		47,081	**46,502**

Note		2010 DKK 1,000	2009 DKK 1,000
12/	Total equity capital		
	Paid-in capital beginning of year	1,050,936	1,050,936
	Paid-in capital during the year	0	0
	Paid-in capital end of year	**1,050,936**	**1,050,936**
	Repaid capital beginning of year	(1,025,000)	(950,000)
	Repaid capital during the year	0	(75,000)
	Repaid capital end of year	**(1,025,000)**	**(1,025,000)**
	Accumulated reserves beginning of year	2,211,513	2,121,085
	Net income for the year	66,912	90,428
	Accumulated reserves end of year	**2,278,425**	**2,211,513**
	Total equity capital end of year	**2,304,361**	**2,237,449**
13/	Long-term debt		
	EIB (ECFI III facility)*	1,553	3,056
		1,553	**3,056**
	*) hereof payable after five years: DKK 0		
14/	Current liabilities		
	EIB (ECFI III facility)	1,508	1,461
	Other project-related debt	2,258	2,400
		3,766	3,861
	Derivatives*	2,649	(3,633)
	Administrative debt	15,161	22,670
	Current accounts	5,684	3,483
		27,260	**26,381**

*) Stated amount for 2010 concerns a hedged amount of USD 18.4m with term from 2011 to 2015.

Note		2010 DKK 1,000	2009 DKK 1,000
15/	Undisbursed commitments to projects and clearances in principle		

Undisbursed commitments to projects are comprised of undisbursed contractual commitments and binding commitments not yet contracted. The stated amount of guarantees is net of provision for losses, if any.

Amounts payable on share capital and loan agreements	796,933	719,369
Guarantees, net *	93,954	86,200
Binding commitments	319,014	319,126
Undisbursed commitments to projects	**1,209,901**	**1,124,695**
Clearances in principle for new projects amount to	**439,339**	**682,748**

*) Gross outstanding guarantees before provision for losses, if any, amount to DKK 102,988 (DKK 86,200 in 2009)

16/ Contingent liabilities

The total lease and rental commitments amount to DKK 19.2m (DKK 23.8m in 2009)
- hereof due within the following year DKK 6.3m (DKK 5.3m in 2009).

17/ Pledged assets

On 31 December 2010 IFU had pledged bonds and cash amounting to DKK 5.7m as security for long-term debt to EIB.

18/ Related party disclosures

IFU project investments - shares and loans
IFU's percentage interests in project investments often exceed 20%, but always remain below 50%. The project companies are not considered related parties, as no controlling or significant influence is exercised over them.

It should be noted that transactions conducted during the year with the project companies include dividends, interest income and fees and directors' fees from the companies in which IFU employees are board members.

Supervisory and Executive Boards
IFU's other related parties are the members of the Supervisory and Executive Boards.

During the year there were no transactions other than remuneration paid to the Supervisory and Executive Board members.

Over the years, IFU has entered into more than 700 investment agreements with approximately 400 Danish companies

MANAGEMENT

SUPERVISORY BOARD AND EXECUTIVE BOARD

The Danish Minister for Development Cooperation appoints the Chairman, the Deputy Chairman and the other members of the Supervisory Board for a three-year period. Each appointment is personal. The current Supervisory Board was appointed for the three-year period beginning 1 August 2009.

The Supervisory Board usually convenes nine to ten times a year. On the recommendation of the Executive Board, it makes decisions about investments and key issues. The rules of disqualification follow the provisions of the Public Administration Act (Act No. 571 of 19 December 1985, sections 3–6). As a principle, a member of the Supervisory Board or an employee cannot discuss a matter involving a company in which that particular person has a special interest.

Members of the Supervisory Board may not buy or sell shares or other securities issued by companies of which they have obtained special knowledge through their work as board members. To prevent insider trading, at each meeting the Supervisory Board authorises an updated list of the listed companies of which the Supervisory Board believes it holds inside information; however, it applies in general that utilising knowledge obtained from board work is not allowed.

All information received by the members of the Supervisory Board, orally or in writing, shall be treated as confidential.

SUPERVISORY BOARD

Michael Rasmussen (1964), Chairman, member since 2000.
MSc (Economics). Member of the Group Executive Management, Nordea AB.
Other board memberships: IØ**, IFV**, Nordea Kredit A/S**, Nordea Finance**, Multidata A/S, LR Realkredit A/S, Karl Pedersens & Hustrus Industrifond, Danmarks Skibskredit A/S.

Lars Andersen (1958), acting Deputy Chairman, member since 1994.
MSc (Economics). Managing Director, The Economic Council of the Labour Movement.
Other board memberships: IØ*, IFV*, DSB, Industripension Holding A/S, Industriens Pensionsforsikring A/S, Arbejdernes Landsbank A/S.

Beate Bentzen (1956), member since 2009.
Business economics graduate.
Previously Group Chief Operating Officer.
Other board memberships: IØ, IFV.

Eva Berneke (1969), member since 2009.
Master of Mechanical Engineering (Technical), MBA INSEAD.
Senior Vice President, Head of HR and Group Strategy, TDC A/S.
Other board memberships: IØ, IFV, Copenhagen Business School, Schibsted ASA.

Betina Hagerup (1961), member since 2006.
MSc (Business Affairs). Director General, Danish Commerce and Companies Agency.
Other board memberships: IØ, IFV, Eksport Kredit Fonden*,
F.O.O.D. - Food Organisation of Denmark, DDC.

Steen Hommel (1970), member since 2009.
MSc (Economics). Head of Department, the Trade Council of Denmark,
Ministry of Foreign Affairs.
Other board memberships: IØ, IFV.

Jens Jørgen Kollerup (1955), member since 2009.
MSc (Dairy science). Managing Director, Fan Milk International A/S & Emidan A/S.
Other board memberships: IØ, IFV, Fan Milk Benin S.A., Fan Milk Ghana Limited,
Fan Milk Nigeria PLC, Fan Milk Togo S.A., Finamark S.A., Fan Milk Liberia Ltd.

Christina Rasmussen (1967), member since 2008.
MSc (Business Economics and Auditing). State Authorised Public Accountant.
CFO, Carlsberg Danmark A/S.
Other board memberships: IØ, IFV, K/S Mirfield.

Lisbeth Scott Reinbacher (1944), member since 2009.
Managing Director.
Other board memberships: IØ, IFV, L&S A/S, L&S Signal Textiles A/S.
Member of the Committee of Representatives, Nykredit.

Susan Ulbæk (1960), member since 2009.
MSc (Economics). Ambassador, Under-Secretary for Africa, Asia, Americas and the Middle East, Ministry of Foreign Affairs.
Other board memberships: IØ, IFV, Copenhagen Business School Asia Research Centre.

** Chairman - * Deputy Chairman

EXECUTIVE BOARD

The Danish Minister for Development Cooperation appoints the Managing Director. The rules which apply to the Supervisory Board regarding the selling or buying of shares or other securities issued by companies of which they have obtained special knowledge also apply to the Managing Director and the Deputy Managing Director in their capacity as members of the Executive Board.

Finn Jønck (1948),
Managing Director
since 2006.
MSc (Economics).

Torben Huss (1962),
Deputy Managing Director
since 2009.
MSc (Political Science),
PhD (Business Economics).

STAFF AND ADVISERS

Executive Board


Finn Jønck
Managing Director


Torben Huss
Deputy Managing Director


Elsebeth H. Rasmussen
Executive Assistant

Communication


Rune Nørgaard
Head of Communication

HRD


Susanne M. Nielsen
HR Manager

Legal Unit


Jens Rixen
Senior Legal Adviser

Project Development Department (PDD)


Peter Schwalbe
Department Director


Jens Bayer
Senior Investment Manager


Nicolai Boserup
Legal Adviser


Catherine I. Cax
Senior Investment Manager


Kim Gredsted
Senior Investment Manager


Jacob Klingemann
Senior Investment Manager


Knud Lundgaard-Karlshøj
Investment Manager


Kathrine Cecilie Schleisner
Investment Manager


Natalia Svejgaard
Senior Investment Manager


Alex Unsgaard
Investment Manager


Lone Jespersen
Project Secretary


Maria Monti
Project Secretary

Investment Management Department (IMD)


Morten Christiansen
Department Director


Rena Chen
Senior Investment Manager


Lisbeth Erlands
Senior Investment Manager


Max Kruse
Senior Investment Manager


Peer Munkholt
Senior Investment Manager


Hans-Jørgen Nyegaard
Senior Investment Manager


Anders Paludan-Müller
Senior Investment Manager


Lis Bluhme
Project Secretary


Birthe Bræstrup
Project Secretary


Linda Wamsler
Project Secretary

CSR Unit


Birgitte Bang Nielsen
Head of CSR


Carole Welton Kaagaard
CSR Adviser


Birgitte Waage [1]
Senior Administrator

Corporate Administration Department (CAD)


Henrik Jepsen
Department Director


Kirsten Sloth
Department Secretary


Birgitte Christensen
Chief Archivist


Niels Evendt [2]
Head of Secretariat


Michael Stig Andersen
System Manager


Søren Heilmann
Senior System Manager

Finance Department (FIN)


Niels Gravgaard Laursen
Department Director


Alice Brøndum
Staff Manager


Lone Bjørn Hansen
Financial Accounts Manager


Bjarke Nielsen
Financial Analyst

[1] Also works for Communication.

[2] Also works as Senior Investment Manager for PDD and IMD.

IFU Offices (Reporting to IMD)

ACCRA - GHANA
Martin Rømer [3]
Head of Regional Office

BEIJING - CHINA
Hong Jiang
Chief Representative

BEIJING - CHINA
Janet Shi
Secretary

JOHANNESBURG SOUTH AFRICA
Johnny Ohgrøn Hansen
Head of Regional Office

NAIROBI - KENYA
Brian M. Andersen [4]
Head of Regional Office

NAIROBI - KENYA
Edward Mungai [5]
Investment Manager

NAIROBI - KENYA
Ann Njeri Murage
Secretary

NEW DELHI - INDIA
Deepa Hingorani
Head of Regional Office

NEW DELHI - INDIA
Rahul Dubey
Investment Manager

NEW DELHI - INDIA
Nidhi Narang
Investment Manager

NEW DELHI - INDIA
Sanjay Chatterji
Senior Regional Manager IT

NEW DELHI - INDIA
Dinesh Kumar Verma
Regional System Manager IT

NEW DELHI - INDIA
Sunita Bisht
Secretary

Advisers

GLOBAL
Helle Bechgaard
Denmark

GLOBAL
Uffe Bundgaard-Jørgensen
Denmark (Facilitator)

GLOBAL
Søren Guldborg
Denmark

GLOBAL
Svend J. Heineke
Denmark

GLOBAL
Henrik de Jonquières
Denmark (Facilitator)

GLOBAL
Jørgen Lindahl
Denmark

GLOBAL
Poul Martin Møller
Denmark

GLOBAL
Mikael Olufsen
Denmark (Facilitator)

GLOBAL
Jens Lund Sørensen
Denmark

GLOBAL
Flemming Sehested
Denmark

GLOBAL
Rami Khoury
Jerusalem, Israel

GLOBAL
José M. Ruisánchez
Washington D.C., USA

AFRICA
Felix Quansar
Accra, Ghana

AFRICA
Johnni P. Kjelsgaard
Nairobi, Kenya

AFRICA
Jens Erik Møllenbach
Lagos, Nigeria

AFRICA
Kodjo Aziagbé
Dakar, Senegal

AFRICA
Gareth Campbell
Johannesburg,
South Africa

AFRICA
Deepak Malik
Johannesburg,
South Africa

ASIA
Jan Fabritius
Beijing, China

ASIA
Martin Hedes
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ASIA
Patrik Lund
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Peter Rasmussen
Suzhou, China
(Facilitator)

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Lucien Wang
Beijing, China

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Vipin Malik
New Delhi, India

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Pradeep Mallick
Mumbai, India

ASIA
Sridhar Sampath
Chennai , India

ASIA
John Madsen
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ASIA
Leo Emdal Alexandersen
Bangkok, Thailand

ASIA
Poul Weber
Bangkok, Thailand

ASIA
Thomas Hermansen
Ho Chi Minh City, Vietnam

ASIA
Stig Maasbøl
Ho Chi Minh City, Vietnam

EUROPE
Søren Engelbrecht Hansen
Tbilisi, Georgia

LATIN AMERICA
Per E. L. Olsen
São Paulo, Brazil

LATIN AMERICA
Paul Cardwell
San José, Costa Rica

[3] Returning to IFU Copenhagen in July 2011

[4] From 1 August 2011 Head of Regional Office Ghana

[5] From 1 August 2011 Head of Regional Office Kenya

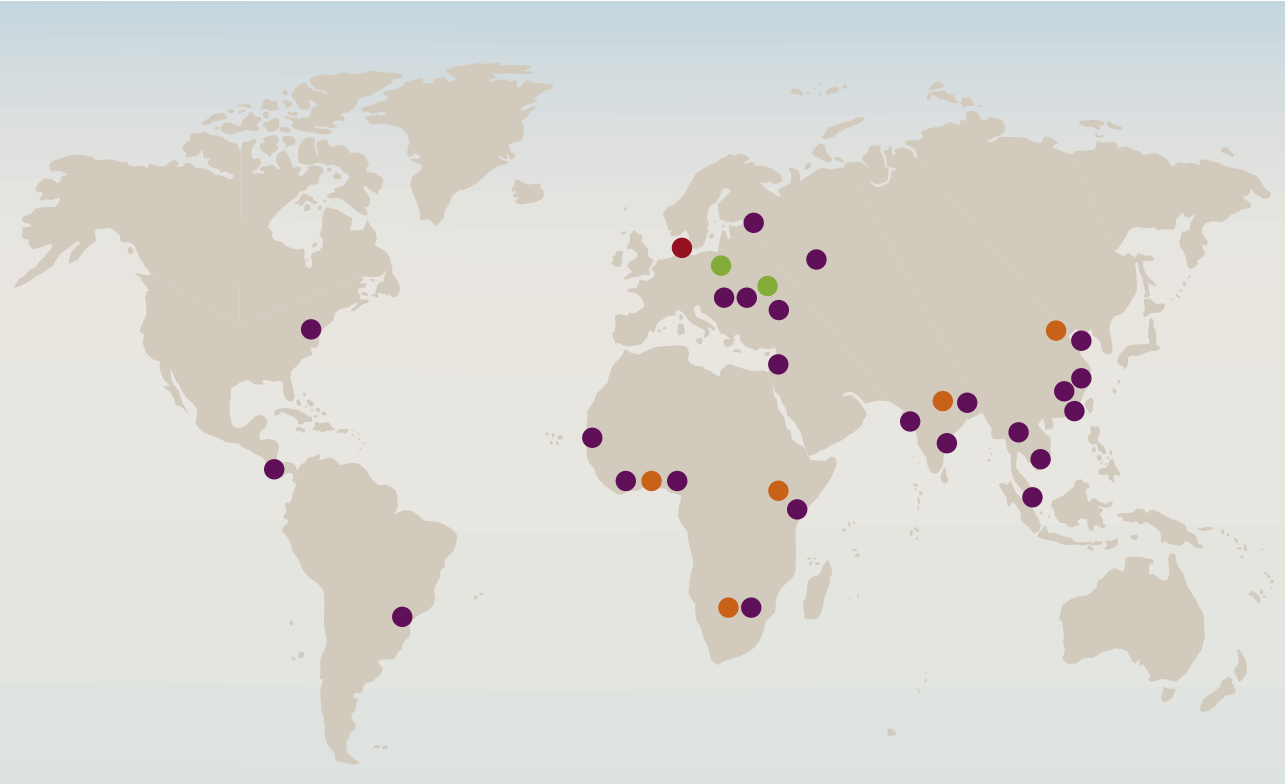
Compact India, therapeutical food.

EUROPEAN COOPERATION

IFU and IØ are members of the European Development Finance Institutions (EDFI). In addition to the Danish funds, there are 16 other members. They are all bilateral finance institutions offering capital for the development of the private sector in developing countries, and countries that are in a transition process towards a market economy.

The objective of EDFI is to further cooperation and to safeguard common interests in relation to the European Commission and its institutions, including the European Investment Bank (EIB). EDFI website: www.edfi.be.

OFFICES



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