ANNUAL REPORT
2011

IFU

INVESTMENT FUND FOR
DEVELOPING COUNTRIES

CONTENTS

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.

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.

LETTER FROM THE CEO

DEAR READER

Demand for IFU's services remains strong, and in 2011 we contracted 51 investments for a total of DKK 510m. These figures show that IFU remains a valuable source of advice and finance for Danish companies investing in developing countries – not least during a period of financial turmoil such as we are currently experiencing.

IFU's role is further highlighted, as risk capital for emerging markets is increasingly a scarce commodity. Many of our project companies are doing well, but they still have difficulty raising capital, whether in Denmark or in the investing countries. In China and other countries, local banks provide very little lending to foreign investors. The companies have to raise capital elsewhere, and to do that they look to IFU.

In 2013-2015, IFU may face severe pressure on its cash flow, partly due to the continued demand for its capital, and partly due to the capital extraction of DKK 225m decided for the period 2011–2013. Unless IFU should receive additional capital, we must consider which steps to take to mitigate the situation. While honouring existing commitments, IFU may, however, temporarily have to reduce our level of new activity. Accordingly, IFU may not be able to meet demand fully going forward.

In 2011, IFU recorded net income of DKK 122m, corresponding to a return on equity of 5.2 per cent. This was better than expected and is considered satisfactory.

IFU added a number of new activities in 2011.

Inspired by the Arab spring, the Danish government wanted to make a special effort to support the economic and social development of the Arab countries engaged in democratisation. IFU was invited to set up an investment fund similar to IFU that could become a vehicle for supporting the Arab countries. We responded by setting up the Arab Investment Fund (AIF) during the year, and it is now operational. Danida and IFU have contributed DKK 150m as start-up capital, but AIF is also open for contributions from pension funds and other institutional investors. This model could be a promising step towards a public-private partnership.

New ground has also been broken with respect to co-financing by IFU and a couple of pension funds. The pension funds have agreed to invest DKK 500m in a new fund named *IFU Investment Partners* to be managed by IFU, and which will co-invest in IFU projects in IFU countries. The fund will be particularly suitable for large investments.

In 2011, IFU was designated as the official Danish shareholder of the Danish shares in the new Norsad facility, a Nordic/southern Africa financing arrangement originally created 20 years ago. The shares have been transferred to IFU, and it is expected that IFU will also benefit from a planned capital increase in 2012. The Norsad transaction strengthens IFU's capital base, and will over time allow IFU to invest more in southern Africa.

IFU continues to monitor the climate discussion and stands ready to invest in promising climate projects in developing countries. In 2011, IFU invested in six climate-related projects. The establishment of a Danish climate fund is being discussed as a potential vehicle for supporting climate investments in developing countries. IFU has pointed to the advantages of making use of IFU and its experience when selecting a fund manager for a climate fund.

IFU continued its focus on Africa in 2011, and 16 of IFU's investments were related to the continent with a total investment of DKK 179m.

Finn Jønck
Managing Director

EXECUTIVE SUMMARY 2011

- Contracted investments reached a total of DKK 510m
- Net income of DKK 122m
- 31 new projects with a total of DKK 337m in contracted investments
- DKK 173m invested as additional financing in 20 projects
- 31 new projects are expected to employ approximately 4,500 people
- DKK 127m was contracted in ten new investments in Africa
- Country income limit increased to USD 6,098 GNI per capita
- IFU and Danida established The Arab Investment Fund
- IFU became a shareholder of new Norsad fund
- Pension funds agreed to invest DKK 500m in IFU Investment Partners
- Ongoing focus on climate-related investments; six projects in 2011
- 83 per cent of all projects were classified as good or excellent in their compliance with IFU's CSR policy
- 81 per cent fulfilment of IFU's success criteria
- IFU Focus seminars held in India, South Africa and Kenya

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS 2007 - 2011

	2011 DKKm	2010 DKKm	2009 DKKm	2008 DKKm	2007 DKKm
INCOME STATEMENT					
Gross contribution from projects [1]	189	121	126	115	355
Operating income [2]	117	61	65	62	306
Net income for the year	122	67	90	106	332
BALANCE SHEET AT 31 DECEMBER					
Share capital investment in projects at cost	1,160	1,196	1,077	1,018	989
Project loans at cost	868	812	745	736	771
Total investment in projects at cost	2,028	2,009	1,822	1,754	1,759
Accumulated value adjustments	(168)	(217)	(296)	(293)	(318)
Investments in projects, net [1]	1,860	1,791	1,526	1,461	1,442
Cash and bonds	297	484	685	699	791
Paid-in capital during the year	44	0	0	0	0
Repaid capital during the year	(75)	0	(75)	(200)	0
Total equity capital	2,396	2,304	2,237	2,222	2,316
Total balance	2,444	2,342	2,270	2,253	2,341
ADDITIONAL DATA					
New projects contracted (no.)	31	32	35	36	33
Portfolio of projects end of year (no.)	221	227	218	206	201
Investments contracted	510	559	642	451	464
Investments disbursed	435	398	272	369	260
Undisbursed contracted investments incl. guarantees	897	891	806	567	564
Binding commitments not yet contracted	372	319	319	216	227
KEY RATIOS					
Gross contribution from projects/Average investment in projects - value adjusted	10.3%	7.3%	8.5%	7.9%	24.6%
Operating income/Average investment in projects - value adjusted	6.4%	3.7%	4.3%	4.3%	21.2%
Net income for the year/Average total equity capital	5.2%	2.9%	4.1%	4.7%	15.5%
Average number of full-time employees (IFU and IØ)	68	71	73	73	76

[1] Information about composition of the contribution from projects including value adjustments can be found in *Financial review 2011* on page 34.

[2] Operating income = gross contribution from projects less operating expenses.

In 2011, IFU's investments reached DKK 510m

MANAGEMENT'S REVIEW

INVESTMENTS IN 2011

The level of contracted investments made in 2011 reached DKK 510m, indicating that demand for IFU co-financing from Danish companies remains substantial.

Investments were made in 31 new projects totalling DKK 337m. The expected direct employment effect of the new projects is approximately 4,500 people.

The projects are located in 15 different countries. Two of the new projects have a broader scope – one, Silverlands Fund, focusing on agriculture in Africa and one, The Arab Investment Fund, targeting seven Arab countries in North Africa and the Middle East.

IFU provided additional financing of DKK 173m to 20 ongoing projects employing approximately 12,000 people.

The average amount invested in new projects in 2011 was DKK 10.8m. For new projects, 59 per cent of the amount invested was in the form of share capital and project loans with equity features; 41 per cent was loan financing.

Ten of the new investments were related to Africa, this continent representing 37 per cent of IFU's total contracted investments in new projects. In addition, IFU made 15 investments in Asia, four in Latin America and two in Europe.

Highlights of 2010 - 2011

	2011		2010	
Number of new projects	31		32	
Number of ongoing projects receiving additional financing	20		13	
Total number of investments contracted	51		45	
Expected direct employment in new projects (people)	4,527		6,300	
Actual employment in projects receiving additional financing (people)	12,411		7,295	
	DKK	EUR	DKK	EUR
IFU's contracted investments in new projects	337	45	501	67
IFU's contracted investments for additional financing	173	23	58	8
IFU's total contracted investments	510	68	559	75
Expected total investment in new projects	3,124	416	4,122	553
Net income	122	16	67	9
Equity end of year	2,396	322	2,304	309

*) Exchange rate: EUR 100 = DKK 743.42 at 31.12.2011 and DKK 745.44 at 31.12.2010

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Up to the end of 2011, IFU had co-financed a total of 751 projects in 85 countries. Of these, IFU is still engaged in 221, while the Fund has exited 530 of the projects.

Of the 221 active projects, 47 per cent are located in Asia, 39 per cent in Africa, nine per cent in Latin America and the remaining five per cent in Europe or Global.

In 2011, IFU became a designated shareholder of Norsad Finance Limited, a development finance institution established in Botswana and operating in sub-Saharan Africa, see page 20. This project is not included in the table on page 9, but is included in IFU's 2011 portfolio list.

IFU generated net income of DKK 122m in 2011.

39 per cent of the project companies are **located in Africa**

INVESTMENTS CONTRACTED IN 2011

	Project name	Country	IFU's contracted investments in DKKm			Expected direct employment (people)
			Shares*	Loans**	Total	
	New projects financed by IFU					
	AFRICA					
1	Silverlands Fund	Africa (Regional)	34.5		34.5	9
2	Arab Investment Fund	Africa (Regional)	25.0		25.0	4
3	Aller Aqua Egypt	Egypt, Arab Republic	5.8		5.8	44
4	Radisson Accra	Ghana	14.0		14.0	200
5	Maersk Ghana	Ghana		31.9	31.9	15
6	Bukkehave Nigeria	Nigeria	2.5		2.5	25
7	Triplenine South Africa	South Africa	3.3		3.3	10
8	Pandora South Africa	South Africa		3.0	3.0	100
9	NUAC	Uganda		3.0	3.0	160
10	Kukula Fund 1	Zambia	4.0		4.0	6
	Subtotal Africa		**89.1**	**37.9**	**127.0**	**573**
	ASIA					
11	Petersen Machinery China	China	1.2		1.2	36
12	Dantrafo Suzhou	China		3.8	3.8	140
13	Hagens Fjedre	China		3.4	3.4	40
14	Lundbeck Research China	China	3.3		3.3	50
15	Lundbeck Repack	China	10.0		10.0	150
16	Albatros China	China	1.7		1.7	20
17	AVK Foundry Anhui Co	China	25.8		25.8	90
18	Mansart China	China	3.3		3.3	124
19	Andritz Uyang	China	22.5		22.5	384
20	Rockwool Guangdong	China	13.1		13.1	300
21	Eltronic India	India	1.0		1.0	12
22	Copenhagen Group Jordan	Jordan	0.9	2.1	2.9	20
23	Rockwool Thailand	Thailand	4.4		4.4	175
24	System Cleaners Vietnam	Vietnam	1.1		1.1	35
25	Incado Vietnam	Vietnam	0.7		0.7	40
	Subtotal Asia		**88.9**	**9.3**	**98.2**	**1,616**
	EUROPE					
26	Poti Sea Port Corporation	Georgia		90.3	90.3	1,300
27	DanTelco Georgia	Georgia	0.7		0.7	18
	Subtotal Europe		**0.7**	**90.3**	**91.0**	**1,318**
	LATIN AMERICA					
28	Bienchilero.com	Guatemala	1.9		1.9	20
29	Xoco Finance Nicaragua****	Nicaragua				
30	Scanbiotek****	Nicaragua				
31	Danper Agricola	Peru	18.7		18.7	1,000
	Subtotal Latin America		**20.6**	**0.0**	**20.6**	**1,020**
	Total new projects* **		**199.3**	**137.5**	**336.8**	**4,527**
	Additional financing of ongoing projects					Actual direct employment (people)
	AFRICA					
32	International Fruit Production	Egypt, Arab Republic		8.0	8.0	11
33	Radisson Emerald	Ethiopia		4.8	4.8	275
34	West African Fish	Ghana		10.0	10.0	50
35	Grundfos Lifelink Kenya	Kenya	1.1		1.1	13
36	Radisson Blu Nairobi	Kenya	8.5		8.5	246
37	Fan Milk	Nigeria		19.9	19.9	7,470
	Subtotal Africa		**9.6**	**42.7**	**52.3**	**8,065**
	ASIA					
38	Qiaohong New Materials Co	China		0.0	0.0	243
39	Fiberline China	China		3.8	3.8	12
40	RMG Steel Ningbo	China		5.3	5.3	63
41	Nissens Cooling Systems	China	2.9	2.1	5.0	25
42	Carlsberg India	India	33.3		33.3	2,098
43	Ramboll India	India	16.6		16.6	592
44	Compact India	India	0.6		0.6	38
45	Radisson Ulaanbaatar	Mongolia	0.1		0.1	15
46	Georg Jensen Thailand	Thailand		16.4	16.4	654
47	Royal Copenhagen-Thailand	Thailand		20.0	20.0	295
48	Vidagis Co	Vietnam		0.6	0.6	25
	Subtotal Asia		**53.5**	**48.3**	**101.8**	**4,060**
	EUROPE					
49	Lusakert Biogas Plant	Armenia		0.1	0.1	19
	Subtotal Europe		**0.0**	**0.1**	**0.1**	**19**
	LATIN AMERICA					
50	Xoco Fine Cocoa Honduras	Honduras	5.3	7.8	13.1	267
51	Protena International	Latin America (Regional)	1.7	4.0	5.7	0
	Subtotal Latin America		**7.0**	**11.8**	**18.8**	**267**
	Total, additional financing* **		**70.0**	**102.9**	**173.0**	**12,411**
	GRAND TOTAL * **		**269.4**	**240.4**	**509.8**	**16,938**

*) Including overrun commitments.
**) Including 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.

DEVELOPMENT IMPACT

The purpose of IFU is to promote economic activity in developing countries through private sector investments. It is therefore imperative for IFU to measure the impact on development in the host countries where investments are made.

To achieve this, IFU has set up a number of indicators to analyse the impact in the different stages in a project's life cycle, ie during appraisal prior to the investment, during the operational phase when IFU participates in a project, and upon completion, ie at the time of IFU's exit.

In connection with a project appraisal, IFU analyses the project's expected development impact in the host country. This includes number of direct jobs created, technology transferred, use of local resources/sub-contractors and foreign exchange implications.

Direct employment is key

One of the main indicators measured is the direct employment created by a project, and information on how this develops during the operational phase is updated yearly in IFU's annual report and on IFU's homepage.

Later, when IFU's participation in a project terminates, the actual development impact of each project is analysed in connection with an internal final evaluation report.

IFU's investments are made in cooperation with Danish companies, and therefore IFU also assesses the implications for the Danish investors.

Strives to improve

IFU constantly strives to improve the tools and methods used in analysing and assessing the impact of its investments in host countries and on Danish partners. This is, among other things, done in cooperation with other EDFIs (European Development Financing Institutions). It is discussed which development indicators to apply, and how they can best be measured and aggregated.

One of the indicators under discussion for inclusion in future analyses is payment of corporate taxes in the host country.

When it comes to impact in Denmark, IFU has decided to improve its assessment of the effects that investments in developing countries have on Danish companies. Until now, IFU has estimated the expected effects on jobs, export and investment motives in the appraisal phase. From 2012, IFU will also estimate these effects when exiting the projects.

The success criteria model

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

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 per cent weighting in the total

Developmental highlights

	weighted by invested amounts, new projects				
	2011	2010	2009	2008	2007
Total fulfilment of IFU's success criteria (Range: 25 - 100%)*	81%	82%	83%	80%	81%
Development impact	81%	82%	84%	78%	83%
Partner mobilisation	73%	78%	74%	73%	69%
Sustainability and profitability of projects	92%	89%	92%	90%	87%
Efficiency and effectiveness of Fund operation	79%	82%	78%	81%	77%

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

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 of all new projects established during the year are consolidated annually into four main categories, which are shown in the table on page 10. When added up, the scores in each of the four categories indicate the total fulfilment of IFU's success criteria, ranging from 25–100 per cent.

As a result, IFU can track the development impact of new investments annually and compare performance from year to year.

Fan Milk has created **thousands of jobs** in West Africa


Ice cream vendor, Fan Milk, Nigeria.

IFU INCREASES FOCUS ON EMERGING MARKETS

In 2011, IFU's country income limit was raised from USD 3,156 to USD 6,098 GNI per capita. IFU can now offer advice and financing in 26 additional countries, bringing the number of eligible IFU countries to a total of 120.

Thailand, Angola, Serbia and Peru are among the new eligible countries. Raising the country income limit also ensures that IFU can continue to invest in developing countries like China, Morocco, Paraguay, Armenia and Kosovo, which otherwise had or would have surpassed the country income limit.

72 per cent of **poor** people **live** in **middle income** countries

Due to the closing of IØ, Ukraine and Belarus are now eligible for IFU financing, as they fall below the country income limit.

With the country income limit almost doubled, IFU can step up its focus on emerging markets offering good business potential for Danish trade and industry. This is in line with IFU's mandate to reduce poverty by providing advice and risk capital to projects in cooperation with Danish companies setting up business in developing countries.

The majority of poor live in middle income countries

According to an Oxford University study published in 2011, 72 per cent of the world's poor people live in middle income countries, and the number of people living in severe poverty is much higher in middle income countries (586 million) than in low income countries (285 million). Despite their high growth rates and growing middle class populations, these middle income countries are therefore still in need of foreign direct investment that can foster jobs and create development.

Continued investment in poor developing countries

In connection with the adjustment of IFU's country income limit, at least 50 per cent of new investments must now be made in countries with GNI per capita below the former limit. In 2011, the actual rate was 66.5 per cent.

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.

For 2012, the country income limits have been adjusted to USD 3,180 and USD 6,138, respectively.

Rabai Power Plant, Kenya.

IFU AS A FUND MANAGER

In addition to managing its own portfolio, IFU has acted as fund manager for two additional investment funds for several years: the Investment Fund for Central and Eastern Europe (IØ) and the Investment Fund for Emerging Markets (IFV).

Since 1990, IØ has invested close to DKK 5.5bn in 437 projects in 18 countries in central and eastern Europe. IFV has invested close to DKK 120m in seven projects in five countries.

A very experienced investor

Both funds are being closed. In 2011, IFV exited its last investment, and the fund was formally closed. IØ made its last new investment in 2011 and is gradually being phased out.

Being a fund manager has increased IFU's experience in setting up businesses in developing countries and emerging markets with different cultures, political systems, market conditions and risks.

IFU's setup is cost efficient

Over the years, IFU has built a substantial knowledge base and an effective administrative system as well as an extensive network of advisers and contacts worldwide. This makes IFU the most experienced Danish investor when it comes to foreign direct investment outside Western Europe and North America.

IFU's setup is cost efficient due to economies of scale, and can easily be applied when the Danish government or other investors wish to focus on direct investment in the developing world or new emerging markets.

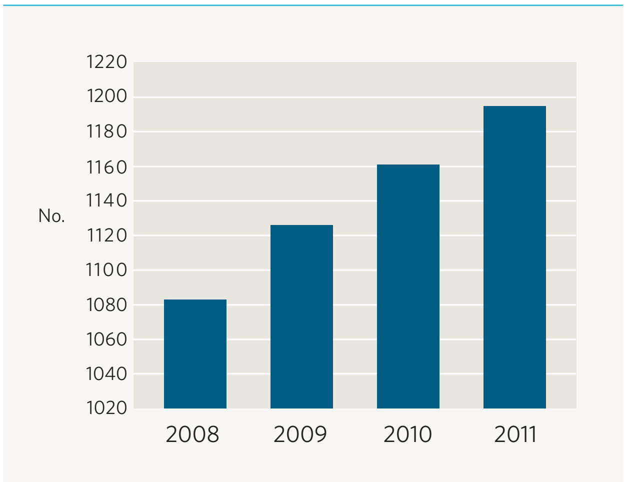
Deepa Hingorani, head of regional office, IFU East Asia, and investment managers Rahul Dubey and Nidhi Husain.

New tasks as fund manager

In recent years, IFU has been lead consultant to Danish Microfinance Partners (DMP) established in cooperation with the Danish pension funds PBU and PKA. This has enabled DMP to tap into IFU's expertise in terms of sourcing, appraising and monitoring of investments.

In 2011, IFU was appointed fund manager of The Arab Investment Fund, and IFU will take up a similar position in IFU Investment Partners. Read more about the two funds on page 14 and page 16.

Accumulated number of investments made by IFU as fund manager



In 2011, **IFU** became **fund manager** of two **additional funds**

NEW INVESTMENT FUND TO TARGET ARAB COUNTRIES

The Arab Investment Fund (AIF) is a new fund established to contribute to the economic development of countries in North Africa and the Middle East. Danida and IFU have committed DKK 100m and 50m, respectively, to AIF over two years.

A number of countries in the region have experienced great upheaval in 2011 and are now on the brink of democracy. Experience shows that job creation is essential to creating lasting stability in such fragile states.

This is the rationale behind AIF, and the ambition is to attract foreign direct investment that can generate employment, education and income to the many poor people living in the region.

Managed by IFU

AIF will be managed by IFU. Investments will be made on commercial terms, and the partners will be Danish companies wishing to set up a business in a region expected to hold potential for Danish trade and industry.

AIF is expected to contribute to the economic development of the investment countries, while also facilitating the entry of Danish companies into new markets.

The Arab Investment Fund (AIF) eligible countries

Head of new regional office in Egypt

Anders Paludan-Müller
On 1 March 2012, Anders Paludan-Müller took up the position as head of IFU's new regional office in Cairo, Egypt. He was previously based at IFU's head office in Copenhagen with responsibility for investment activities in Vietnam, Thailand and Egypt. Anders Paludan-Müller has worked in both the private and the public sectors and holds a master's degree in business administration from Copenhagen Business School.

Seven investment countries

Having invested in Egypt and other North African countries for several years, IFU has considerable experience and an extensive business network in the region. In all, IFU has made 16 investments in Egypt, the latest investment agreement being concluded mid-2011 in collaboration with Aller Aqua Group, see page 15.

AIF will operate in Algeria, Egypt, Iraq, Jordan, Morocco and Tunisia. In addition, Libya has now also become eligible for new investments, and AIF will thus initially cover seven countries in North Africa and the Middle East. IFU will remain in charge of the existing portfolio in these countries.

IFU's part of the capital contribution to AIF is shown as a project investment in IFU's accounts.

> In Egypt **the potential** is **higher than the risk**
>
> *ALLER AQUA GROUP*

New office in Egypt

On 1 March 2012, IFU opened a regional office in Cairo. The new office will enable AIF to monitor business developments and locate concrete business opportunities for Danish companies as well as establish close contact with the new authorities and business organisations in the region.

Head of the regional office in Cairo is Anders Paludan-Müller, former senior investment manager at IFU's head office in Copenhagen.

Additional investors on board

AIF's goal is to reach a total of DKK 300m-500m in committed capital. Institutional investors have the option to contribute to AIF.

Fish feed in Egypt

FACTS ABOUT THE INVESTMENT
Danish partner: Aller Aqua Group A/S
Start: 2011
Country: Egypt
Status: In operation
IFU's shareholding: DKK 5.8m
Expected total investment: DKK 23.3m
Expected direct employment: 44

In 2011, IFU made its investment number 16 in Egypt. It was concluded with Aller Aqua Group buying into at local Egyptian company.

Aller Aqua Group is producing and selling 100,000 tons of fish feed annually. The company has production plants in Denmark, Germany and Poland as well as sales offices in Norway, Italy and China. With the Egyptian company, Aller Aqua Group is establishing production outside Europe for the first time.

Danish and local partners in Aller Aqua Egypt with IFU investment manager Kathrine Cecilie Schleisner.

With the establishment of a factory in Egypt, Aller Aqua Group wishes to tap into the Egyptian market, which, according to Hans Erik Bylling, CEO of Aller Aqua Group, holds a great potential for the company.

Egypt is the world's second largest producer of bred Tilapia fish, and with an annual production of 600,000 tons there is a need of close to one million tons of fish feed. Furthermore, there are 80 million inhabitants in Egypt alone consuming large amounts of fish.

The potential is higher than the risk

Aller Aqua Group has been negotiating the buy-in for two years. Market studies have been conducted and various analyses carried out. Increasing political unrest and instability during the period has not led Aller Aqua Group to leave Egypt. Their assessment is that the potential is higher than the risk.

The name of the new company is Aller Aqua Egypt, and it is formed as a joint venture with IFU holding 20 per cent of the shares, Aller Aqua Group holding 40 per cent and the local Egyptian company holding the rest.

New plant under construction

In connection with the buy-in, Aller Aqua Group has acquired an industrial space of 6,000 square meters next to the existing plant, and the construction of a new plant has already begun. The company is ready to expand further, as they expect the current capacity to be fully utilized in a short time.

Coman, port terminal in Cotonou, Benin.

PENSION FUNDS INVEST DKK 500 MILLION IN IFU PROJECTS

The business potential for Danish trade and industry in developing countries is significant, but securing risk capital for investments in these markets can often be difficult for individual companies, not least in times of economic crisis.

In a groundbreaking public private partnership, pension funds PKA and PBU will work in collaboration with IFU to give Danish companies better opportunities to share in the benefits of economic growth in Asia, Africa and Latin America.

IFU Investment Partners – a new fund

This is the background for setting up a new fund – IFU Investment Partners – that will primarily provide equity investment for large projects established in collaboration with Danish companies and IFU. Initially, PKA and PBU have allocated DKK 500m to the new fund, which will be managed by IFU.

"If Danish trade and industry is to grow in the future, companies need to establish a presence in emerging markets, and the same goes for pension funds. Through IFU Investment Partners we will strengthen Danish trade and industry, and we expect a good return on investment for the members of our pension fund," said Michael Nellemann Pedersen, Chief Investment Officer in PKA.

IFU has made several investments together with Danish pension funds, but in IFU Investment Partners, the pension funds will for the first time be making direct investments together with IFU and Danish companies in individual projects.

Additional equity funding

IFU's share of the total investment in a project is usually up to a maximum of 30–40 per cent, but despite this relatively high percentage, Danish companies often experience difficulties in securing the remaining financing.

With IFU Investment Partners, Danish companies gain access to additional equity funding in a one-step process, thereby increasing the probability of a swift and successful establishment in a developing country. This becomes possible because both IFU and IFU Investment Partners will base their investment approvals on IFU's appraisal.

"An investment like this is a good match with our general investment strategies for emerging markets, and the collaboration with IFU is an obvious choice because IFU is the most experienced Danish investor when it comes to direct investment in developing countries," said Leif Brask-Rasmussen, CEO of PBU.

AFRICA ON THE MOVE

Seven out of the ten countries with the highest expected growth rates in the world are located in Africa, according to a forecast by The Economist magazine on the future of the global economy until 2015.

The Economist is not alone in making a positive assessment of Africa. For the past couple of years, more and more global analysts have spread good news about the African economy and high growth rates on the continent.

Growing interest for Africa

This has led to a rising number of investors and companies developing strategies on how to tackle Africa and its future business potential. This is also the case in Denmark where companies have increased their awareness towards Africa and changed their views from *never Africa* to *wait and see* or *let's investigate*.

IFU maintained its focus on Africa in 2011, contracting ten new investments in seven African countries for a total of DKK 127m. DKK 89m was in the form of share capital, and DKK 38m was loan financing. Furthermore, IFU signed six agreements for a total of DKK 52m in additional financing for ongoing projects.

The investments cover different sectors such as infrastructure, service, agriculture and manufacturing.

Including the new investments made in 2011, IFU has a total portfolio of 86 active investments in Africa with a total financial commitment of DKK 1.6bn. IFU is represented on the board of 59 of these investments.

Africa – an important supplier of food?

Today, Africa is a net food importer. However, the continent holds a huge agricultural potential, and with 60 per cent of the world's uncultivated arable land, highly fertile soil in many parts of the continent as well as good climate conditions, Africa could become an important supplier of food.

In recent years, prices and the demand for food have increased rapidly due to the growing global population and the expansion of the middle class population in many developing countries.

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Production at Fibertex, South Africa.

Successful Danish fish farm in Ghana

West African Fish Ltd., a fish farm on Lake Volta established by Royal Danish Fish Group in cooperation with IFU has created local jobs and provided a stable supply of fish to the local market. The investment has been such a success that the fish farm is now expanding.

Lake Volta in Ghana is one of the largest man-made lakes in the world. The lake was dammed in the mid-1960s, and for many years it was the base of a large fishing industry. However, due to overfishing it lost its importance, and today Ghana imports around 800,000 tonnes of fish per year.

Royal Danish Fish Group has now reintroduced fish farming on Lake Volta in cooperation with a local business partner. The fish farm West African Fish Ltd. breeds and produces the locally appreciated edible fish, Tilapia. The production facilities consist of an aquaculture installation and large cages placed in Lake Volta.

"It is a big job to establish such a project in Africa. We started from scratch and have established both the fish farm and the entire infrastructure, including roads, housing and electricity," said Mogens Mathiasen, managing director of Royal Danish Fish Group.

Significant local effect

The farmed fish are sold mainly on the local market, which is flourishing as a result of the fish farm. A large part of the production is purchased by distributors for re-sale to the rest of the country. This means that the fish farm has not only created 50 direct jobs; it has also contributed to boosting the local economy and reduced the need to import fish.

In 2010, the fish farm produced approximately 860 tonnes of Tilapia, with the output expected to reach approximately 2,000 tonnes in 2011. The farm plans to expand production to 4,000 tonnes in 2012.

"Business has been much better than expected, and the demand is so great that we are ready to increase production further," said Mogens Mathiasen.

IFU initially provided a guarantee in connection with the establishment and has granted a new loan in 2011 to finance expansion.

FACTS ABOUT THE INVESTMENT
Danish partner: Royal Danish Fish Group A/S
Start: 2009
Country: Ghana
Status: In operation
IFU's loan: DKK 10.0m
IFU's guarantee: DKK 8.9m
Expected total investment: DKK 38.9m
Actual direct employment: 50

West African Fish, cages in Lake Volta.

Focus on the environment

Royal Danish Fish Group has many years of experience from the production of eel in Denmark, where emphasis is on minimizing pollution. This is done by use of aquaculture installations based on separate recirculating facilities with the daily water change being less than two per cent. In principle, a similar technology is used at the fish farm in Ghana.

Production taking place in nets placed directly in Lake Volta also reduces the environmental impact compared to the traditional method of land-based facilities. In addition, the company uses high-tech fodder, which also minimises pollution.

New head of regional office in Kenya

Edward Mungai
On 1 August 2011, Edward Mungai was appointed head of IFU's regional office in Nairobi, Kenya. From 2009 to 2011, he was investment manager at the same office. Edward is a certified public accountant and has worked for KPMG in East Africa. He holds a bachelor's degree in business management and an executive MBA from SIMI, the Scandinavian International Management Institute.

This has spiked interest in agricultural investment, and foreign investors are already buying up agricultural land in Africa. In 2011, IFU and Danish pension funds PKA and PensionDanmark invested in Silverlands Fund, a private equity fund with an expected committed capital of DKK 1.5bn targeting agricultural investments in sub-Saharan Africa.

IFU has made several direct agricultural investments in Africa, covering farms, chicken farming, dairy, horticulture, aquaculture, fish feed and the agribusiness sector.

Overall, there is a need for investment throughout the value chain of agricultural production in Africa, and almost any investment has the potential to increase the productivity and quality of the sector.

Potential for Danish investors

The agricultural sector plays a significant role for the people of Africa, both as producers and consumers.

> **Business** has been **much better** than expected
>
> *MOGENS MATHIASEN, MANAGING DIRECTOR OF ROYAL DANISH FISH GROUP*

In East Africa, agribusinesses employ approximately 70 per cent of the workforce and account for more than 25 per cent of GDP. In West Africa, the agricultural share of GDP is around 50 per cent.

In addition, food expenses claim a major portion of a family's total income, and urbanisation, with the middle class moving to the large cities, has increased the need for agribusiness initiatives that can improve the markets and increase the supply of food.

This is a concern in most African countries, and many initiatives have already been launched, including giving better access to foreign investors.

Nevertheless, the agricultural sector in Africa still poses a challenge. The right to buy land or ensuring the security of land tenure is a major obstacle. However, infrastructure, access to seed grain, modern machinery, storage capacity and irrigation are also challenges that every investor needs to address.

Many Danish farmers and agribusiness companies have the know-how and experience and could play a significant role in the development of the agricultural sector in Africa. IFU is ready to assist Danish partners.

New head of regional office in Ghana

Brian Muggeridge Andersen
On 1 August 2011, Brian Muggeridge Andersen took up the position as head of IFU's regional office in Accra, Ghana. He had previously established and headed up IFU's regional office in Nairobi. Brian has previously worked in Nicaragua for the United Nations Development Programme and in the financial sector in London. He holds master's degrees in international business administration (from Copenhagen Business School) and in international relations (from Universidad de Belgrano in Buenos Aires, Argentina).

IFU BECOMES A SHAREHOLDER OF NEW NORSAD FUND

In 2011, the Danish Ministry of Foreign Affairs designated IFU as the Danish shareholder of Norsad Finance Limited, a development finance institution established in Botswana.

Norsad Finance Limited was formed as a successor entity to the Norsad Fund and Agency, which successfully provided loan financing to SMEs in southern Africa for 20 years. During this period, IFU represented the Ministry of Foreign Affairs on the board of Norsad Agency.

Focus on the private sector

The objective of Norsad Finance Limited is to contribute to private sector development of countries in southern Africa by availing funding to enterprises that are financially, socially and environmentally sustainable and that will create jobs with decent working conditions, adopt good governance and assist economic growth and poverty alleviation.

In its capacity as a shareholder and member of the board of directors of Norsad Finance Limited, IFU in cooperation with the other stakeholders will make its experience available to help Norsad Finance Limited implement its objectives in a region which is already a priority area for IFU's core activities.

Possible capital increase

Norsad Finance Limited will take over the assets (about USD 73m) from Norsad Fund. IFU will hold 11 per cent of the shares in Norsad Finance Limited, corresponding to a value at the time of designation of USD 8.1m or about DKK 44m. Further, in order to expand and develop the Norsad activities, all shareholders have been invited to subscribe for new shares in Norsad Finance Limited in 2012. IFU's participation in the capital increase will be subject to financing made available by the Danish Ministry of Foreign Affairs.

Other shareholders of Norsad Finance Limited are designated entities of the participating Norsad Fund member countries (Finland, Norway, Sweden and 11 SADC countries).

In IFU's accounts, the Norsad shares will be shown as a share capital investment similar to other IFU shareholdings. The shares received by IFU in 2011 will be shown as a capital contribution (paid-in capital) to IFU.

Packing protea flowers at Protea, South Africa.

Increased **focus** on **private** sector **development** in **southern Africa**

IFU ASSISTING DANISH SMEs IN BECOMING GLOBALISED

Many developing countries are experiencing strong economic growth, and these new emerging markets offer a wealth of business opportunities for Danish trade and industry. However, the bulk of Danish companies have yet to take advantage of the possibilities available.

An analysis made by Aarhus University in 2009 shows that only 15 per cent of all Danish companies are exporters, and 90 per cent of total Danish exports stem from 10 per cent of exporting companies.

IFU provides **globalisation checks** to **small** and **medium**-sized **companies**

Danish subsidiaries located in Europe

According to Statistics Denmark, only 3,300 out of the some 300,000 Danish companies have a subsidiary abroad.

In addition, the vast majority of Danish subsidiaries abroad are located in European countries. Only ten per cent are located in Asia. By comparison, in 2010 more than half of global foreign direct investment was made in developing countries, especially in Asia.

Similar to the export situation, large Danish companies play a dominant role when it comes to establishing foreign subsidiaries. It is therefore a political priority to get more Danish SMEs engaged in exporting and investing abroad, especially in developing countries with high economic growth.

60 per cent of IFU's investments made with SMEs

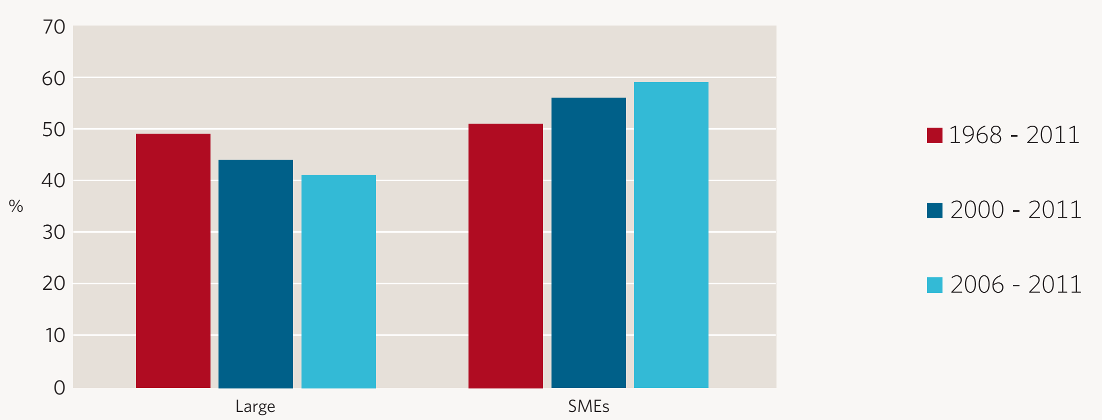
IFU plays a significant role in assisting Danish trade and industry setting up operations in developing countries and new emerging markets. The vast majority of IFU investments are made outside Europe, and in contrast to the general Danish trend, close to 60 per cent of the investments are made with SME partners.

SMEs being offered a globalisation check

IFU offers SMEs a variety of advisory services. These services include a globalisation check, where companies have the opportunity to discuss their general thoughts and ideas with an IFU investment manager, who can provide a professional assessment of the challenges and opportunities available.

The aim of the globalisation check is to give the company a better understanding of its opportunities in a global perspective.

IFU's investments distributed by size of Danish partner



ASIA IS DEVELOPING FAST

IFU has been investing in Asia for more than 25 years, and the fund has made a total of 368 investments on the continent. China and India are by far the largest investment destinations, but Vietnam, Thailand and other countries have also attracted Danish companies looking to establish business operations in Asia.

Today, IFU has two regional offices in Asia as well as an experienced Copenhagen-based team of investment managers serving the Asia region. On average, IFU makes 15-18 new investments in Asia each year and signs around ten agreements providing additional financing for ongoing projects.

Laboratory at Lundbeck, China.

For several years, the countries in Asia have generally experienced high growth rates, leading to an increasing number of jobs and higher earnings for large parts of the population. Nevertheless, poverty is still widespread on the continent.

IFU investments contribute to development

Foreign investment has stimulated general economic activity and played a major role in the development in Asia. IFU's investments have contributed to the creation of around 80,000 direct jobs in the region as well as a strong focus on CSR issues.

Further investments within the cleantech sector, such as wind, solar power, biogas or insulation, have also contributed to reducing carbon emissions and to creating a more climate-friendly environment.

Shift in investment motives in China

The original motive for many companies to establish a business in China was access to reduced costs. Many of them have subsequently experienced that China also holds a good market potential.

Fast-rising labour costs, appreciation of the local currency, elimination of tax holidays for foreign-owned companies and a number of other factors have put pressure on the competitiveness of the manufacturing sector in China's coastal cities.

This has led to a shift in investment motives, and the majority of Danish companies are now investing in sectors other than those offering low-cost production.

In 2011, IFU eg invested with Mansart (home accessories) and with Rockwool (insulation material) for the Chinese domestic market. Other investments made were with the travel agency Albatros and the pharmaceutical company Lundbeck, which has set up a research and development centre in Shanghai and has a packing station opening in 2012.

India is an attractive investment destination

India is best known for its IT sector, but Danish companies have invested in cooperation with IFU in a variety of sectors, including in IT, infrastructure, cleantech, manufacturing, textiles, finance and services. Some of the Danish partners include Rambøll, Carlsberg, A.P. Møller-Mærsk, LM Glasfiber, Orana, Rockwool and Nilpeter.

Like China, India has a growing domestic market. The country's expanding middle class with its high purchasing power has made the Indian market increasingly attractive to Danish companies.

In 2011, IFU made one new investment in India and signed three agreements for additional financing.

Thailand back in IFU's portfolio

Due to the new country income limit, IFU has resumed investment activities in Thailand. IFU has made a total of 29 investments in the country. In 2011, IFU made one new investment in Thailand in cooperation with Rockwool and two agreements for additional financing.

Nilpeter expanding in India

FACTS ABOUT THE INVESTMENT
Danish partner: Nilpeter A/S
Start: 2008
Country: India
Status: In operation
IFU's shareholding: DKK 2.5m
Expected total investment: DKK 11.0m
Actual direct employment: 19

Nilpeter is a medium-sized Danish company producing label printers for the printing industry. The majority of its products are exported, and the end users include L'Oréal, Colgate, Procter & Gamble, Johnson & Johnson and Unilever.

Improved setup in India

Part of Nilpeter's products used to be sold through a local agent in India. However, the company believed that sales could improve if the company had a presence in India.

"We saw a big market potential in India. However, in order to utilise it and provide good service to our customers, we had to establish production and provide service locally. This has turned out to be the right strategy," said Peter Eriksen, deputy managing director at Nilpeter.

Gaining access through a local partner

Nilpeter has entered into a strategic partnership with a local company widely represented in India. This enabled Nilpeter to establish sales and service quickly and at a low cost.

"To cover India geographically as a new business takes a big investment. So it was an advantage for Nilpeter to work with a local partner who already had a setup, and who knew the customers in the relation-based Indian market," said Peter Eriksen.

Since Nilpeter set up operations in India, sales have gone up, and so far around 20 jobs have been created. It has also had a positive impact on the company in Denmark. Nilpeter continues to focus on India as a growth market, and they plan to make additional investments there in cooperation with IFU.

IFU plays an important role

IFU contributed to establishing the new operations and assisted Nilpeter in negotiations with the local partner.

"IFU has been an important partner, and their competent local investment managers made the establishment easier and helped us to maintain the strategic overview during the process," said Peter Eriksen.

Thailand holds good business potential, and due to the country's modern infrastructure and a well-educated workforce, many companies use it as a bridgehead into the Asian market.

Vietnam - a solid production base

IFU has made a total of 32 investments in Vietnam covering companies like Scancom producing wooden furniture, Sunmark providing solar energy solutions and Carlsberg producing and selling beer.

Vietnam is a cost efficient location and therefore an alternative to China, which is experiencing rising production costs. The country also holds business potential in relation to infrastructure and energy.

In 2011, IFU made one new investment in Vietnam and signed one agreement for additional financing.

HortiQ, tropical plants, Thailand.

Winner of IFU's CSR Investment award 2011

Danper, Peru – a leader in CSR

FACTS ABOUT THE INVESTMENT
Danish partner: AHB Holding A/S
Start: 1991
Country: Peru
Status: In operation
IFU's shareholding: DKK 2.1m
IFU's loan: DKK 22.3m
Expected total investment: DKK 86.5m
Actual direct employment: 7,800

Danper is a joint venture between Danish and Peruvian shareholders producing asparagus, artichokes, peppers and other kinds of fruit and vegetable in Peru for export. Since being established with 80 employees in 1991, the company has provided employment to more than 20,000 rural Peruvians in one of the least developed regions of northern Peru. IFU has invested more than DKK 24m as a combination of a minority shareholding and a loan. IFU has also served on the board of directors of the company during the 20-year period.

Danper's production is located near Trujillo, 550 km north of Lima. The company is Peru's second largest exporter of processed asparagus and artichokes, and one of the three largest agricultural companies in Peru and a leader in CSR.

Training develops skills

The company is based partly on own production and partly on more than 500 local farmers supplying vegetables from their own farms. The crops supplied stem from the cultivation of more than 5,000 hectares of land – most of which was previously desert.

Danper works closely with suppliers and conducts systematic training which helps improve production processes and ensures high quality products. Training courses help to build skills and know-how among staff and the local farmers, thus contributing to creating an effective and sustainable agricultural production. The training includes courses held by senior agricultural experts, whereby participants stay abreast of developments within climate, the environment and other topics.

Danper employs nearly 8,000 people directly – of which the majority are women – and has indirectly created 15,000 jobs in the region.

Health campaigns

The company is certified to OHSAS 18000, which forms the basis for the strategic work to ensure a healthy and safe working environment, both in agriculture and in processing.

Danper has also established a health programme to improve the health of employees and their families. The company has its own medical clinic, which, among other things, helps women during pregnancy and after they have given birth.

Danper cooperates with regional and national authorities on active programmes on contraception and birth control as well as various health campaigns and also operates a mobile medical clinic serving rural communities that otherwise would have no access to medical care.

Focus on environment programmes

In the areas where it operates, Danper has arranged for electricity and clean water and has also contributed to developing the road network.

Concern for the environment is a high priority, and Danper was the first agricultural and food company in Peru to be certified to ISO 14000. The company has conducted studies to analyse the effects of its activities on the environment, and effective programmes have been developed to eliminate or minimise adverse environmental effects.

Danper has launched a programme to reduce, reuse and recycle waste and assure that resource consumption is minimised striving for virtually 100 per cent of waste recycling. For example, residue from the production of asparagus and artichokes is used to feed 1,500 milk-producing cows and their calves. Part of this production is processed into milk for drinking and cheese that is sold to the local population.

In 2011, IFU made a new investment with ABH Holding in a project named Danper Agricola to produce grapes and avocado.

CSR AWARDS:11

STRONG FOCUS ON LATIN AMERICA

The increase in IFU's country income limit had the effect of increasing the number of countries in Latin America and the Caribbean eligible for IFU investments from six to 20.

Most of these are small Caribbean nations, but countries such as Colombia, Ecuador and Peru also regained eligibility. This coupled with the improved economic performance and growth achieved in several of the countries in the region has had a positive effect on the overall interest in looking into new investments in IFU eligible countries in Latin America.

IFU has registered an increase in its pipeline in the region and has responded by strengthening its resources, hiring a new senior investment manager, who has business experience from having lived and worked in the region, and who speaks fluent Spanish.

In 2011, IFU made four new investments in Latin America.

Beekeepers at Ingemann Food Nicaragua.

GOGLOBAL COOPERATION

The collaboration within the GoGlobal initiative continued in 2011. 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.

Through the collaboration the institutions aim to provide more specific information to interested companies, and to offer supplementary knowledge to the employees of the GoGlobal institutions.

Two of the new projects co-financed by IFU in 2011 are being established in collaboration with Danida Business Partnerships (previously the B2B Programme), Danida Business Finance (previously the mixed-credits scheme) and/or EKF.

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

DEVELOPING COUNTRIES NEED CLIMATE INVESTMENTS

Energy-consuming activities account for the majority of man-made greenhouse gas emissions, which is the primary cause of climate change. Developing countries will be affected severely, and at the same time they are the ones most in need of increased energy production.

Focus on renewable energy

In Africa, close to 70 per cent of the population does not have access to electricity, and a large proportion of companies see the lack of energy resources as one of the major obstacles to their future growth. In China and India, access to electricity is also limited, and their energy production methods are inefficient and heavily polluting.

Wind turbines in Vietnam.

In its latest five-year plan, China has increased its focus on implementing renewable energy and achieving energy efficiency. India and other developing countries are also planning to make additional investment in similar technologies.

This is important, because unless better and more appropriate instruments are in place to facilitate investment in renewble energy technologies, most developing countries will follow a carbon intensive development path.

Danish companies have the know-how

For several years, Denmark has shown that it is possible to increase production without increasing energy consumption. This has been achievable due to the development of new green technologies and large investments in energy efficiency.

Danish companies have been a driving force in the process and thus have a unique platform, from which to take advantage of the growing global market for renewable energy and clean-tech solutions. This is also the case in relation to developing countries.

IFU can assist Danish businesses

Over the years, IFU has gained much experience in setting up climate-related projects in developing countries. In 2011, IFU made six climate investments.

The pipeline for climate projects is comprehensive and includes projects in areas such as wind energy, biofuel, hydropower, solar energy and insulation. These projects need to be financed and developed further before they can materialise, which is a challenge in the current volatile market for renewable energy.

Financing is a particular challenge because Danish companies are increasingly confronted with the need to contribute with risk capital in order to secure contracts. Despite the high quality of their technology, they are at risk of being left behind by large foreign companies, who have better access to external financing.

New climate investment fund

For a number of years, it has been argued that a Danish climate fund targeting developing countries could benefit both the environment and Danish trade and industry. Such a fund would be able to assist Danish companies in establishing climate-related projects in developing countries and thus help boost the sale of Danish technology and increase the number of Danish jobs in the sector.

If managed on commercial terms the way IFU is, a climate fund would also generate a profit for its investors or for re-investment.

The Danish government is considering setting up a climate fund targeting developing countries, and IFU has stated that it is prepared to manage such a new Danish climate fund.

CORPORATE SOCIAL RESPONSIBILITY REPORTING

According to IFU's corporate social responsibility (CSR) policy, IFU's investments must, on an ongoing basis, contribute to creating jobs and income, improving corporate governance, sound environmental and social performance and developing the local communities involved.

This means that the management of IFU's investments must strive to seek a balance between the concerns for profitability, the concerns of the society and the value to the community through appropriate due diligence, addressing hotspots and using its leverage within the framework of corporate social responsibility.

IFU signed up to the 10 UN Global Compact principles in 2008 and is committed to implementing and advancing these principles together with the project companies and within its business relations. IFU takes an active part in the Nordic global compact network.

There is no doubt that CSR is a moving target. New issues are constantly put on the agenda, and new dilemmas regularly have to be considered. In 2011, IFU improved its procedures, tools and the assistance provided to project companies in order to strike the right balance.

IFU's CSR policy covers the four areas of the UN Global Compact: human rights, labour rights, environment and anti-corruption plus areas such as animal welfare and community development.

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

Compliance and international standards forming the baseline

It is IFU's policy that project companies must at all times be in compliance with all host country regulatory requirements. 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 the issues.

Proactive approach - beyond compliance

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 driver after IFU has exited.

All IFU projects must commit to following IFU's CSR policy. Further, IFU encourages each project company to adopt its own CSR policy, so as to clearly define and describe the company's vision, strategy and operational guidelines, and eg sign up to the UN Global Compact.

IFU sees this as a signal of strong commitment to CSR in the company, but companies may also apply other means to ensure high standards.

Xoco, production of cocoa in Nicaragua.

In 2011, 30 per cent of project companies (67 companies) had a written CSR policy or were covered by a CSR policy defined by their parent company. In 2010, the number was 27 per cent, which in turn was four percentage points higher than in 2009.

CSR Awards 2011

In 2011, the Danish CSR Foundation (CSR-Fonden) organised for the first time a national CSR event – CSR Awards

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PHOTO: JENS HONORÉ

Mr Arne H Berg, chairman af Danper, Peru, is presented with the IFU CSR Investment award by Mr Jørgen M Clausen, chairman of Danfoss, and Mr Finn Jønck, managing director of IFU.

2011 – which served as an overarching award ceremony for granting 12 CSR-related awards to people, organisations and companies that have contributed to excellent CSR initiatives.

IFU was part of this initiative and launched its special prize, the CSR Investment award for sustainable investment in developing countries.

The CSR Investment award is given to a company that is making a special and dedicated effort towards sustainability, has a proven sustainable business model and high environmental, social and governance standards.

In practice, the company must have created healthy workplaces with good working conditions, introduced a preventive approach to environmental issues and fair operating practices, such as those required under the Global Compact, for example. At the same time, the company must have made a contribution to society.

The jury was IFU's CSR Advisory Board, and the winner was the vegetable producer Danper in Peru, see case on page 24.

Anti-corruption initiatives

In the fight against corruption, 2011 was an important year with many new initiatives taken worldwide. Corruption distorts markets, stifles growth, debases democracy and undermines the rule of law.

In 2011, IFU held training sessions for investment managers and project companies participating in IFU Focus on anti-corruption measures and specifically on the issues dealt with in the UK Bribery Act.

IFU does not accept corruption and bribery and encourages its project companies to have a clear policy, internal training and adequate procedures in place to prevent bribery, reflecting the bribery risks companies face.

Management must promote an anti-bribery programme, demonstrate assessment of relevant risks, and business partners should be checked.

IFU has been a member of Transparency International, Denmark since 2004.

CSR advisory board

To stay up-to-date on new opportunities, dilemmas and risks, IFU established a four-member CSR advisory board in 2007, each representing important IFU stakeholders on one of these issues: human rights, occupational health and safety, environment, development and corporate policy. The board meets regularly to discuss key issues like media communication, due diligence tools, supply chain dilemmas, 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

EDFI cooperation - guidelines for investments in funds

In 2011, the EDFI Environment + Social Working Group, of which IFU is a member, finalised a set of harmonised environmental and social guidelines for funds. These are based on high international CSR standards, which aim to ensure a compatible due diligence process and more efficient and timely processes for EDFI members when they invest together in funds.

IFU will implement these standards into its appraisal process.

Danida CSR Training Fund

IFU manages the Danida CSR Training Fund, which can provide training grants to IFU's project companies.

In 2011, IFU made grant commitments for training programmes in eight project companies, including a training centre for beekeepers at Ingemann Food Nicaragua, HIV/AIDS and road awareness programmes at Rabai Power Plant, Kenya, as well as training of suppliers and an employee satisfaction survey at Dantrafo Suzhou, China.

The project companies have shown considerable interest in applying for these grants, which have a total annual budget of DKK 3m.

Assessment of CSR performance

Each year IFU carries out an internal assessment of its portfolio regarding compliance with its CSR policy. Each project

Factory hall at Elo Automated Qingdao, China.

is classified into one of five categories as follows: Excellent, Good, Fair, Poor and Critical.

In 2011, compliance assessments were carried out for 164 IFU projects. The compliance assessment does not include 34 projects that are in the process of being established, nine projects with no physical activities, and 14 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.

Projects with the classification *Good* are in compliance with local legislation and international standards, eg IFC/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 much attention in order to advise the projects on how to improve their CSR performance.

The scores in 2011 are very similar to those in 2010.

CSR classification

	Total score (%)	Environment (%)	OHS (%)	Human rights and labour practices (%)
Excellent	27	29	25	27
Good	56	54	55	58
Fair	16	15	18	15
Poor	1	2	2	0
Critical	0	0	0	0

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ScanCom Vietnam

FACTS ABOUT THE INVESTMENT
Danish partner: ScanCom International A/S
Start: 2003
Country: Vietnam
Status: In operation
IFU's shareholding: DKK 15.7m
IFU's loan: DKK 49.9m
Expected total investment: DKK 159.7m
Actual direct employment: 4,471

A CSR issue often mentioned in Asia is the excessive number of working hours, especially among migrant workers. The main reason for this is that many products are highly seasonal with production and shipping depending on global customers requiring the shortest possible time in all steps of production, transportation and distribution.

This can cause problems for the employees, as they only get short-term employment contracts or work as casual labour giving them an incentive to work as much as possible when employed.

It may also create problems for the company in terms of high staff turnover rates, ongoing and repeated training activities, poor quality and rapidly increasing accident rates at work and thereby loss of working hours.

"Low season all year round"

ScanCom Vietnam has worked intensively with these issues by planning and setting up production as "low season all year round". ScanCom has implemented detailed planning of each production step rather than continuing the earlier just-on-time production.

ScanCom has also invested in new processing technology, which makes it easier to balance labour fluctuation in the factories and work towards overall quality planning.

ScanCom is one of the leading manufacturers in the world of outdoor furniture from tropical hardwoods. With legal headquarters in Denmark and top management located in Ho Chi Minh City, Vietnam, ScanCom employs over 5,000 people directly and 8 - 10,000 people indirectly through contract manufacture.

In its most recent internal CSR report, ScanCom has recorded that overtime has been reduced substantially from an average of 12.15 hours per employee per month in 2010 to six hours in 2011, corresponding to an improvement of 50 per cent.

Improved CSR measures

While improving planning and technology, ScanCom has also improved its social responsibility towards employees by improving health care, safety, child care and school fee support programmes. ScanCom has experienced positive feedback from employees on these initiatives.

As an example, ScanCom child care policy encourages workers to send their children under six years to certified kindergartens, and ScanCom will cover approximately 45 per cent of the fee. ScanCom does not provide money directly to workers as allowance, but settles a fee based on their application and monthly bill.

Commitment from top management

ScanCom Vietnam has a high CSR profile within its industry, which is appreciated by its international retailers such as Jysk Group, Metro, The Hudson Bay and Home Retailer Group.

Stig Maasbøl, Group Chief Executive Officer, explains: "A CSR strategy plan including detailed actions has been established with commitment from top management. Continued follow-up by a CSR steering committee on data to secure realisation of objectives within overtime and worker turnover has been one of the keys to these achievements. Good working conditions is part of ScanCom's DNA as an important producer in Vietnam in order to focus on being a sustainable company both in terms of economic, social and environmental results."

IFU FOCUS

IFU Focus ran for a second year in 2011. Based on the positive experiences from 2010, IFU Focus events were held in New Delhi, Johannesburg and Nairobi.

IFU Focus consists of interactive seminars on CSR and HR facilitated by IFU and delivered in cooperation with international as well as local experts.

CSR and HR are key elements in building strong and sustainable companies. This often poses a challenge in developing countries, and in that sense IFU Focus provides an important framework for training, new insight and sharing of best practice. The seminars also deliver additionality and offer inspiration to sound business development within four key areas:

1. CSR adding value to the business strategy
2. How to do corporate governance right
3. Anti-corruption measures
4. Managing diversity and using people strategy to develop efficient organisations

The topics covered at the seminars varied according to the needs in the region where the seminar was offered.

Participants are mainly project company managements, Danish partners, local partners and, depending on the size of the company, CSR and HR managers. By the end of 2011, 167 people had participated in IFU Focus.

Number of participants in IFU Focus

	China	Vietnam	South Asia	Southern Africa	East Africa	Total
Project companies	20	14	11	16	14	75
Other companies/ institutions	2	5	6	2	5	20
Participants	37	40	22	28	40	167

Participants in IFU Focus East Africa, held in Nairobi in November 2011.

HUMAN RESOURCES

IFU is a knowledge-based organisation with activities widely spread around the world. The achievements in 2011 are the result of the combined work of IFU employees and the network of IFU advisers; 68 full-time employees on average and 37 advisers.

The figure on page 33 illustrates where IFU's investment managers and advisers are based.

Diversity as a competitive advantage

With 11 different nationality backgrounds represented among IFU's employees and 20 per cent of the employees based in IFU's five regional offices, the ability to combine knowledge and capabilities across functions, people, borders and culture is key. In order to enhance knowledge sharing and further develop IFU competences within the regions where IFU invests, there are designated teams for each region and selected sectors.

The figure below shows the coverage of the regional teams.

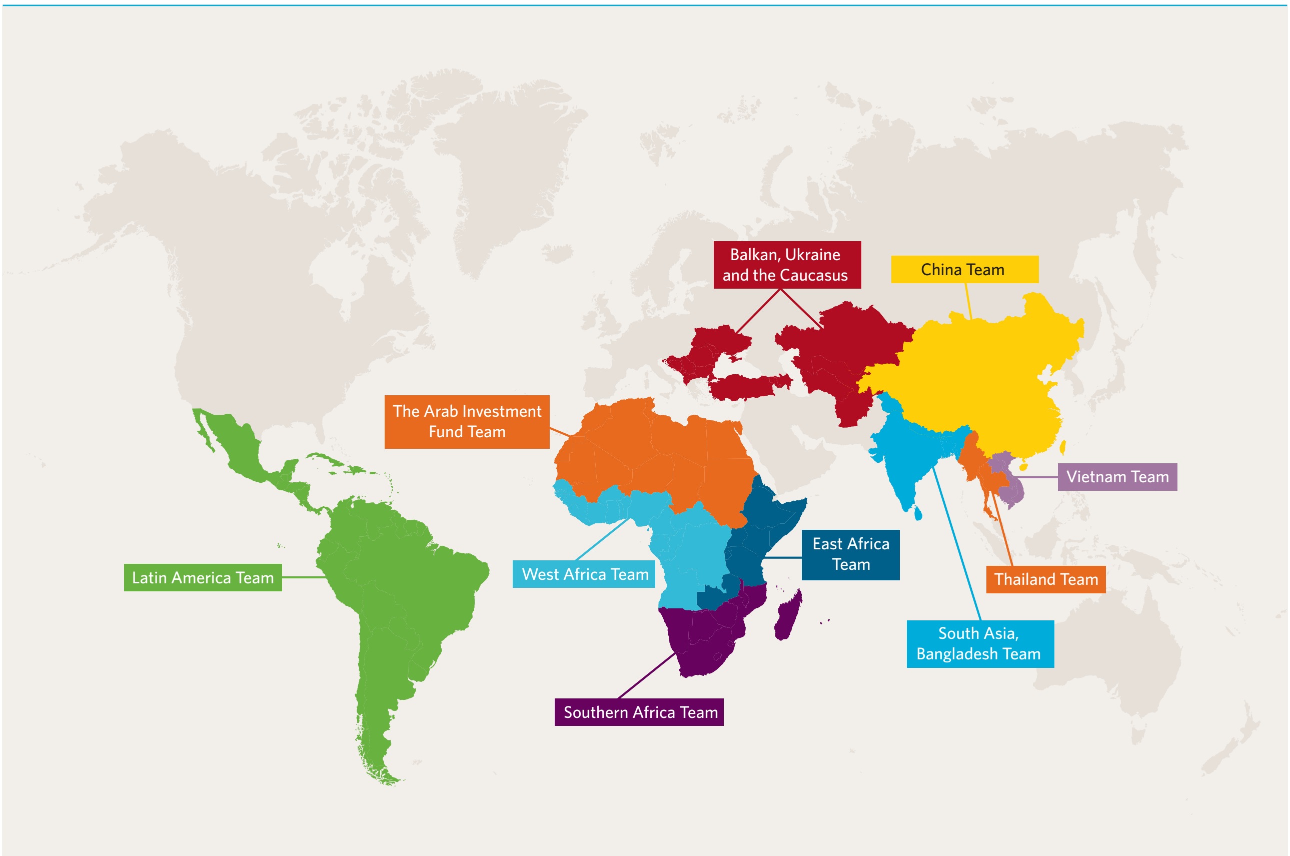
High educational level

IFU represents experience and a high educational level. This goes for the organisation in general and for the investment managers in particular.

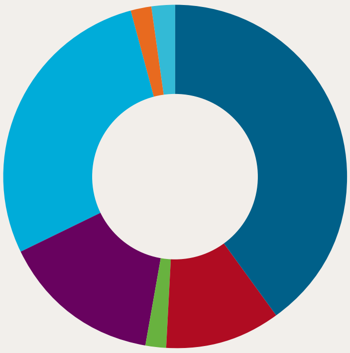
Organisational stability

An important success criteria is the ability to attract and retain highly qualified people. Over the last three years there has been a natural decline in the number of full-time employees (from 73 in 2009 till 68 in 2011), as the activities relating to IØ have decreased. Employee turnover for 2011 was 5.8 per cent and reflects a combination of a continuously good in and outflow of trainees and a modest change of more experienced people.

IFU regional investment teams



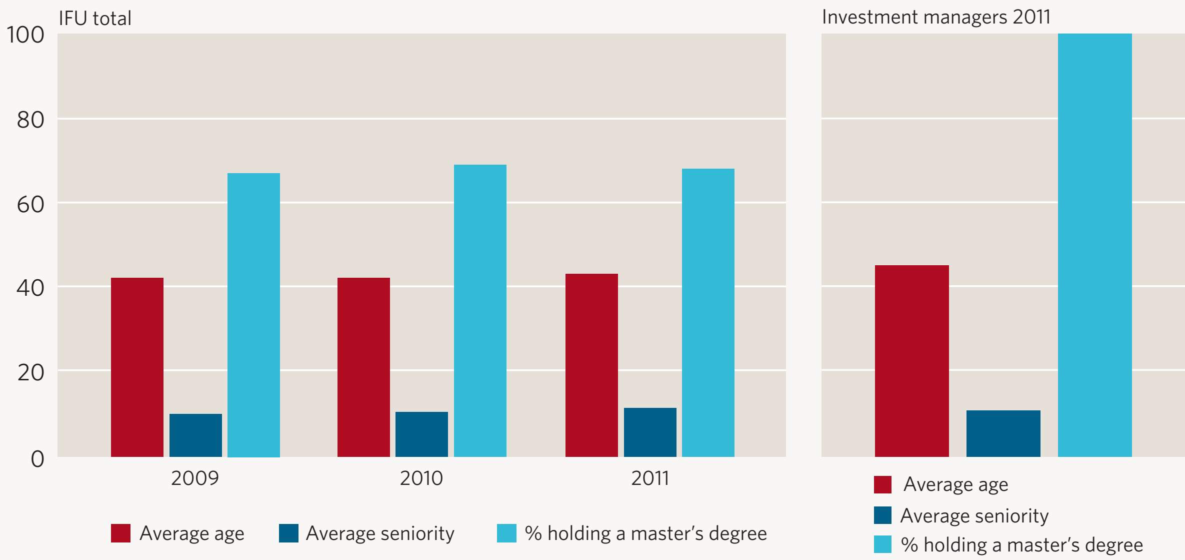
Investment managers and advisers distributed by region (%)



Europe (head office in CPH)	40
Eastern Europe/Russia	11
Latin America	2
Africa	15
Asia	28
Middle East	2
US	2

11 different **nationality backgrounds** represented among **IFU's employees**

People facts



Gender distribution 2011:

Female	Male
50	50

FINANCIAL REVIEW 2011

IFU recorded net income of DKK 122m in 2011 compared to net income of DKK 67m in 2010, which was better than expectations a year ago. The increase was due to a higher contribution from projects, especially from IFU's share capital investments. Operating expenses were higher due to unforeseen payroll tax and VAT expenses, whereas financial income was on level with 2010.

Contribution from projects

Total contributions from IFU's primary project-related activities were DKK 189m against DKK 121m in 2010.

In numbers, share capital investments contributed DKK 140m in 2011 compared with DKK 66m in 2010. The higher contribution was due to dividends and divested investments. Value adjustments during the year on the portfolio outstanding at year-end were positive, but lower than in 2010.

Overall, the share capital investments yielded a 2011 return before operating expenses of 12.4 per cent calculated on the average portfolio during the year. In 2010, the return was 6.3 per cent.

Project loans and guarantees contributed DKK 37m compared to DKK 42m in 2010, mainly net interest and fees, as value adjustments were at a low level.

In percentage terms, the 2011 yield on the average loan and guarantee portfolio before operating expenses was 4.8 per cent against 6.0 per cent in 2010. Separately, net value adjustments were (1.0) per cent in 2011 and (0.2) per cent in 2010.

Other contributions from projects were DKK 12m in 2011, largely unchanged from DKK 13m in 2010.

Operating expenses

Of the overall net operating expenses for 2011 covering IFU, IØ and IFV, DKK 71m was attributable to IFU as compared to DKK 60m in 2010.

Net operating expenses are derived after deduction of DKK 3m, unchanged from 2010, in income received from other sources for management services rendered by IFU (see page 13 for further details on IFU's role as a fund manager).

Overall gross operating expenses were DKK 87m, compared with DKK 75m in 2010. In particular, the large increase was due to an unforeseen decision by the Danish tax authorities that IFU would have to pay (and therefore expense) payroll tax for the years 2009 and 2010 in the total amount of DKK 7m. In addition, it has been clarified that, from 2011, IFU's primary investment activities falls outside the scopes of the Danish acts on payroll tax and VAT. Although this means that IFU will no longer be subject to payroll tax, it also means that IFU will incur an additional expense in terms of non-refundable VAT. In 2011, this amounted to DKK 4m.

In the future, non-refundable VAT will be shown separately in the expense overview (note 4 to the financial statements) in order to better keep track of developments in the underlying expense base.

In 2011, the gross expenses before tax issues amounted to DKK 76m compared to DKK 79m in 2010. The 2010 figure includes DKK 2m in non-recurring expenses related to IFU's relocation to new premises in Copenhagen in 2010.

IFU's part of the overall net expenses rose to 85 per cent from 83 per cent in 2010 due to the continued divestment of the IØ portfolio. This trend is expected to continue in the coming years.

Financial income, cash flows and balance sheet items

Financial income, net of financial expenses, was DKK 5m, in line with DKK 6m in 2010.

At 31 December 2011, IFU held cash totalling DKK 297m after having disbursed DKK 435m in new share capital and loans to project companies. Amounts received from projects amounted to DKK 374m. Including DKK 284m available on a credit facility, total financial preparedness amounted to DKK 581m at year-end 2011.

Undisbursed commitments amounted to DKK 1,269m at year-end 2011 (up from DKK 1,210m in 2010) reflecting a continued high level of new investments and continued pressure on IFU's funds.

Capital extraction of DKK 75m was paid to the Danish government as decided in 2010. A similar amount will be extracted in both 2012 and 2013. By the end of 2011, IFU had repaid DKK 1,100m in nominal terms or slightly more than the paid-in capital of DKK 1,095m.

IFU had equity of DKK 2,396m at 31 December 2011, up from DKK 2,304m at 31 December 2010. The change reflects the net income of DKK 122m, the extraction of DKK 75m and finally the capital contribution related to the Norsad shares of DKK 44m (see page 20).

Risk management

IFU invests in projects located in developing countries. Political and economic conditions may be turbulent in such countries, and the 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 accounting principles set out in the Danish Financial Statements Act, IFU's net results may fluctuate considerably from year to year due to value adjustments on the investments.

To minimise the overall risk in IFU's investment portfolio, a set of risk policies has 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 individual projects, 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 per cent of the Fund's total project commitments (the sum of outstanding investments at cost, remaining commitments and binding commitments). Furthermore, the total commitment in any single country should, generally, not exceed 30 per cent of the Fund's total project commitments.

Financial risk

At the end of 2011, IFU had a total of USD 57m outstanding (DKK 305m at the year-end exchange rate) in USD-denominated loans, and the net profit is therefore sensitive to fluctuations in the USD/DKK exchange rate. A hedging policy is implemented in order to mitigate this sensitivity. At the end of 2011, 66 per cent of the USD exposure had been hedged, and IFU's exposure to currencies other than USD, DKK and EUR was very low at 3 per cent of the loan portfolio at cost.

At year-end, 43 per cent 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 2011 – five largest portfolios

Country/region	2011 (%)	2010 (%)
China	18.5	17.4
Africa (regional)	14.1	11.5
India	6.9	6.1
Egypt	6.1	6.2
Kenya	5.6	2.8
Total	**51.2**	**44.0**

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

Outlook for 2012

In 2012, IFU expects to enter into agreements for approximately 30-35 new projects. IFU expects total investments to be in the range of DKK 475-525m, including additional financing for 15-20 projects. Based on currently known expectations for the profit performance and values of the project companies, IFU expects to record a profit in 2012.

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 2011 – 31 December 2011.

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 2011 and of the results of the Fund's operations and cash flows for 2011.

Copenhagen, 1 March 2012

EXECUTIVE BOARD:

Finn Jønck, Managing Director

Torben Huss, Deputy Managing Director

SUPERVISORY BOARD:

Michael Rasmussen, Chairman

Lars Andersen, Deputy Chairman

Beate Bentzen

Anette Eberhard

Jens Jørgen Kollerup

Christina Rasmussen

Bjarne H. Sørensen

Susan Ulbæk

Dorrit Vanglo

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the supervisory board of the Industrialisation Fund for Developing Countries (IFU)

We have audited the financial statements of IFU for the financial year 1 January – 31 December 2011, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

The supervisory and executive boards' responsibility for the financial statements

The supervisory and executive boards are responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as the supervisory and executive boards determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations and the agreement between the Minister for Foreign Affairs and the Auditor General regarding the audit of IFU. This standard requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to IFU's preparation of Financial Statements that give a true and fair view 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 IFU'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.

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

The 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 IFU at 31 December 2011 and of the results of IFU's operations and cash flows for the financial year 1 January - 31 December 2011 in accordance with the Danish Financial Statements Act.

Statement on management's review

We have read management's review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the financial statements. On this basis, in our opinion, the information provided in management's review is consistent with the financial statements.

Copenhagen, 1 March 2012

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

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, ie 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 dependant 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 three to five 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, ie 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

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related to guarantee agreements are recognised in the income statement as *Other value adjustments* under *Contribution from project loans and guarantees*.

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.

Training at Minh Graphic, Vietnam.

Income statement

Note		2011 DKK 1,000	2010 DKK 1,000
1/	Contribution from share capital investments	139,842	66,174
2/	Contribution from project loans and guarantees	37,197	42,197
3/	Other contributions from projects	11,710	12,978
	Contribution from associates	21	0
	GROSS CONTRIBUTION FROM PROJECTS	**188,770**	**121,349**
4/	Operating expenses, net	(71,392)	(60,437)
	OPERATING INCOME	**117,378**	**60,912**
5/	Financial income, net	4,759	6,000
	NET INCOME FOR THE YEAR	**122,137**	**66,912**

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

Balance sheet at 31 December

Assets

Note		2011 DKK 1,000	2010 DKK 1,000
	FIXED ASSETS		
	Share capital investment in projects at cost	1,159,582	1,196,134
	Value adjustments	(38,551)	(69,460)
6/	Share capital investment in projects, net	1,121,031	1,126,674
	Project loans at cost	868,364	812,435
	Value adjustments	(129,377)	(148,010)
7/	Project loans, net	738,987	664,425
8/	Investment in associates	36	274
9/	Fixed assets and leasehold improvements	5,719	6,487
	Total fixed assets	**1,865,773**	**1,797,860**
	CURRENT ASSETS		
10/	Interest receivable related to projects	20,624	12,924
11/	Other receivables	260,494	47,081
	Bonds	0	178,059
	Cash	297,306	306,284
	Total current assets	**578,424**	**544,348**
	TOTAL ASSETS	**2,444,197**	**2,342,208**

Balance sheet at 31 December

Liabilities and equity capital

Note		2011 DKK 1,000	2010 DKK 1,000
	EQUITY CAPITAL		
	Paid-in capital	1,095,355	1,050,936
	Repaid capital	(1,100,000)	(1,025,000)
	Accumulated reserves	2,400,562	2,278,425
12/	**Total equity capital**	**2,395,917**	**2,304,361**
	PROVISION FOR LOSSES		
	Guarantees	8,970	9,034
13/	LONG-TERM DEBT	0	1,553
	Long-term debt	**8,970**	**10,587**
14/	CURRENT LIABILITIES	39,310	27,260
	Total liabilities	**39,310**	**27,260**
	TOTAL EQUITY CAPITAL, PROVISION FOR LOSSES AND LIABILITIES	**2,444,197**	**2,342,208**

15/ UNDISBURSED COMMITMENTS TO PROJECTS AND CLEARANCES IN PRINCIPLE
16/ CONTINGENT LIABILITIES
17/ PLEDGED ASSETS
18/ RELATED PARTY DISCLOSURES
19/ FINANCIAL HIGHLIGHTS, INVESTMENTS CONTRACTED IN 2011, DEVELOPMENTAL HIGHLIGHTS AND CSR CLASSIFICATION

Cash flow statement

	2011	2010
	DKK 1,000	DKK 1,000
CASH FLOW FROM OPERATING ACTIVITIES		
Dividends from projects received	49,467	42,481
Interest from projects received	33,930	24,951
Other project related payments	2,290	5,648
Operating expenses, net	(61,496)	(84,430)
Net payments related to financial income and expenses	12,197	10,666
Net cash from operating activities	**36,388**	**(684)**
CASH FLOW FROM (TO) INVESTING ACTIVITIES		
Received from sale of shares	114,239	57,084
Received from project loans	172,947	149,021
Received from derivatives, loans	398	(1,859)
Received from sale of associates	264	0
Paid-in share capital in projects	(196,555)	(169,382)
Disbursement of project loans	(237,993)	(229,100)
Paid-in share capital in associates	0	(36)
Received from (invested in) bonds	177,840	172,840
Net cash from (to) investing activities	**31,140**	**(21,432)**
CASH FLOW FROM (TO) FINANCING ACTIVITIES		
Repaid to EIB (ECFI III Facility)	(1,506)	(1,462)
Repaid capital during the year	(75,000)	0
Net cash from (to) financing activities	**(76,506)**	**(1,462)**
NET CHANGE IN CASH	(8,978)	(23,578)
CASH BEGINNING OF YEAR	**306,284**	**329,862**
CASH END OF YEAR	**297,306**	**306,284**

Notes

Note		2011 DKK 1,000	2010 DKK 1,000
1/	Contribution from share capital investments		
	Dividends from projects	59,195	35,033
	Contribution from divested share capital investments	76,584	8,036
	Value adjustments, portfolio	4,063	23,105
	Contribution from share capital investments	**139,842**	**66,174**
2/	Contribution from project loans and guarantees		
	Interest income and fees related to project loans and guarantees	48,990	42,528
	Value adjustments excl. exchange rate adjustments, loan portfolio	(8,042)	7,822
	Value adjustments, guarantees	64	(9,034)
	Exchange rate adjustments, project loans	15,864	18,436
	Value adjustments, derivatives	(11,116)	(8,140)
	Value adjustments, interest and fees	(8,563)	(9,415)
	Contribution from project loans and guarantees	**37,197**	**42,197**
3/	Other contributions from projects		
	Value adjustments, receivables, excl. exchange rate adjustments	5,055	3,150
	Exchange rate adjustments, receivables	1	1,343
	Interest from receivables	6,851	8,522
	Other income and expenses	(197)	(37)
	Other contributions from projects	**11,710**	**12,978**

Notes

Note		2011 DKK 1,000	2010 DKK 1,000
4/	Operating expenses, net		
	Expenses, (IFU, IØ and IFV)		
	Salaries, head office	37,457	36,738
	Rental expenses	5,025	4,615
	Travelling expenses	4,420	4,473
	Regional office expenses	9,075	10,095
	Fees for supervisory board	1,294	1,489
	Fees for external assistance	7,242	9,096
	IT expenses	4,036	3,789
	Office expenses	1,990	3,168
	Various expenses	4,609	4,712
	Depreciation of fixed assets and leasehold improvements (note 9)	930	705
	Total expenses before non-refundable VAT/taxes	76,078	78,880
	Non-refundable VAT/taxes	10,477	(3,415)
	Total expenses	86,555	75,465
	Income, (IFU, IØ and IFV)		
	Management fees	(2,304)	(2,340)
	Board member fees, net of tax	(180)	(171)
	Various income	(213)	0
	Total income	(2,697)	(2,511)
	Total operating expenses, net (IFU, IØ and IFV)	83,858	72,954
	Operating expenses, net charged to IØ	(12,466)	(12,173)
	Operating expenses, net charged to IFV	0	(344)
	IFU's part of operating expenses, net	**71,392**	**60,437**
	Fee to the auditor of the funds included in *Fees for external assistance* and *Various expenses*:	**1,136**	**1,141**
	- hereof audit fees	749	747
	- hereof non-audit fees	387	394

Note		2011 DKK 1,000	2010 DKK 1,000
	Specification of personnel expenses (salaries etc.)*		
	Salaries, remunerations etc.	40,334	40,431
	Pension contributions	3,487	3,654
	Other expenses for social security	232	206
	Payroll tax	6,874	(3,415)
	Personnel expenses in total	**50,927**	**40,876**
	*) 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	1,294	1,489
	Remuneration to the executive board:		
	Salaries and pension	2,858	2,875
	Performance remuneration	457	448
	Total remuneration to the executive board	3,315	3,323
	Total remuneration to the supervisory board and executive board	**4,609**	**4,812**
	Average number of employees, head office (IFU, IØ and IFV)	55	56
	Average number of employees, regional offices (IFU, IØ and IFV)	13	15
		68	**71**
5/	Financial income, net		
	Financial income		
	Interest income, cash and bonds	5,431	11,527
	Financial income	**5,431**	**11,527**
	Financial expenses		
	Interest expenses, bank charges and exchange rate adjustments	(453)	(1,728)
	Loss on bonds	(219)	(3,799)
	Financial expenses	**(672)**	**(5,527)**
	Financial income, net	**4,759**	**6,000**

Notes

Note		2011 DKK 1,000	2010 DKK 1,000
6/	Share capital investment in projects, net		
	Share capital investment in projects beginning of year at cost	1,196,134	1,076,511
	Paid-in share capital in projects during the year	240,974	169,382
	Project loans or interest converted into share capital during the year	0	4,516
	Proceeds from divestment of shares	(327,264)	(46,319)
	Income from divestment of shares relative to cost, net	49,738	(11,052)
	Share capital transferred to other receivables	0	3,096
	Share capital investment in projects end of year at cost	**1,159,582**	**1,196,134**
	Accumulated value adjustments beginning of year	(69,460)	(107,137)
	Reversed value adjustments, divested share capital investments	26,846	19,088
	Value adjustments, portfolio during the year (note 1)	4,063	23,105
	Value adjustments related to conversions during the year	0	(4,516)
	Accumulated value adjustments end of year	**(38,551)**	**(69,460)**
	Share capital investment in projects, net end of year	**1,121,031**	**1,126,674**
	Accumulated value adjustments end of year are comprised of:		
	Plus values	249,161	199,705
	Value adjustments excl. plus values	(287,712)	(269,165)
		(38,551)	**(69,460)**

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 2010), 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		2011 DKK 1,000	2010 DKK 1,000
7/	Project loans, net		
	Project loans beginning of year at cost	812,435	744,924
	Disbursements during the year	237,993	229,100
	Interest converted into project loans during the year	2,430	1,796
	Repayments during the year	(172,947)	(149,021)
	Project loans converted into share capital during the year	0	(4,229)
	Exchange rate adjustments during the year relative to cost	(4,370)	(2,531)
	Project loans transferred to other receivables during the year	0	(156)
	Write-offs during the year	(7,177)	(7,448)
	Project loans end of year at cost*	**868,364**	**812,435**
	Accumulated value adjustments beginning of year	(148,010)	(188,796)
	Reversed value adjustments, loans written off	6,176	6,439
	Exchange rate adjustments realised	4,370	2,531
	Value adjustments incl. exchange rate adjustments during the year (note 2)	8,823	27,268
	Value adjustments related to conversions during the year	(736)	4,548
	Accumulated value adjustments end of year	**(129,377)**	**(148,010)**
	Project loans, net end of year	**738,987**	**664,425**
	Accumulated value adjustments end of year are comprised of:		
	Exchange rate adjustments relative to cost	23,078	2,844
	Value adjustments excl. exchange rate adjustment	(152,455)	(150,854)
		(129,377)	**(148,010)**
*)	Project loans end of year at cost are comprised of:		
	Senior project loans	812,056	760,414
	Subordinated loans	36,754	35,655
	Equity loans	19,554	16,366
		868,364	**812,435**

Notes

Note			2011 DKK 1,000	2010 DKK 1,000

*) Project loans end of year at cost in DKK distributed according to currency denomination:

	2011 Currency	2010 Currency		
DKK			202,534	200,734
USD 1	56,607	36,487	305,347	204,903
EUR	45,543	53,450	339,159	398,037
Other currencies			21,324	8,761
			868,364	**812,435**

1) USD 37.5m is hedged against DKK (USD 17.6m in 2010)

Project loans provided by IFU by means of syndicated capital are not included in the above figures and amount to DKK 7.4m (DKK 7.4m in 2010), measured at fair value.

8 / Investment in associates

	2011	2010
Investment in associates beginning of year at cost	274	238
New investments during the year	0	36
Divestments during the year	(238)	0
Investment in associates end of year at cost	**36**	**274**
Accumulated value adjustments end of year	**0**	**0**
Investment in associates, net end of year	**36**	**274**

Investment in associates comprises of:

Name/domicile:	Form of company:	IFU's ownership interest:	Result (according to the latest approved annual report):	Result (according to the latest approved annual report):
Danish Microfinance Partners Management Copenhagen, Denmark	ApS	45%	N/A	N/A

Notes

Note		2011 DKK 1,000	2010 DKK 1,000
9 /	Fixed assets and leasehold improvements		
	Cost beginning of year	7,593	2,909
	Additions during the year	162	6,239
	Disposals during the year	0	(1,555)
	Cost end of year	**7,755**	**7,593**
	Depreciation beginning of year	1,106	1,956
	Depreciation for the year (note 4)	930	705
	Depreciation for disposal of the year	0	(1,555)
	Depreciation end of year	**2,036**	**1,106**
	Book value end of year	**5,719**	**6,487**
10 /	Interest receivable related to projects		
	Interest receivable related to projects before value adjustments	85,582	72,138
	Value adjustments	(64,958)	(59,214)
	Interest receivable related to projects	**20,624**	**12,924**
11 /	Other receivables		
	Dividend receivables	9,676	16
	Receivables from sale of shares	246,017	35,296
	Receivables from sale of loan	322	330
	Receivable front-end fees	1,694	2,227
	Receivables from projects in liquidation	20,523	20,478
	Other project-related receivables	4,842	3,090
		283,074	61,437
	Value adjustments	(37,649)	(42,650)
		245,425	18,787
	Administrative receivables	9,581	19,011
	Current accounts	2,742	0
	Accrued interest receivables from bonds	0	7,021
	Rental deposits	2,126	2,016
	Deferred income	620	246
		260,494	**47,081**

Notes

Note		2011 DKK 1,000	2010 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	44,419	0
	Paid-in capital end of year	**1,095,355**	**1,050,936**
	Repaid capital beginning of year	(1,025,000)	(1,025,000)
	Repaid capital during the year	(75,000)	0
	Repaid capital end of year	**(1,100,000)**	**(1,025,000)**
	Accumulated reserves beginning of year	2,278,425	2,211,513
	Net income for the year	122,137	66,912
	Accumulated reserves end of year	**2,400,562**	**2,278,425**
	Total equity capital end of year	**2,395,917**	**2,304,361**
13/	Long-term debt		
	EIB (ECFI III facility)*	0	1,553
		0	**1,553**
	*) hereof payable after five years: DKK 0		
14/	Current liabilities		
	EIB (ECFI III facility)	1,549	1,508
	Other project-related debt	5	2,258
		1,554	3,766
	Derivatives*	14,163	2,649
	Administrative debt	23,593	15,161
	Current accounts	0	5,684
		39,310	**27,260**

*) Stated amount for 2011 concerns a hedged amount of USD 37.5m with term from 2012 to 2018.

Notes

Note		2011 DKK 1,000	2010 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.

	2011	2010
Amounts payable on share capital and loan agreements	821,178	796,933
Guarantees, net *	76,243	93,954
Binding commitments	371,862	319,014
Undisbursed commitments to projects	**1,269,283**	**1,209,901**
Clearances in principle for new projects amount to	**756,856**	**439,339**

*) Gross outstanding guarantees before provision for losses, if any, amount to DKK 84,758 (DKK 102,988 in 2010)

16/ Contingent liabilities

The total lease and rental commitments amount to DKK 14.4m (DKK 19.2m in 2010)
- hereof due within the following year DKK 5.4m (DKK 6.3m in 2010).

17/ Pledged assets

On 31 December 2011 IFU had pledged cash amounting to DKK 1.6m 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 representatives 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.

19/ Financial highlights, Investments contracted in 2011, Developmental highlights and CSR classification

Financial highlights (table) - see page 5
Investments contracted in 2011 (table) - see page 9
Developmental highlights (table) - see page 10
CSR classification (table) - see page 29

IFU recorded net income

of DKK 122m in 2011

MANAGEMENT

SUPERVISORY BOARD

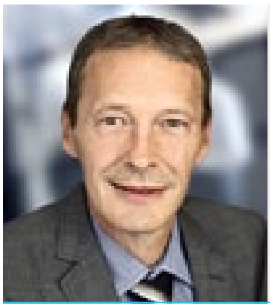
The Danish Minister for Development Cooperation appoints the chairman, the deputy chairman and the other members of the supervisory board for three-year terms. Each appointment is personal. If a member is appointed during the three-year term, the appointment will apply until the end of that term. The current three-year term ends 31 July 2012.

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). In 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.

Michael Rasmussen, Chairman, board member since 2000.
MSc (Economics). Member of the Group Executive Management, Nordea AB.
Other board memberships: IØ**, Finansrådet**, Multidata A/S,
Danmarks Skibskredit A/S.



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

>

Beate Bentzen, board member since 2009.
Business economics graduate.
Previously Group Chief Operating Officer.
Other board memberships: IØ, North East Holding Ltd, Hong Kong.

Anette Eberhard, board member since 2012.
MSc (Economics). CEO, EKF.
Other board memberships: IØ, Finansiel Stabilitet

Jens Jørgen Kollerup, board member since 2009.
MSc (Dairy Science). Managing Director, Fan Milk International A/S & Emidan A/S.
Other board memberships: IØ, Fan Milk Côte d'Ivoire S.A., Fan Milk Limited, Ghana, Fan Milk PLC, Nigeria, Fan Milk Togo S.A., Fan Milk Liberia Ltd.

Christina Rasmussen, board member since 2008.
MSc (Business Economics and Auditing). State-authorised public accountant.
CFO, Carlsberg Denmark A/S.
Other board memberships: IØ, K/S Mirfield.

Bjarne H. Sørensen, board member since 2012.
MSc (Civil Engineering). Ambassador (retired).
Other board memberships: IØ

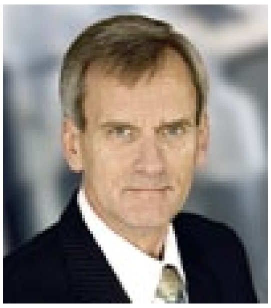
Susan Ulbæk, board member since 2009.
MSc (Economics). Ambassador, Under-Secretary for Africa, Asia, Americas and the Middle East, Ministry of Foreign Affairs.
Other board memberships: IØ, Copenhagen Business School Asia Research Centre.

Dorrit Vanglo, board member since 2012.
MSc (Economics). CEO, Lønmodtagernes Dyrtidsfond.
Other board memberships: IØ, Lån & Spar, Refshaleøen Holding, Den Professionelle Forening LD**.

** 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.

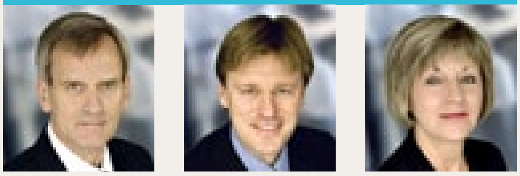


Finn Jønck,
Managing Director since 2006.
MSc (Economics).

Torben Huss,
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

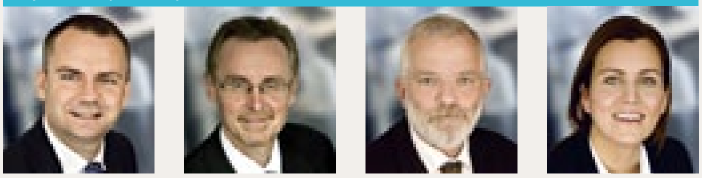
HR

Susanne M. Nielsen
HR Manager

Legal Unit

Nicolai Boserup
General Counsel

Project Development Department (PDD)

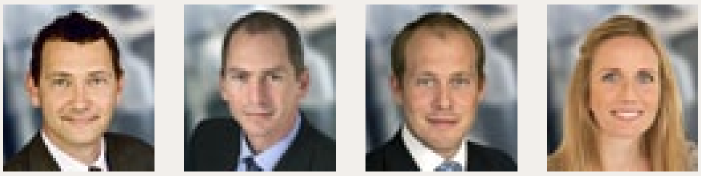


Peter Schwalbe
Department Director

Ib Albertsen
Senior Investment Manager

Jens Bayer
Senior Investment Manager

Catherine I. Cax
Senior Investment Manager

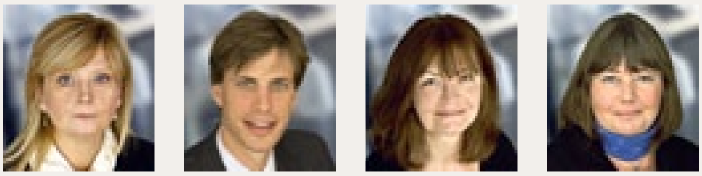


Jacob Klingemann
Senior Investment Manager

Dan Larsen
Senior Investment Manager

Knud Lundgaard-Karlshøj
Investment Manager

Kathrine Cecilie Schleisner
Investment Manager



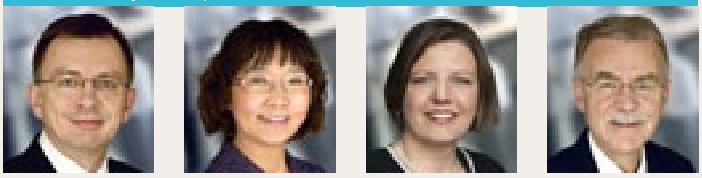
Natalia Svejgaard
Senior Investment Manager

Alex Unsgaard
Investment Manager

Lone Jespersen
Project Secretary

Maria Monti
Project Secretary

Investment Management Department (IMD)

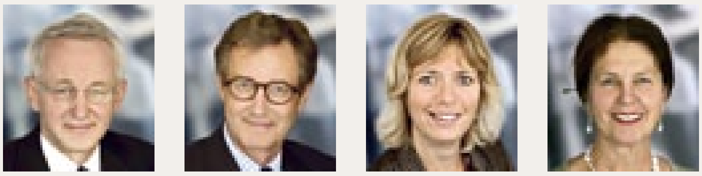


Morten Christiansen
Department Director

Rena Chen
Senior Investment Manager

Lisbeth Erlands
Senior Investment Manager

Max Kruse
Senior Investment Manager



Peer Munkholt
Senior Investment Manager

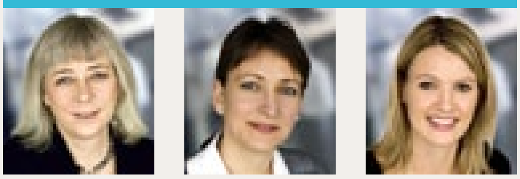
Hans-Jørgen Nyegaard
Senior Investment Manager

Lis Bluhme
Project Secretary

Birthe Bræstrup
Project Secretary

Linda Wamsler
Project Secretary

CSR Unit

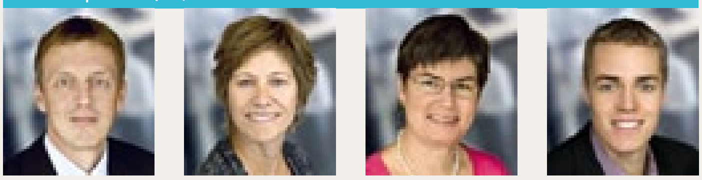


Birgitte Bang Nielsen
Head of CSR

Carole Welton Kaagaard
CSR Adviser

Birgitte Waage [1]
Senior Administrator

Finance Department (FIN)



Niels Gravgaard Laursen
Department Director

Alice Brøndum
Staff Manager

Lone Bjørn Hansen
Financial Accounts Manager

Bjarke Nielsen
Financial Analyst

Alice Born
Accountant

Jette Hetner
Accountant

Christina Nilsson
Accountant

Helle Planeta
Accountant

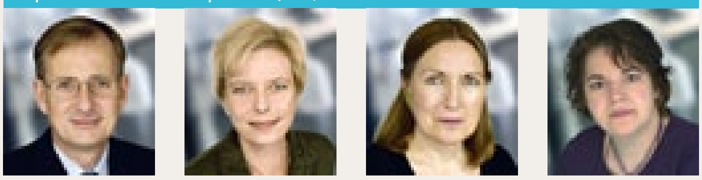
Laila Pors
Accountant

Dorthe Mørkeberg Press
Receptionist

Linda Næsby Andersen
Office Assistant

Rodrigo Labarca
Office Assistant

Corporate Administration Department (CAD)

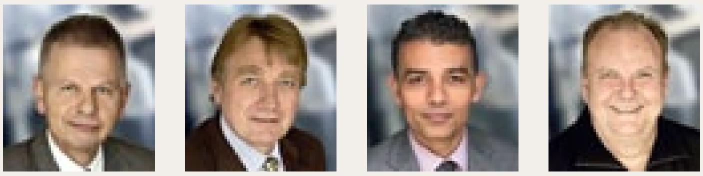


Henrik Jepsen
Department Director

Kirsten Sloth
Department Secretary

Birgitte Christensen
Chief Archivist

Pia Winther
Assistant Archivist



Niels Evendt [2]
Head of Secretariat

Søren Heilmann
Senior System Manager

Aloysius Anker Horn
System Administrator

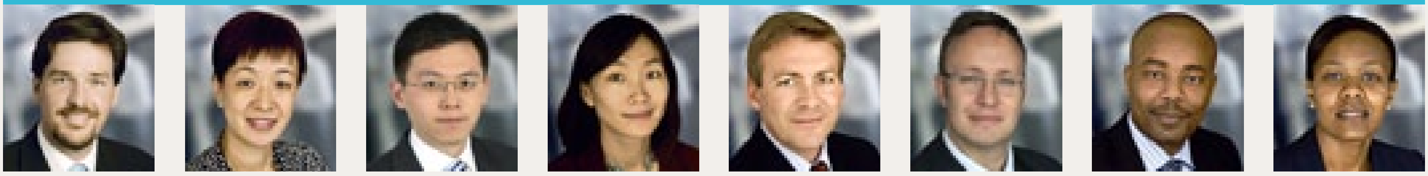
Michael Stig Andersen
IT Supporter

Tania Larsen
Information Assistant

[1] Also works for Communication.

[2] Also works as senior investment manager for PDD and IMD.

IFU offices



ACCRA - GHANA
Brian M. Andersen
Head of Regional Office

BEIJING - CHINA
Hong Jiang
Head of Regional Office

BEIJING - CHINA
Peng Wang
Investment Manager

BEIJING - CHINA
Janet Shi
Secretary

CAIRO - EGYPT
Anders Paludan-Müller
Head of Regional Office

JOHANNESBURG SOUTH AFRICA
Johnny Ohgrøn Hansen
Head of Regional Office

NAIROBI - KENYA
Edward Mungai
Head of Regional Office

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 Husain
Investment Manager

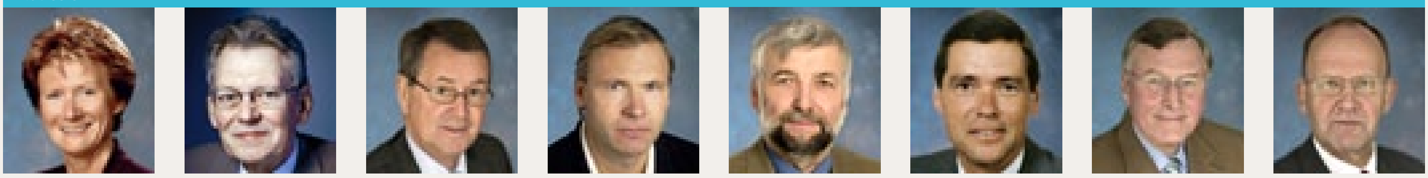
NEW DELHI - INDIA
Sanjay Chatterji
Senior Regional Manager IT

NEW DELHI - INDIA
Vikas Yadav
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
Søren Guldborg
Denmark

GLOBAL
Svend J. Heineke
Denmark

GLOBAL
Jørgen Lindahl
Denmark

GLOBAL
Poul Martin Møller
Denmark

GLOBAL
Mikael Olufsen
Denmark (Facilitator)

GLOBAL
Jens Rixen
Denmark

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
Deepak Malik
Johannesburg,
South Africa

ASIA
Martin Hedes
Shanghai, China

ASIA
Bo Myken Jørgensen
Ningbo, China

ASIA
Patrik Lund
Shanghai, China

ASIA
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ASIA
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ASIA
Pradeep Mallick
Mumbai, India

ASIA
Sridhar Sampath
Chennai , India

ASIA
John Madsen
Kuala Lumpur, Malaysia

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

EUROPE
Natalia Kochergina
Kiev, Ukraine

EUROPE
Lars Vestbjerg
Lviv, Ukraine

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

LATIN AMERICA
Paul Cardwell
San José, Costa Rica

LEGAL MANDATE

IFU was established in 1967 under the Danish Act on International Development Cooperation for the purpose of promoting economic activity in developing countries through private sector investments in collaboration with Danish trade and industry.

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.

EUROPEAN COOPERATION

IFU is a member of the European Development Finance Institutions (EDFI). In addition to the Danish funds, there are 14 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.

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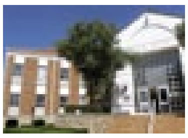

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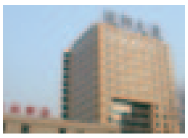

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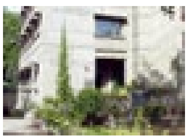

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