ANNUAL REPORT
2012

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 by the Act on International Development Cooperation.

IFU is a legally independent, self-governing entity, limited in its liability to the extent of its net worth only. IFU's board of directors 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

IFU's result for 2012 was satisfactory. Net income amounted to DKK 84m, approximately the same as expected a year ago. IFU contracted investments to the magnitude of DKK 524m, which is in the upper range of our target.

The continued economic crisis has not seriously affected the performance of IFU and our partners. Growth rates are still high in developing countries and emerging markets, where IFU's partners have their activities. Even in Africa, which is often perceived as falling behind, you see many of the highest growth rates in the world. There are good reasons for Danish companies to look at investment opportunities in developing countries, and IFU stands ready to assist.

In 2012, IFU continued to develop its business as fund manager. As a result, IFU is now fund manager for The Arab Investment Fund, IFU Investment Partners and The Danish Climate Investment Fund. IFU also remains fund manager for The Investment Fund for Central and Eastern Europe during its unwinding.

In 1989, the world witnessed the demise of the Eastern Bloc, and there was a clear need for creating growth and employment in Eastern Europe. That led to the establishment of The Investment Fund for Central and Eastern Europe, which turned out to be a big political and economic success.

Today, climate change is undoubtedly one of the biggest global challenges we are facing. A special effort is required to address this challenge, particularly in developing countries. The Danish government has decided to establish The Danish Climate Investment Fund to make climate investments in developing countries and emerging markets.

IFU has been asked to manage the fund. The government has allocated DKK 225m as start-up capital. We are now approaching Danish pension funds with the purpose of raising additional capital in the range of DKK 500m.

There are some positive features worth noting regarding The Danish Climate Investment Fund. Firstly, the climate fund can invest in all developing countries as long as the investment addresses climate issues.

Secondly, the requirement for a financially invested Danish partner has been replaced by a broader requirement for a Danish economic interest, e.g. a service or technology provider.

In recent years, IFU has managed to increase its business. In order to continue the positive development we must meet our partners' expectations. In 2012, we asked a consultancy company to carry out a customer satisfaction survey. The result was very encouraging. IFU was said to have an outstanding image and a high degree of satisfied customers. We aspire to keep up this performance in the coming years.

Finn Jønck
Managing Director

EXECUTIVE SUMMARY 2012

- IFU and IFU managed funds contracted investments totalling DKK 581m
- The funds made 36 new projects with a total of DKK 370m in contracted investments
- The 36 new projects are expected to employ around 8,000 people over the years
- IFU contracted additional financing of DKK 211m in 24 ongoing projects
- The 24 project companies are employing close to 6,700 people
- IFU net income of DKK 84m
- IFU established a promotion office in Jutland
- IFU contracted DKK 163m in 20 investments in Africa
- The Arab Investment Fund made two new investments
- IFU to manage new climate investment fund
- IFU Investment Partners made its first investment
- Independent survey shows that customers are satisfied with IFU
- 83 per cent of projects classified as good or excellent in their CSR compliance
- 82 per cent fulfilment of IFU's success criteria
- IFU FOCUS seminar for West Africa held in Ghana

FINANCIAL HIGHLIGHTS

IFU FINANCIAL HIGHLIGHTS 2008 - 2012

	2012 DKKm	2011 DKKm	2010 DKKm	2009 DKKm	2008 DKKm
INCOME STATEMENT					
Gross contribution from projects[1]	144	189	121	126	115
Operating income[2]	81	117	61	65	62
Net income for the year	84	122	67	90	106
BALANCE SHEET AT 31 DECEMBER					
Share capital investment in projects at cost	1,114	1,160	1,196	1,077	1,018
Project loans at cost	887	868	812	745	736
Total investment in projects at cost	2,001	2,028	2,009	1,822	1,754
Accumulated value adjustments	(133)	(168)	(217)	(296)	(293)
Investments in projects, net[1]	1,868	1,860	1,791	1,526	1,461
Cash and bonds	357	297	484	685	699
Paid-in capital during the year	57	44	0	0	0
Repaid capital during the year	(75)	(75)	0	(75)	(200)
Total equity capital	2,462	2,396	2,304	2,237	2,222
Total balance	2,517	2,444	2,342	2,270	2,253
ADDITIONAL DATA					
New projects contracted (no.)	33	31	32	35	36
Portfolio of projects end of year (no.)	220	221	227	218	206
Investments contracted	524	510	559	642	451
Investments disbursed	521	435	398	272	369
Undisbursed contracted investments incl. guarantees	890	906	900	806	567
Binding commitments not yet contracted	353	372	319	319	216
KEY RATIOS					
Gross contribution from projects/Average investment in projects - value adjusted	7.7%	10.3%	7.3%	8.5%	7.9%
Operating income/Average investment in projects - value adjusted	4.3%	6.4%	3.7%	4.3%	4.3%
Net income for the year/Average total equity capital	3.5%	5.2%	2.9%	4.1%	4.7%
Average number of full-time employees	67	68	71	73	73

[1] Information about composition of the contribution from projects including value adjustments can be found in *Financial review 2012* on page 34.

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

IFU and IFU managed funds invested DKK 581m in 2012

IFU has changed its name

As part of the modernisation of IFU, the fund has changed its name. Since 1 January 2013, our formal Danish name has been "Investeringsfonden for Udviklingslande". The equivalent English name is "The Investment Fund for Developing Countries". The abbreviation IFU will still be used in both English and Danish.

The name change from "The Industrialisation Fund for Developing Countries" to "The Investment Fund for Developing Countries" better reflects the actual business conducted by IFU, which is to invest in a wide range of sectors covering both traditional industrial companies as well as service and high-tech companies.

The change of name is stipulated in the new Act on International Development Cooperation, which is available on www.ifu.dk.

MANAGEMENT'S REVIEW

INVESTMENTS IN 2012

In 2012, the level of investments contracted by IFU reached DKK 524m. The high investment activity shows that there is a substantial need for IFU's financial and advisory services when Danish companies want to set up business in developing countries.

IFU contracted investments of DKK 313m in 33 new projects. The expected direct employment effect of the new projects is around 8,000 people.

The projects are located in Africa, Asia, Europe and Latin America and are distributed on 16 different countries.

IFU contracted additional financing of DKK 211m to 24 ongoing projects employing around 6,700 people. The level of additional financing is up by 22 per cent compared to 2011.

In total, IFU invested in 57 project companies in 2012. Twenty of the project companies were located in Africa. IFU made 26 investments in Asia, six in Europe and four in Latin America. One project covers all DAC countries.

The average amount invested in the 33 new projects was DKK 9.5m. 73 per cent of the amount invested was in the form of share capital, and 27 per cent was loan financing.

Highlights 2011- 2012

	2012		2011	
	DKK	EUR*	DKK	EUR*
IFU's contracted investments in new projects	313	42	337	45
IFU's contracted investments for additional financing	211	28	173	23
IFU's total contracted investments	524	70	510	68
Expected total investment in new projects	2,219	297	3,124	416
Net income	84	11	122	16
Equity end of year	2,462	330	2,396	322

*Exchange rate: EUR 100 = DKK 746.04 at 31.12.2012 and DKK 743.42 at 31.12.2011.

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NORSAD receives additional capital

In 2011, the Ministry of Foreign Affairs designated IFU as the Danish shareholder of Norsad Finance Limited, a development finance institution operating in Sub-Saharan Africa. The proceeds from a share issue completed in 2012 will be used to expand and develop Norsad. IFU subscribed new shares of DKK 57m.

The funds were made available by the Ministry of Foreign Affairs and are recognised in IFU's accounts as paid-in capital. The investment is not included in the table below, but is included in the share capital investments in the balance sheet and in IFU's 2012 portfolio list.

IFU's net income

IFU generated net income of DKK 84m in 2012.

In 2012, IFU paid back DKK 75m to the state, thus bringing the accumulated amount repaid to DKK 1,175m.

IFU as a fund manager

In addition to managing its own portfolio, IFU manages four other investment funds; The Danish Climate Investment Fund (KIF), The Arab Investment Fund (AIF), the Investment Fund for Central and Eastern Europe (IØ) and IFU Investment Partners (IIP).

To give a full picture of IFU's activities, information on the investment funds managed by IFU is provided in IFU's annual report.

KIF made its first investment

Although KIF was only established late in the year, the fund still managed to contract one investment in the amount of DKK 10m in 2012. Read more about KIF's activities on page 12.

AIF made two new investments

In 2012, AIF contracted two new investments - one in Egypt and one in Iraq. The total contracted amount was DKK 47m, and the expected direct employment in the projects is 250 people. Read more about AIF's activities on page 14.

IØ continued divestments

Due to the decision to close down IØ, the fund continued its divestments in 2012. During the year, an additional 21 investments were exited, and at year-end, IØ had a remaining active portfolio of 45 investments.

IIP made one investment

IFU Investment Partners made its first investment in 2012. The total contracted amount was DKK 45m. Read more about IIP's activities on page 15.

IFU in total

IFU and IFU managed funds contracted investments of DKK 581m in 60 project companies. At the end of 2012, the total active portfolio covering all funds contained 266 project companies.

INVESTMENTS CONTRACTED IN 2012

	Project name	Country	IFU's contracted investments in DKKm			Expected direct employment (people)
			Shares*	Loans**	Total	
	New projects financed by IFU					
	AFRICA					
1	GSAT Finance	Africa (Regional)		1.2	1.2	15
2	Motorcare Services Holding	Africa (Regional)	27.9		27.9	276
3	Broad Comm. Malawi ****	Malawi				
4	CleanStar Mozambique Lda	Mozambique	5.5	12.1	17.6	1,000
5	Motorcare Mozambique ****	Mozambique				
6	Broad Comm. Namibia ****	Namibia				
7	Nordic Residence (Abuja)	Nigeria		1.0	1.0	20
8	Mammy Yoko Hotel ****	Sierra Leone				
9	Nordic Computers Ltd	Tanzania		0.6	0.6	15
10	Motorcare Uganda ****	Uganda				
11	UGFOR Uganda	Uganda		3.9	3.9	60
12	Broad Comm. Zambia ****	Zambia				
13	Foxdale Court	Zambia		5.9	5.9	110
14	GSAT Finance ****	Zimbabwe				
	Subtotal Africa		**33.4**	**24.7**	**58.0**	**1,496**
	ASIA					
15	Tropical Forest fund	Asia	59.0		59.0	6
16	Chongqing Silkeborg Machinery	China	2.5	2.0	4.5	50
17	Invactor Ningbo	China	7.3	8.7	16.0	75
18	Jema Autolifts	China	2.1		2.1	20
19	Mille Dairy (Shanghai)	China	4.7		4.7	30

20	Nissen ETK China	China	1.0		1.0	27
21	Scandinavian Farms Pig Industry	China	22.1	18.0	40.1	20
22	Farm & Garden Technology	India	2.9		2.9	47
23	Hasle Refractories India	India	0.7		0.7	7
24	Starco Sri Lanka	Sri Lanka	3.5	4.8	8.3	400
25	Consia Vietnam	Vietnam	0.7		0.7	15
	Subtotal Asia		**106.5**	**33.5**	**140.0**	**697**
	EUROPE					
26	CDM Vinnitsa	Ukraine	2.5		2.5	20
27	DanMilk Ukraine	Ukraine		5.0	5.0	30
28	Kuadriga Ukraine	Ukraine		1.0	1.0	80
29	Danosha ˆ	Ukraine	15.0	14.9	29.9	625
30	Perejmy ˆ	Ukraine		5.0	5.0	22
	Subtotal Europe		**17.5**	**25.9**	**43.3**	**777.0**
	GLOBAL					
31	Danish Climate Investment Fund	DAC countries	25.0		25.0	4
	Subtotal Global		**25.0**	**0.0**	**25.0**	**4**
	LATIN AMERICA					
32	Xoco Finance Guatemala ****	Guatemala				
33	Danper Olmos	Peru	46.7		46.7	5,000
	Subtotal Latin America		**46.7**	**0.0**	**46.7**	**5,000**
	Total new projects ***		**229.0**	**84.0**	**313.1**	**7,974**

	Additional financing of ongoing projects					Actual direct employment (people)
	AFRICA					
34	Arab Investment Fund	Africa (Regional)	25.0		25.0	4
35	Coman	Benin		56.7	56.7	1,059
36	DanMoz Lda	Mozambique		5.1	5.1	229
37	Bukkehave Nigeria	Nigeria		3.2	3.2	25
38	Fan Milk	Nigeria	6.6		6.6	3,319
39	Fibertex South Africa	South Africa	8.4		8.4	90
	Subtotal Africa		**40.0**	**65.0**	**105.0**	**4,726**
	ASIA					
40	AVK Foundry Anhui Co Ltd	China		21.8	21.8	90
41	Dan Yu Pig Breeding China	China	1.2		1.2	17
42	Nordic Amber (Beijing)	China		3.0	3.0	120
43	Logitrans China	China		2.0	2.0	30
44	Niebuhr China	China		8.9	8.9	100
45	Nissens Cooling Systems	China		5.6	5.6	100
46	RMG Steel Ningbo	China	1.5		1.5	105
47	Rool China	China	2.0	3.9	5.9	85
48	Compact India	India		0.6	0.6	32
49	Indan Energy	India		6.3	6.3	15
50	LM Wind Power Blades India	India		32.3	32.3	538
51	Dan Thai Machinery	Thailand	0.0	1.0	1.0	24
52	Styromatic Thailand	Thailand		6.0	6.0	120
53	Incado Vietnam	Vietnam		1.7	1.7	40
54	Sandlau Spinning Vietnam	Vietnam		3.5	3.5	264
	Subtotal Asia		**4.7**	**96.6**	**101.3**	**1,680**
	EUROPE					
55	Newtelco Georgia	Georgia		0.9	0.9	18
	Subtotal Europe		**0.0**	**0.9**	**0.9**	**18**
	LATIN AMERICA					
56	Ingemann Food Nicaragua	Nicaragua		2.5	2.5	150
57	Protena	Nicaragua		1.5	1.5	100
	Subtotal Latin America		**0.0**	**4.0**	**4.0**	**250**
	Total additional financing ***		**44.7**	**166.4**	**211.1**	**6,674**
	GRAND TOTAL ***		**273.7**	**250.5**	**524.2**	**14,648**

AIF investments contracted in 2012

	Project name	Country	AIF's contracted investments in DKKm			Expected direct employment (people)
			Shares*	Loans**	Total	
1	Helnan Taba Bay Resort	Egypt		4.8	4.8	103
2	Phoenix Iraq	Iraq	42.3		42.3	150
	Total new projects ***		**42.3**	**4.8**	**47.1**	**253**

KIF investments contracted in 2012

	Project name	Country	AIF's contracted investments in DKKm			Expected direct employment (people)
			Shares*	Loans**	Total	
1	Nordic Power Partners	DAC countries	10.0		10.0	3
	Total new projects ***		**10.0**	**0.0**	**10.0**	**3**

Total IFU + AIF + KIF investments contracted in 2012

			Shares*	Loans**	Total	
36	**Total new projects**		**281.3**	**88.8**	**370.2**	**8,230**
24	**Total additional financing**		**44.7**	**166.4**	**211.1**	**6,674**
60	**GRAND TOTAL *****		**326.0**	**255.3**	**581.3**	**14,904**

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

DEVELOPMENT IMPACT

The purpose of IFU is to promote economic activity in developing countries through private sector investments. Accordingly, IFU offers advice and makes risk capital available to Danish companies investing in low-income countries in Africa, Asia, Latin America and Europe.

In order to meet IFU's purpose, project companies need to be financially viable and have positive development effects such as for example creating jobs, transferring technology or providing employee training. All of these issues are considered in the appraisal phase of each project.

Allure Flowers in Tanzania.

Employment is key

Employment is essential, because it provides an opportunity for people to escape from poverty and improve their standard of living. Creating jobs is therefore an important part of the development effects created by project companies.

In each project IFU estimates the expected direct employment effect. During operation IFU measures the actual number of employees in the project companies annually.

The new projects contracted in 2012 are estimated to generate approximately 8,000 jobs.

IFU has a portfolio of 220 active projects employing more than 38,000 people.

Approximately 27,000 are employed in projects in Asia and nearly 9,000 are employed in projects in Africa. The remaining jobs are distributed on Latin America, Europe and Global.

Direct employment is only part of the development effect. According to UN research, every direct job created also produces one to two additional jobs in for example local supply chains or service companies. In that context, IFU's investments have over the years contributed to creating more than 350,000 jobs in developing countries.

Greenfield projects have a greater impact

Normally, greenfield projects are seen as having the highest development impact, because they introduce a new activity to the host country. Risk sharing and co-investing in such projects is often crucial for them to be established.

Almost three quarters of the new projects contracted by IFU in 2012 were greenfield projects.

New technology implemented

Transfer of technology plays an important role in development. Implementing modern technology helps enable developing countries to create more advanced products and services, and it makes them more competitive and cost efficient.

More than 90 per cent of the new projects contracted in 2012 were expected to implement modern technology.

Training enhances skills

In countries where formal vocational education is sparse,

90 per cent of new projects **expect** to implement **modern technology**

training by companies is essential. This will contribute to a general boost in the level of education and enhance the skills of people in poor countries, hence making them better qualified and more employable in the labour market.

More than 90 per cent of the new projects contracted in 2012 have plans to run training programmes for employees.

IFU's success criteria revised

IFU has now for more than ten years evaluated all investments based on a success criteria model measuring the impact of the projects in relation to four main categories and an extensive list of indicators.

IFU reviewed the model in 2012, revising a number of the indicators. The review was based on the experience from similar models used by other European development finance institutions. One of the new indicators introduced is tax payments to the host country.

The updated model puts greater emphasis on good project management, corporate governance, community impact, environmental and climate technology and on CSR management.

IFU applies its success criteria model in the appraisal of all investments and in connection with exiting individual projects. Applying the model twice facilitates a comparison of expected and actual success criteria.

The revised success criteria model took effect from 1 January 2013.

The success criteria model

The success criteria estimate the effects that an investment will have on a host country by way of creating employment, transferring 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 a project's total score. 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, 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 into four main categories, which are shown in the table below. 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.

The full list of success criteria can be found on www.ifu.dk.

Developmental highlights

	weighted by invested amounts, new projects				
	2012	2011	2010	2009	2008
Total fulfilment of IFU's success criteria (Range: 25 - 100%)*	82%	81%	82%	83%	80%
Development impact	81%	81%	82%	84%	78%
Partner mobilisation	80%	73%	78%	74%	73%
Sustainability and profitability of projects	91%	92%	89%	92%	90%
Efficiency and effectiveness of Fund operation	76%	79%	82%	78%	81%

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

IFU TO MANAGE NEW CLIMATE INVESTMENT FUND

The Danish government has established The Danish Climate Investment Fund (KIF). The purpose is to promote climate investments in developing countries and emerging markets to help reduce global warming and promote transfer of Danish climate technology.

The Danish Climate Investment Fund can invest in **all developing** countries

Part of COP 15

The new climate fund is part of the commitment made by developed countries at COP 15 in 2009 to mobilise USD 100bn in private and public funds to finance climate investments in developing countries.

The Danish government allocated DKK 100m in 2012 and plans to contribute an additional DKK 125m to The Danish Climate Investment Fund in 2013. IFU contributed DKK 25m to the fund in 2012 and will add a further DKK 25m in 2013. The aim is to reach a total capital base of DKK 500 – 700m. The remaining funds are expected to be provided by institutional investors.

Experienced investment team appointed

The Danish Climate Investment Fund can invest in a broad range of climate projects, for example wind and solar parks, biogas plants, energy efficiency projects, renovation and upgrading of power and industrial plants. Irrigation systems and climate-friendly agricultural crops are also within the investment scope.

Asia Power in Sri Lanka.

The Danish Climate Investment Fund is managed by IFU, which has set up an experienced investment team to identify investment opportunities and link up with Danish companies supplying relevant technologies.

A broader investment mandate

In recent years, IFU has stepped up investments in climate-related projects with Vestas, LM Wind Power and Rockwool, among others. The Danish Climate Investment Fund will enable IFU to engage further in these kinds of projects and at the same time open up for new opportunities, because the new fund has a broader investment mandate than IFU does.

Firstly, The Danish Climate Investment Fund can invest in all developing countries on the so-called DAC list, including countries such as Brazil, Malaysia, Chile, Turkey and Argentina, which ceased to be IFU eligible countries only some years ago. A part of the funds is reserved for IFU eligible countries.

Secondly, unlike IFU, The Danish Climate Investment Fund can invest in projects without having a financially invested Danish partner on board. This means Danish companies can be involved in projects as technology suppliers or service providers.

First strategic alliance in place

As one of its first initiatives, The Danish Climate Investment Fund has invested in Nordic Power Partners (NPP), a company which will develop wind and solar parks in developing countries.

Reducing global warming

Around 25 – 30 per cent of the population in developing countries and emerging markets does not have access to electricity, which means that demand for energy is quite substantial. Many of the countries looking to close the energy gap want do so by applying renewable technologies.

This creates a solid business potential for wind and solar projects, which a new company, Nordic Power Partners, hopes to profit from in addition to contributing to reducing global warming and enhancing Danish companies' sales in the green global market.

Nordic Power Partners projects include solar farms.

The first investment

Nordic Power Partners was established in cooperation with the Danish company European Energy and is the first investment made by The Danish Climate Investment Fund.

The new company is to locate and develop wind and solar projects in developing countries and emerging markets. This includes identifying potential projects, designing the technical layouts, negotiating with local authorities, securing access to existing transmission networks and making power purchase agreements.

When the development of a project is completed, subsequent financing is either provided by the partners or it is sold to external investors.

Creating synergy

European Energy has developed competences within all levels of the renewable energy value chain from greenfield development to operations of wind and solar farms. The company has developed 43 onshore wind farms and 15 solar farms in Europe. IFU has invested in close to 800 companies in 85 developing countries and has extensive experience in establishing and operating companies in countries where Nordic Power Partners plans to invest.

"The cooperation between The Danish Climate Investment Fund and European Energy is a perfect match, thanks to the good synergies we can create from our complementary fields of expertise," said Knud Erik Andersen, CEO of European Energy.

Danish technology involved

The development of solar and wind farms opens up new markets for Danish trade and industry. Danish companies with the right and relevant technologies will have better and easier access to developing countries and emerging markets, when projects are developed by Nordic Power Partners.

"Obviously, Nordic Power Partners will engage with Danish suppliers and offer them an opportunity to enter new markets with a large potential. And if the Danish companies are competitive they stand a fair chance," said Torben Huss, Deputy Managing Director of IFU.

FACTS ABOUT THE INVESTMENT

Project name: Nordic Power Partners

Danish partner: European Energy

Start: 2012

Country: Global

Status: In operation

IFU's shareholding: DKK 10.0m

Expected total investment: DKK 19.0m

Expected employment: 3

Helnan Marina Sharm, hotel in Egypt.

AIF MOVES AHEAD

The Arab Investment Fund (AIF) was established in 2011.

The purpose of AIF is to contribute to the economic development of countries in North Africa and the Middle East by attracting foreign direct investment that can generate employment, education and income to people in the region. This is strongly needed as unemployment is high, especially among young people.

So far, DKK 150m has been committed to AIF by Danida (DKK 100m) and IFU (DKK 50m). AIF is inviting institutional investors to contribute additional capital to the fund, and the goal is to reach a total capital base of DKK 300-500m. The following seven countries are presently eligible for financing under AIF: Morocco, Algeria, Tunisia, Libya, Jordan, Egypt and Iraq.

Managed by IFU

AIF is managed by IFU, and as it applies for IFU, all investments made by AIF are on commercial terms. The partners will be Danish companies wishing to set up a business in one of the eligible countries.

In order to monitor business developments and identify possible new investment opportunities for AIF and Danish companies, IFU opened an office in Cairo in 2012. This also offers the possibility of being in close contact with the responsible agencies and authorities in the region.

Two new investments in 2012

AIF's investment activity in 2012 was strongly influenced by the recent political instability and unpredictability in many of the countries in the region. Nevertheless, two investment agreements were signed in 2012, one for a hotel project in Egypt and one for a pipe coating factory in Iraq.

Several Danish companies have shown an interest in investing in the region, especially in Libya and Egypt. However, the current political unrest in some of the countries in the region makes them tend to hold back on their investment plans.

Fine business potential

During the year, IFU visited the countries of the region to get a first-hand impression of the developments and to establish contacts with relevant people in the business community and the public sector.

The conclusion from these visits is that the region holds fine and promising investment opportunities. Sectors such as tourism, infrastructure, oil and gas, agriculture, food and energy would be especially relevant to Danish companies. The general assessment is that the potential and investment opportunities outweigh the potential risks.

IFU INVESTMENT PARTNERS ON TRACK

In 2012, the two Danish pension funds PKA and PBU committed DKK 500m to the new fund IFU Investment Partners (IIP), managed by IFU.

IFU Investment Partners mainly provides equity investment for large projects established in cooperation between Danish companies and IFU. This allows Danish companies to gain access to additional equity funding in a one-step process, and thus ease the financial risk and increase the potential for profitable projects to be realised.

DanPer nursery in Peru.

IFU Investment Partners made its first investment in 2012 engaging in DanPer Agricola Olmos in Peru. The company is a subsidiary to DanPer, which since the early 1990s has produced agricultural products such as asparagus, peppers and artichokes. Today, DanPer is among the three largest agricultural exporters in Peru.

First investment made

IFU participated financially in the establishment of DanPer and has over the years co-financed the expansion of the company. In cooperation with IFU Investment Partners, IFU has now agreed to contribute risk capital for expanding production at the subsidiary DanPer Agricola Olmos, which is to produce grapes and avocados on 1,000 hectares of land in northern Peru.

Contributing with equity

IFU and IFU Investment Partners have contributed equity of close to DKK 50m each, thus strengthening the capital base in the project and enabling the company to obtain loan financing on more favourable terms.

PROMOTION OFFICE IN JUTLAND

In 2012, IFU signed a cooperation agreement with Central Denmark Region and Vaeksthus Central Denmark. The purpose is to give companies in Jutland, which up to date have been partners in approximately 20 per cent of the investments contracted by IFU, a better chance to take advantage of the growing business potential in developing countries.

As part of the cooperation, IFU has for the first time ever stationed a representative in Jutland, who is placed at the Vaeksthus Central Denmark office in Aarhus. The job of the representative is to make companies in Jutland more aware of IFU's services and assist them in their initial strategic preparations on how to handle operations in a developing country.

New investment manager in Aarhus, Denmark

Frank Zimmermann

IFU has recruited investment manager Frank Zimmermann as IFU's representative in Jutland. Before joining IFU, Frank Zimmermann worked as a branch manager with Nordea Thisted, as an adviser with the Confederation of Danish Industry and as head of the Trade Commission at the Danish Embassy in Tel Aviv. Frank Zimmermann has also worked as head of sales with ABENA.

HIGH GROWTH IN AFRICA

Since the turn of the millennium, solid economic development has been the new norm in Africa, and during the ten-year period from 2001-2011 six out of the ten fastest growing economies in the world were located on the continent. The positive development continued in 2012, and according to the latest outlook from IMF, this is set to continue in the years to come.

After expanding its presence in Africa over the years, IFU now has four regional offices on the continent: in South Africa, Kenya, Ghana and Egypt, the latter also serving The Arab Investment Fund.

250 investments in Africa

37 per cent of IFU's active portfolio is located in Africa, and the total number of investments made in Africa is close to 250.

Before 2000, IFU and its partners struggled to make a profit in Africa. Now most of the invested companies are profitable and IFU's returns from these investments have improved substantially.

Despite the positive developments in numbers and earnings, Danish companies are still reluctant to invest in Africa. The reasons are numerous, dominated by a sense of distrust in Africa as an attractive investment destination, and the assumption that the risk is high and the challenges are many.

Business environment improving

IFU has invested in a wide range of sectors in Africa and has experienced most of the obstacles and problems when dealing with African businesses. The conclusion is that it can be challenging to do business in Africa, but lessons

Staff members of the Kukula Fund, an SME investment fund in Zambia.

New head of regional office in Nairobi, Kenya

Knud Lundgaard-Karlshøj
IFU has appointed Knud Lundgaard-Karlshøj as head of IFU's regional office in Nairobi, Kenya. From 2010-2012 he was an investment manager and prior to that a finance officer with IFU. He has also worked in the department of Transaction Advisory Services at Ernst & Young and with TEEKAY Shipping in Canada. He holds a master's degree (Finance and Strategic Management) from Copenhagen Business School (CBS).

New investment manager in Accra, Ghana

Nana Yaw Kwakye
In September 2012, Nana Yaw Kwakye was employed as investment manager at IFU's regional office in Accra, Ghana. He has previously worked in the assurance industry, with the investment bank Black Star Advisors and with two IT organisations in a managerial role to secure private equity investment. He holds a BSc (Accounting) from Oxford Brookes University in the UK, and is currently pursuing a long distance MBA in Strategic Management with Edinburgh Business School.

learned are that the business environment and prospects for success are improving. Especially sectors such as infrastructure, energy, agriculture, food and service have shown promise in recent years.

These sectors are expected to continue to hold good business potential and will likely be extended with climate and tourism; all strongpoints for Danish trade and industry and thus a good indication of possible success for Danish companies if they invest in Africa.

14 new investments in 2012
In 2012, IFU contracted 14 new investments and six additional investments in 11 different African countries. The total contracted amount was DKK 163m, and close to 1,500 new jobs are expected to be created in addition to the 4,700 actual jobs the companies receiving additional financing already have.

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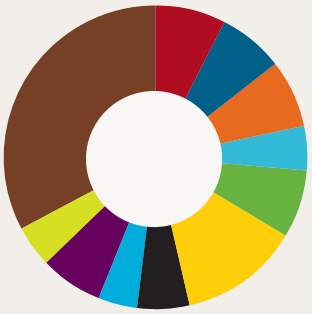
Six out of the ten **fastest** growing **economies** are **located in Africa**

Projects in Africa: 249



Africa Regional	19
Egypt	17
Ghana	18
Kenya	12
Nigeria	18
South Africa	32
Tanzania	14
Togo	10
Uganda	17
Zimbabwe	11
Others	81

Fuelling sustainable development

In Africa, the use of charcoal for cooking is widespread and because the smoke is extremely harmful it causes around two million deaths a year, according to the World Health Organisation (WHO). The cutting of wood for charcoal also has a negative effect on the rainforest, which is already diminishing rapidly due to forestry.

Replacing charcoal

A new project in Mozambique is creating a healthier cooking environment by replacing charcoal with bioethanol produced on locally grown cassava roots. In a value chain strategy, the project includes the building of a bioethanol factory, production and sale of a specially designed stove for bioethanol and a programme to help local cassava farmers become more efficient.

The enzymes used in the process of converting cassava roots to bioethanol are supplied by Novozymes, and the project company CleanStar Mozambique is in charge of operating the factory, selling stoves and bioethanol.

Sustainable farming

CleanStar Mozambique also runs the programme that is contributing to the development of sustainable farms producing soya beans, peas and cassava roots.

As part of the cooperation with local farmers, CleanStar Mozambique will encourage them to grow cassava roots on marginal and non-cultivated land. The farmers decide whether to sell the cassava roots at the local market or to CleanStar. But as cassava roots have to be used within 24 hours to preserve their nutritional value, the company expects to be able to buy a large part of the crops.

"We believe this is a good example showing that it is possible to grow, process and consume in a sustainable manner," said Steen Riisgaard, CEO of Novozymes.

20 million litres of bioethanol annually

The project is financed by Novozymes, Soros Economic Development Fund, CleanStar Ventures Ltd and IFU. The Bank of America Merrill Lynch has an option to buy the carbon credits the project is expected to generate.

Within the next couple of years the project aims to sell a total of 120,000 stoves to families in Maputo, engage 2000 small farmers and produce around 20 million litres of bioethanol annually.

FACTS ABOUT THE INVESTMENT

Project name: CleanStar Mozambique

Danish partner: Novozymes

Start: 2012

Country: Mozambique

Status: In operation

IFU's shareholding: DKK 5.5m

IFU's loan: DKK 12.1m

Expected total investment: DKK 78.6m

Actual direct employment: 1,000

Explaining bioethanol stove to IFU's head of CSR, Birgitte Bang Nielsen, in Mozambique.

Construction site of new factory for Nilpeter, India.

ASIA AN ATTRACTIVE INVESTMENT DESTINATION

The global economic crisis has also affected Asia. Decreasing growth rates and a lower inflow of foreign direct investment has led to a slowdown in many Asian countries. However, the majority of the Asian economies are still better off than Europe and the USA. Therefore, Asia continues to be an attractive investment destination for Danish companies.

Rising income for the poor

For the last couple of decades, poor people in Asia have experienced rising income levels. Millions have come out of poverty and are now part of the fast-growing middle class. Foreign direct investment has played a significant role in this dramatic development.

IFU's investments in approximately 380 project companies in Asia with total expected investment of more than DKK 40bn and a direct job effect of close to 80,000 people have also contributed to the reduction in poverty.

From offshoring to market opportunities

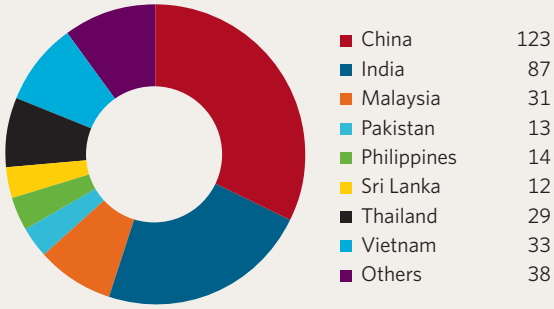
For years, China and India have been the main investment destinations in Asia for Danish companies. From early on, offshoring was the primary motive for Danish companies to establish a business in either of the two countries.

In recent years, production costs have been increasing, and many foreign-invested companies are therefore rethinking their business model in relation to China and India, and now focus more on their sales strategies in the local market.

This is also the case for IFU's portfolio, as more and more companies have established a business in either the business to business or business to consumer market.

In other Asian countries, such as Vietnam, Thailand and Indonesia, sales to the local market and the growing middle class are also opening up new business potential for Danish companies.

Projects in Asia: 380



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SMEs can benefit

The majority of Danish companies using IFU's services are small and medium-sized companies (SME). This is also the case in Asia, where SMEs make up 62 per cent of the companies in IFU's active portfolio.

The SMEs invest in a variety of sectors, and many of them have managed to set up successful businesses, showing that the market opportunities for SMEs are there, and that such companies can also benefit from a global strategy.

Good potential in climate

The rapid development in Asia has led to growing demand for energy in several countries, and in some areas massive pollution is now a serious challenge. Many governments therefore plan to close the energy gap with climate-friendly technologies such as wind, solar, biogas and energy efficiency.

For several years, IFU has assisted a growing number of Danish companies wanting to take advantage of the business potential in these sectors. The new Danish Climate Investment Fund is to reduce the barriers and increase support for the use of Danish climate technology in the Asian market.

New investment manager in Beijing, China

Peng Wang

In February 2012, Peng Wang joined IFU's Beijing office as an investment manager. Previously, he worked for the World Bank in Washington D.C., covering infrastructure sector project financing and advisory activities in East Asia and Pacific countries. He also served as a China Climate and Energy Policy Consultant for a New York-headquartered think tank. He holds two master's degrees from University of Illinois (Engineering) and Dartmouth College (Management), respectively.

26 investments in 2012

In 2012, IFU made 26 new and additional investments in Asia: 14 in China, five in India, three in Vietnam, two in Thailand, one in Sri Lanka and one covering all of Asia.

MYANMAR OPEN FOR INVESTMENT

Myanmar is eligible for IFU investments, and shortly after the European Union suspended its sanctions in 2012, IFU visited the country to evaluate business opportunities and get an impression of the prospects for investing.

Foreign investment law in place

Myanmar holds an interesting business potential, but many challenges still lie ahead. Is the fragile political stability durable? Will sanctions be lifted permanently? Will the necessary reforms be implemented? How will foreign investors be treated? These are some of the key questions.

In late 2012, the parliament of Myanmar passed a law on foreign investment. It opens up for foreign investors in almost all sectors, eliminates minimum capital requirements and introduces tax and custom duty incentives. This is a positive step towards increased foreign investment, but what the regulations will entail still remains to be seen.

It is also evident that Myanmar's financial sector has little experience in handling foreign investment, and that investors will face challenges in getting access to power, transportation, communication, qualified employees, etc.

Demand for Danish skills and technology

In its latest forecast, the IMF estimates that the Myanmar economy will grow by more than six per cent in 2013. Especially sectors such as oil and gas, power, mining and infrastructure are expected to expand.

IFU's fact finding missions to Myanmar disclosed that there is a potential for Danish companies within some of these sectors as well as in sectors such as tourism, food and beverage, fisheries, cement, and, in the long-term, renewables.

Ready to invest in Myanmar

Despite the uncertainty and high risk, IFU stands ready to invest in Myanmar and has started to build a network of local advisers, businessmen and authorities, who will be able to assist Danish companies and IFU in creating sustainable businesses in a country with a potentially prosperous future.

Vineyard at DanPer Agricola La Venturosa in northern Peru.

LATIN AMERICA ON THE RISE

The global crisis has also affected the economic situation in Latin America, but despite a drop in growth rates in recent years, the continent still performs better than Europe and North America. Growth is forecast to rebound in the coming years at an average of around four per cent.

Good business potential

In 2011, IFU's country income limit was raised, and as a result the number of eligible countries in Latin America and the Caribbean grew from six to 20. Peru was one of the countries that regained eligibility, and in 2012, IFU's largest investment in the region was made in Peru.

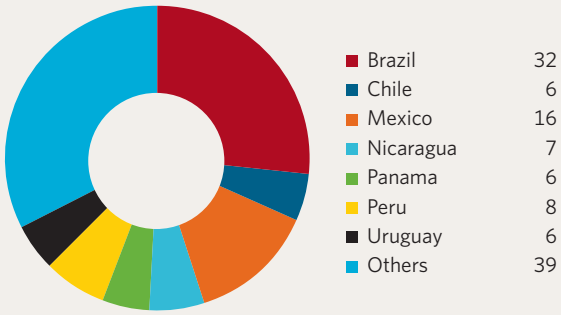
Latin America normally does not play a central role in global strategies for Danish companies, and there is only a limited number of Danish investments in the region. Nevertheless, business opportunities exist, and in several countries there is a demand for technologies, products and services that Danish companies can provide.

Four investments contracted

The new Danish Climate Investment Fund opens up for business opportunities in countries such as Argentina, Brazil and Chile, which today are not eligible for IFU investments. That means new opportunities are available in Latin America for Danish companies with relevant climate technologies.

In 2012, a total of four investment contracts were entered into; two new projects and two additional financing.

Projects in Latin America: 120



IFU – A PARTNER FOR BUSINESS GROWTH

In 2012, IFU contracted additional financing of DKK 211m in 24 project companies.

IFU maintains close ties with its investment partners and the 220 project companies in the current portfolio. In that context IFU is often asked to provide additional financing, and as a general rule, we are quite prepared to support the further development of good projects together with our partners.

More capital for growing markets

The need for additional funding can be due to the result of positive developments in a project company, which have led to a desire to expand further and make an investment even more successful. Another reason may be if a project is not developing as quickly as originally projected, and more funding is required to bring it on stream.

In most cases, a request for additional financing is made because the project company has developed successfully and wants to take advantage of a growing market, which is the predominant situation in most developing countries. This is also the primary reason for the high level of additional financing in 2012.

Additional funding in all continents

Among the companies contracting additional financing from IFU in 2012, eight were in China, six in various African countries, three in India, while the rest were in Thailand, Vietnam, Georgia and Nicaragua.

In one of the larger expansion projects, IFU provided an additional loan of DKK 57m to Coman in Benin for a port expansion project playing a key role in developing transport infrastructure. LM Wind Power Blades India, a world leading manufacturer of blades for wind turbines, was given an additional loan of DKK 32m to establish a new production line to cater to the growing Indian market.

SMEs are expanding their businesses

A number of SMEs are consolidating and expanding their businesses in new markets. Ingemann Foods, a producer of organic honey in Nicaragua, obtained an additional loan of DKK 2.5m to invest in more beehives. Several sub-suppliers to the wind industry in China contracted new equity and loan finance in the range of DKK 1.5m to DKK 6m.

Niebuhr China received additional financing in 2012.

Tail wind in India

Wind blade transport, LM Wind Power Blades, India.

LM Wind Power is the world's leading developer and manufacturer of wind turbine blades with a global market share of around 25 per cent. The company operates factories in Canada, USA, Poland, Spain, Denmark, India and China.

First mover in India

In India, LM Wind Power established its first factory in the mid-1990s with support from IFU. The strategy was based on the potential of the Indian market and on the fact that at the time there were no other independent manufacturers of wind turbine blades in the country. That gave LM Wind Power a first mover advantage and the opportunity to build a fair-sized market share with a head start on the competition.

"Our investment in India has been a success, and today we have a leading position in India as well as on the world market," said Søren Høffer, VP Corporate Staff at LM Wind Power.

More than a thousand sets of blades annually

LM Wind Power's factory in India produces around eight blades a day, or more than a thousand sets of blades a year. The facility has been expanded and upgraded several times, and today it produces a variety of blades in LM Wind Power's broad product range.

It takes a well-developed technology to produce several different types of blades. New moulds and technical equipment exported from Denmark have been installed gradually to meet new demands from customers. In addition to increasing LM Wind Power's global market share, these investments also had a positive effect on Danish exports.

FACTS ABOUT THE INVESTMENT
Project name: LM Wind Power Blades India
Danish partner: LM Wind Power
Start: 2009
Country: India
Status: In operation
IFU's loan: DKK 53.4m
Expected total investment: DKK 346.0m
Actual direct employment: 863

Advice and risk capital from IFU

IFU provided advice and made risk capital available in the form of equity and a loan when LM Wind Power established its first factory in India. IFU has also participated with additional loan financing in the factory expansion projects, most recently in 2012. IFU's services have primarily been supplied from its regional office in New Delhi.

"We have obtained financing from IFU in several turns, and this combined with their advisory services has been valuable to our company," said Søren Høffer.

Wind farm, LM Wind Power Blades, India.

Panel discussion at IFU Day 2012.

IFU DAY 2012

IFU Day 2012 was held on 15 November. Customers and partners gathered in central Copenhagen to discuss how Danish companies can take advantage of the business potential in developing countries while at the same time contributing to creating prosperity.

The book 'Danske pionerer i Øst' ('Danish Pioneers in the East'), written by journalist Hugo Gården, was presented at IFU Day, and former minister for foreign affairs, Mr Uffe Ellemann-Jensen, one of the founding fathers of IØ, gave his remarks.

The Minister for Development Cooperation, Mr Christian Friis Bach, CEO of Rockwool International, Mr Eelco Van Heel, professor at CBS, Mr Torben Pedersen, journalist, Mr Hugo Gården, and IFU's chairman, Mr Michael Rasmussen, also participated in the discussions.

GOGLOBAL COOPERATION

The collaboration within the GoGlobal initiative continued in 2012. GoGlobal comprises the Export Credit Agency (EKF), the Ministry of Foreign Affairs (Danida), the Ministry of Foreign Affairs (The Trade Council) and IFU.

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.

Two of the new projects co-financed by IFU in 2012 are being established in collaboration with GoGlobal partners; one with the Trade Council and one with involvement from EKF.

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

CUSTOMERS SATISFIED WITH IFU

IFU's aim is to meet our customers' expectations and demands, and we are always looking for ways to improve our business. To test IFU's performance, a customer satisfaction survey was carried out in 2012.

The results were very satisfactory. According to Ennova A/S, the company conducting the survey, IFU has an outstanding image and a high degree of satisfied customers.

A full evaluation

IFU's core service is to provide advice and make risk capital available to Danish companies wanting to set up business in developing countries. The services are rendered in the initial phase of a project and on an ongoing basis, especially when IFU has a seat on the board of the project company. To provide a full evaluation of IFU's services, customers covering the total range of the business/project cycle were invited to participate in the survey. The response rate was close to 60 per cent.

A high satisfaction rate

The survey results showed that IFU has very satisfied and loyal customers. On a satisfaction index with a maximum score of 100 points, IFU scored 77. This is considerably higher than the average of 69 points scored by the Danish banking sector in a survey of business customers, which Ennova A/S used as a benchmark. In the loyalty index, IFU scored 83 points, which was 14 points higher than the corresponding score in the banking sector.

Customers recommend IFU to others

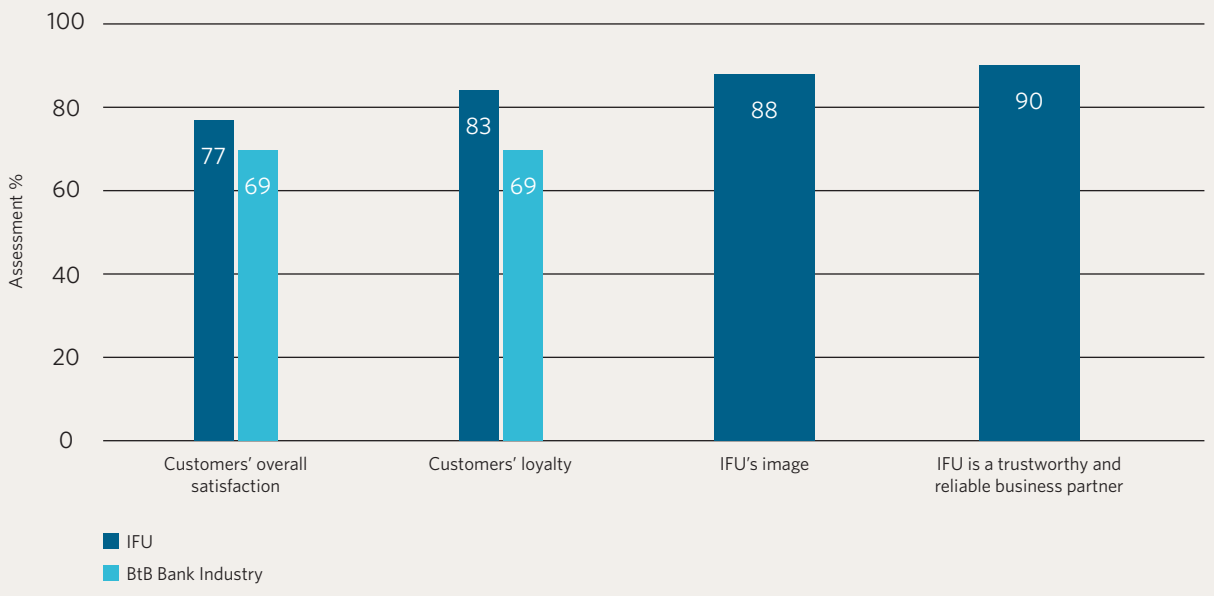
On the image index, IFU scored 88 points out of a maximum of 100. Included in the image score, the customers were asked if they see IFU as a trustworthy and reliable business partner. The index score on this question was 90.

Nine out of ten customers surveyed said that they would recommend IFU to other people in their network, which is highly satisfactory.

Valuable input for the future

The customers did not express dissatisfaction with any of IFU's services. However, the survey has given IFU important input on which services could be improved further. IFU has taken note of these comments and ideas, and the follow-up will hopefully add even more value to customers using IFU's services in the future.

Satisfaction, loyalty and image



DANISH PIONEERS IN THE EAST

For more than 20 years IFU has been a fund manager for the Investment Fund for Central and Eastern Europe (IØ).

Business journalist Hugo Gården wrote a book about IØ in 2012, 'Danske pionerer i Øst' (Danish pioneers in the East). It tells the history of IØ and the Danish companies investing with the fund in Central and Eastern European countries.

IØ has been a success

The purpose of IØ was to support the democratic development in Central and Eastern Europe after the fall of the Berlin Wall by making private investment and creating jobs. At the same time, IØ was to be a means of assisting Danish companies in gaining a foothold in the new markets emerging in the region.

Measured by that yardstick, IØ has been a success.

Hugo Gården has visited a number of Danish-owned companies in which IØ has invested and interviewed some of the Danish pioneers who were involved in setting up business in countries such as Poland, Russia, the Baltic States, etc.

Valuable insight

This has resulted in valuable insight showing the kind of challenges these companies have encountered from corruption, harassment by competitors and authorities, market failure and legal disputes to technical issues, production loss and incompetent local management.

Some of the companies were unable to handle the challenges, but most survived, and many have grown to become successful businesses, including Idavang, Poldanor, Falck, Rockwool, Skamol and East Metal.

IØ has made a net profit of DKK 1.7bn

IØ - a profitable investment fund

The book also contains some key figures and financial facts about IØ up to the end of 2011.

The Danish government initially committed close to DKK 2bn to IØ. The committed funds were invested in 437 Danish-owned companies. Total investment is estimated at close to DKK 37bn, of which IØ's contracted investment amounts to DKK 5.5bn. DKK 4.2bn of the contracted amount has been disbursed.

DKK 2.8 billion repaid

By the end of 2011, IØ had exited 371 investments, and the financial results show that the investments have been profitable. At that time, IØ had repaid DKK 2.8bn to the government, and the market value of the remaining investments was close to DKK 900m, resulting in a net profit to the government of DKK 1.7bn.

IØ has stopped making new investments, and the remaining 45 investments are now gradually being exited.

Lany pig farm owned by Danosha, Ukraine.

KBC safari camp in Kenya.

CORPORATE SOCIAL RESPONSIBILITY REPORTING

The reporting below is a summary of IFU's Communication on Progress (COP) report 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).

CSR plays an increasing role

Corporate social responsibility (CSR) plays an increasing role in business. Company investors, customers, clients and other stakeholders have become less tolerant of irregularities in relation to issues such as the environment, labour rights, health and safety, human rights and corruption.

Companies that are not taking these issues seriously risk getting their reputation tarnished and losing customers, thereby jeopardising their business. The risk is particularly high when investing in developing countries, because foreign companies are expected to implement high standards and are often under more intense public scrutiny.

IFU is well aware of these risks and has for several years been assisting Danish companies in complying with international standards and local regulations. This is done by applying IFU's CSR policy and offering advice to project companies on how to implement it.

Signed the UN Global Compact

IFU is a signatory to the UN Global Compact and our CSR policy is based on its 10 principles covering four areas: human rights, labour rights, environment and anti-corruption plus areas such as animal welfare and community.

IFU's CSR work is in line with the Danish government's rights-based approach to development.

According to the CSR policy, IFU investments must, on an ongoing basis, contribute to creating jobs and income, improving corporate governance, sound environmental and social performance and development in the local communities involved.

Implementing these objectives in a company's business strategy helps reduce the risk to the business, but it can also make a company more profitable and produce business opportunities. A fair salary can minimize costly job turnover, saving energy can reduce expenses and high health and safety standards can limit loss of working days. A good reputation may also create new business.

Compliance and international standards are 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 in company procedures and operations, so that CSR remains a strategic driver after IFU has exited.

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CSR classification	Total score (%)	Environment (%)	OHS (%)	Human rights and labour practices (%)	Anti-corruption
Excellent	28	31	29	31	19
Good	55	55	51	55	61
Fair	16	14	19	14	18
Poor	1	0	1	0	2
Critical	0	0	0	0	0

IFU encourages each project company to adopt its own CSR policy with a view to clearly defining and describing the company's vision, strategy and operational guidelines and e.g. sign up to the UN Global Compact. IFU sees this as a signal of strong commitment to CSR, but companies may also apply other means to ensure high standards.

Reporting on CSR Key Performance Indicators

Over the last couple of years, IFU has supported companies and their boards in standardising their CSR reporting. In that process, IFU has moved closer to identifying a number of key performance indicators (KPI) on CSR reported by the project companies.

One KPI has been to measure the number of companies which have their own written CSR policy or were covered by a CSR policy defined by their parent company. In 2012, the number was 41 per cent, up from 30 per cent in 2011, and 27 per cent in 2010.

Assessment of CSR performance

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

The CSR classification is a combination of four separate classifications: 1) environment, 2) occupational health and safety (OHS), 3) human rights and labour practices and 4) anti-corruption. Each project is scored on one of five categories as follows: *Excellent, Good, Fair, Poor* and *Critical*.

In 2012, compliance assessments were carried out for 169 IFU projects. The exercise did not include 21 projects that were in the process of being established, 20 projects with no physical activities, and 13 projects being exited. The result showed that 83 per cent of the projects were classified as good or excellent in the CSR compliance (se chart above).

Projects with the classification *Good* are in compliance with local legislation and international standards, e.g. 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 given extra attention, and IFU will engage in discussions with the partners on how the project can improve its CSR performance.

The scores in 2012 are very similar to those of previous years, but as a new feature, IFU also rates project companies on the extent to which they have implemented adequate procedures to fight corruption.

Corruption is recognised as one of the greatest barriers to sustainable development, and combating corruption is a key element in poverty alleviation. IFU has a zero tolerance policy on corruption and helps project companies to take a clear stand against corruption. IFU encourages project companies to identify and assess the risk of becoming involved in corruption in all parts of their operations and business relations and urges them to initiate the necessary preventive measures to counter the risks identified. The results of the classification are satisfactory to IFU, but IFU will continue to have focus on this issue to obtain further improvements.

CSR Advisory Board

IFU participates in several forums in order to remain aware of stakeholder expectations and keep up-to-date with developments in standards for good ethical behaviour, dilemmas and risks.

One initiative is our CSR Advisory Board, which has four members, each representing important IFU stakeholder issues: human rights, environment, development and corporate policy. The advisory board meets regularly to discuss key issues such as media communication, due diligence tools, supply chain dilemmas and anti-corruption and facilitation payments.

The members are:

- Poul Engberg-Pedersen, Deputy Director General in IUCN, The International Union for Conservation of Nature.
- John Nordbo, Conservation Director, Head of Climate Programme, WWF
- Sune Skadegaard Thorsen, Senior Partner, Global CSR
- Malene Østergaard, CSR & Environment Director, Danfoss

Updated CSR handbook

In 2012, IFU re-published its CSR handbook, which serves as a tool for project companies operating in difficult environments in developing countries. The handbook contains relevant information that will help project companies comply with IFU's CSR policy and conduct business in a sustainable and responsible manner.

The handbook can be used both as a manual and a reference book. It contains examples on how to deal with complex challenges and handle specific problems.

A key issue in the 2012 edition is the strategic and proactive approach to CSR. Responsibilities towards suppliers and other business relations are also emphasized in light of the UN Guiding Principles on Business and Human Rights.

Portfolio review in West Africa

In 2012, IFU's project portfolio in western Africa was subject to an independent, external CSR review. The review was carried out by SGS, and ten project companies in western Africa were included in the review located in Benin (2), Cameroon (1), Gambia (1), Ghana (3), Liberia (1) and Nigeria (2).

The aim of the review was to assess compliance with national legal requirements as well as conformance to IFU's CSR policy. Key issues reviewed were how CSR is integrated in the business operations, human rights, labour practices, health and safety, environment and anti-corruption.
The review generally follows the practices of previous CSR reviews carried out in eastern and southern Africa, China, India and Vietnam.

SGS found that, overall, the companies had a very good local compliance level. No critical issues such as child labour or forced labour were raised at any of the companies, and no serious health and safety issues were reported.

IFU's administration is very pleased with the results of the CSR review, mainly because of the good compliance level. It is also encouraging that several companies have policies in place, have appointed a person responsible for CSR and have established health and safety committees that meet regularly.

One lesson to be learned, however, is that some companies, in many cases SMEs, work with CSR on an ad hoc basis rather than with a systematic and structured approach. This is not a unique conclusion to IFU-financed SME projects, but it points out an area where IFU will focus its advice in the future.

Danida CSR Training Fund

IFU manages the Danida CSR Training Fund, which can provide training grants to IFU's project companies. In 2012, IFU made grant commitments for 11 CSR training programmes. The project companies have shown considerable interest in applying for these grants. The total annual budget is DKK 3m.

CSR Awards 2012

For the second time, CSR Fonden, the Danish CSR Foundation, organised a national CSR event - CSR Awards 2012 - which served as an overarching award ceremony for granting 14 CSR-related awards to people, organisations and companies in recognition of their contributions to excellent CSR initiatives. IFU is part of this initiative and has established a special award, the CSR Investment award, for sustainable investment in developing countries.

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

The jury was IFU's CSR Advisory Board, and the winner was Protea Farm, a flower producer based in South Africa, see case on page 30.

Protea Farm in South Africa.

Making South African community blossom

Protea Farm grows, picks and packs South Africa's national flower, the Protea. The flowers are sold locally in South Africa and exported overseas.

The principles of the UN Global Compact are a cornerstone in Protea Farm's business, and the company is GlobalGAP certified. The CSR effort is solidly anchored in the organisation. The 73 employees all take an active part in the CSR work and share the company's vision to create a sustainable international business.

Protea Farm was awarded the IFU CSR Investment award in 2012.

Ambitious CSR goals

Protea Farm has ambitious goals for its CSR work and has comprehensive programmes to follow up on goal fulfilment. The targeted effort and the communication of progress and results show the employees what the company strives for and the possible rewards for society, the company and the employees themselves.

"It creates commitment and more openness to change when the employees know and understand the goals. We also tell our customers about our CSR goals, and they get excited about it and follow our progress," says Beyers Venter, CEO of Protea Farm.

Presenting the IFU CSR Investment award to Protea Farm.

FACTS ABOUT THE INVESTMENT
Project name: Protea Farm
Danish partner: LML Holding
Start: 2010
Country: South Africa
Status: In operation
IFU's loan: DKK 7.4m
Expected total investment: DKK 26.4m
Actual direct employment: 73

Significant reduction of carbon emissions

A good example of Protea Farm's ambitious approach is the goal to change the overseas shipping of the flowers from air to sea. Today all flowers are shipped by air, but the goal is to ship 80 to 90 per cent by sea by 2014-15 and thus reduce carbon emissions by 98 per cent.

A new packing facility also has a positive effect on the environment, reducing carbon emissions by 1.5 tonne per day.

Supporting equal rights and opportunities

Protea Farm is located in a rural area near Cape Town where few jobs are available. That has made the company very important to the local community, not only in terms of education, jobs and income in a poor area, but also as a role model for environmental and socially sustainable business operations.

"We have proved that it is possible to run a business in a way that creates equal rights and opportunities for all. In that way we contribute to eliminating prejudice and bringing people together in a community without discrimination," said Noah Chinyanga, CSR assistant at Protea Farm.

IFU FOCUS

IFU FOCUS ran for the third straight year in 2012 and has now covered six regions in Asia and Africa. Based on the positive experience from the past two years, an IFU FOCUS event was held in Accra, Ghana.

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

An important framework

CSR and HR are important 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: CSR, corporate governance, anti-corruption and people strategy.

The topics covered at the seminars vary according to need. For the seminar in Accra the main topics were:

- CSR strategies and tools that work for the business
- People strategy in an African context
- How to avoid bribes and facilitation payment

Participants are mainly management-level staff from the project companies, Danish partners, local partners and, depending on the size of the company, CSR and HR managers. By the end of 2012, 209 people had participated in IFU FOCUS.

Participants in IFU FOCUS West Africa.

HUMAN RESOURCES

IFU and IFU managed funds had on average 67 full-time employees and on average 42 advisers working on projects during 2012. The 67 full-time employees represent 13 different nationalities.

19 per cent of the staff works out of the regional offices. During 2012, IFU recruited an additional investment manager for the office in Accra.

IFU represents experience

Staff has decreased in connection with the closing down of IØ and the divestment of the related portfolio. In the coming years, it is expected that staff will increase concurrently with IFU undertaking new fund management tasks. IFU has recruited a new legal counsel and is expected to recruit an additional investment manager for the office in Nairobi during 2013.

IFU represents experience and a high level of education; some 60 per cent has a master's degree or more. The average age is 45 years, and the average seniority is 11 years. There is a 51/49 percentage split between male and female employees.

The employee turnover was 6.3 per cent in 2012, partly due to people going into retirement.

Employee satisfaction

In 2012, IFU carried out its third employee satisfaction survey, and like previous surveys it showed a high level of satisfaction and loyalty. The survey was conducted by Ennova A/S and enabled comparison with other Danish and European employee satisfaction indexes, see chart below. Main elements in the good results are satisfaction with the immediate superior and work content. The immediate superiors are rated high on both professional skills and leadership competences. On work content, it is the possibility for the individual to see how his/her own work contributes to the overall goals and success of IFU that drives satisfaction and motivation.

Board of directors' seminar

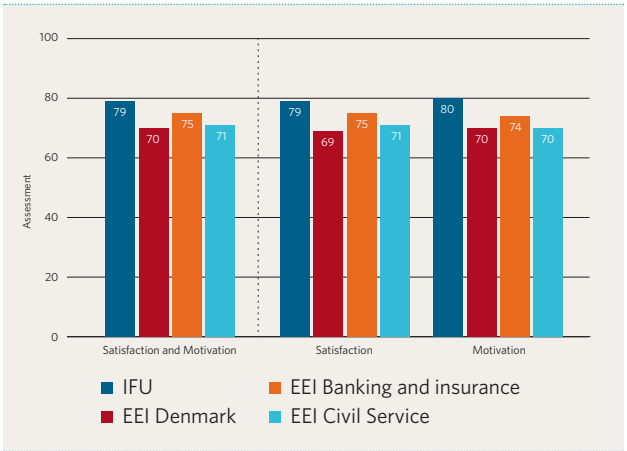
Every other year, IFU invites employees and advisers who represent IFU on the boards of the project companies for a board of directors' seminar. The purpose is competence building, sharing of best practices and networking. Focus for the seminar in 2012 included: best practice financial reporting to the board, fraud and corruption, and appointing the right board for the company.

Advisers

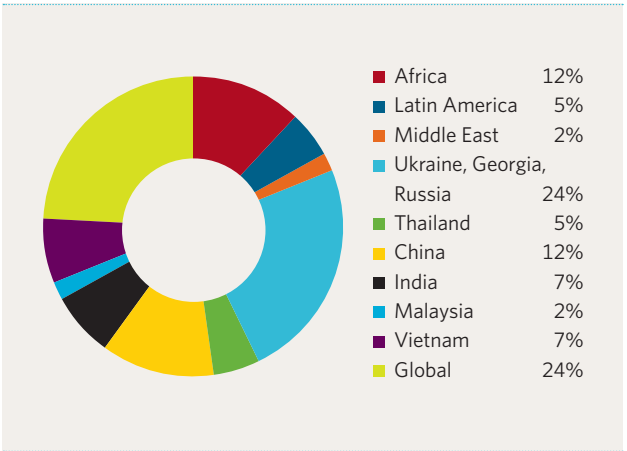
IFU's network of 42 advisers have special knowledge of countries/regions, see chart below. The network is expanded regularly to enable IFU to offer the best possible guidance on the choice of partners as well as project preparation and implementation

Most of the advisers are senior businesspeople with considerable commercial experience. They have run their own business or have held a leading position in a local company. They have in-depth knowledge of local business culture, investment authorities, local financing institutions, accountants, lawyers, etc.

Employee satisfaction



Advisers countries/regions



IFU staff and advisers at IFU's board of directors' seminar held at Skarrildhus in September 2012.

FINANCIAL REVIEW 2012

IFU recorded net income of DKK 84m in 2012 compared to net income of DKK 122m in 2011. The lower result for 2012 was in line with expectations a year ago. Specifically, IFU's share capital investments yielded a return above expectations and at the same high level as in 2011, whereas contributions from loans and receivables were below expectations. Net operating expenses and financial income were both lower than in 2011.

Contribution from projects

Total contributions from IFU's primary project-related activities were DKK 144m against DKK 189m in 2011.

In numbers, share capital investments contributed DKK 130m in 2012 compared with DKK 140m in 2011. Divestments did particularly well reflecting an overall strong performance at the divested companies. Combined return of value adjustments on the portfolio outstanding at year-end and dividend income was, on the other hand, markedly lower than in 2011, but still positive.

In terms of yield, the return from IFU's share capital investments was more or less unchanged as the average portfolio during the year was slightly smaller. Overall, the share capital investments yielded a 2012 return before operating expenses of 11.8 per cent calculated on the average portfolio during the year. In 2011, the return was 12.4 per cent.

Project loans and guarantees contributed DKK 22m compared to DKK 37m in 2011. The lower result is due to an increased level of value adjustments. Net interest and fees were higher than in 2011, in part reflecting a growth in the outstanding portfolio of project loans.

In percentage terms, the 2012 yield on the average loan and guarantee portfolio before operating expenses was 2.6 per cent against 4.7 per cent in 2011. Net interest and fees before value adjustments were 5.8 per cent and 5.1 per cent for 2012 and 2011, respectively.

Other contributions from projects amounted to DKK (8)m in 2012 against DKK 12m in 2011. The negative contribution in 2012 is due to value adjustments on outstanding receivables.

Operating expenses

Of the overall net operating expenses for 2012 covering IFU and IØ, DKK 63m was attributable to IFU as compared to DKK 71m in 2011.

Overall gross expenses covering both IFU and IFU managed funds were DKK 85m, compared with DKK 87m in 2011. Excluding non-refundable VAT and payroll tax, which items were at an extraordinarily high level in 2011, the comparable expense levels are DKK 81m for 2012 and DKK 76m for 2011. The higher amount was partly due to an increase in regulatory provisions for annual leave entitlement (shown as part of salaries) and higher expenses for running IFU's regional offices. The latter reflects in particular the new regional office in Cairo serving AIF.

Overall income from managed funds and operating activities, excluding IØ, were DKK 8m, up from DKK 3m in 2011. The higher income in particular reflects a full year of management of AIF.

The resulting net operating expenses covering IFU and IØ was DKK 77m in 2012 against DKK 84m in 2011. Measured against average total project commitments, the expense ratio for IFU and IØ was 1.9 per cent in 2012. In 2011 the ratio was 2.0 %.

Financial income, cash flows and balance sheet items

Financial income, net of financial expenses, was DKK 3m compared to DKK 5m in 2011.

At 31 December 2012, IFU held cash totalling DKK 357m after having disbursed DKK 521m in new share capital and loans to project companies. Amounts received from projects amounted to DKK 663m. Including DKK 300m available on a credit facility, total financial preparedness amounted to DKK 657m at year-end 2012.

Undisbursed commitments amounted to DKK 1,242m at year-end 2012, reflecting a 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 2013. IFU received DKK 57m as paid-in capital from the government earmarked for the expansion of the Norsad Fund (see page 8 for further details). By the end of 2012, IFU had repaid DKK 1,175m against a paid-in capital of DKK 1,152m, both figures in nominal terms.

IFU had equity of DKK 2,462m at 31 December 2012, up from DKK 2,396m at 31 December 2011. The change reflects the net income of DKK 84m, the capital extraction of DKK 75m and the paid-in capital of DKK 57m related to Norsad.

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.

In preparing the financial statements, management makes a number of estimates and assumptions of future events that will affect the carrying amount of assets and liabilities. The areas where estimates and assumptions are most critical to the financial statements are the fair value measurement of share capital investments and the fair value measurement of project loans. The note on accounting policies provides more details.

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 appraisal of commercial risk, for project, partner and country risk exposure as well as guidelines for managing direct financial risk.

Commercial risk for each project is initially evaluated at time of appraisal using a risk model that builds on IFU's large experience from previously exited projects as well as on sensitivity analysis of key performance parameters specific to the project in question.

Distribution of project commitments as at 31 December 2012 – five largest portfolios

Country/region	2012 (%)	2011 (%)
Africa (regional)*	16.7	14.1
China	16.1	18.5
Egypt	6.0	6.1
Kenya	5.6	5.6
India	5.4	6.9
Total	**49.8**	**51.2**

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

Project risk (and commercial risk) is further 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). Country risk is managed by the indicative limit that total commitment in any single country should not exceed 30 per cent of the Fund's total project commitments.

Financial risk

At the end of 2012, IFU had a total of USD 68m outstanding 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 2012, 65 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 1 per cent of the loan portfolio at cost.

At year-end, 44 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 interbank interest rates plus a risk premium. A decrease in interbank interest rates would therefore have a negative 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.

Outlook for 2013

In 2013, 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 2013 at around the same level as in 2012.

STATEMENT

STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

The executive board and the board of directors have today considered and approved the annual report of the Investment Fund for Developing Countries (IFU) for the financial year 1 January 2012 – 31 December 2012.

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 2012 and of the results of the Fund's operations and cash flows for 2012.

Copenhagen, 8 March 2013

EXECUTIVE BOARD:

Finn Jønck, Managing Director

Torben Huss, Deputy Managing Director

BOARD OF DIRECTORS:

Michael Rasmussen, Chairman

Lars Andersen, Deputy Chairman

Beate Bentzen

Anette Eberhard

Jens Jørgen Kollerup

Christina Rasmussen

Bjarne H. Sørensen

Dorrit Vanglo

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the board of directors of the Investment Fund for Developing Countries (IFU)

We have audited the financial statements of IFU for the financial year 1 January – 31 December 2012, 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 board of directors' and executive board's responsibility for the financial statements
The board of directors and executive board 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 board of directors and executive board 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 Development Cooperation 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 judgement, 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 board of directors and executive board, 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 2012 and of the results of IFU's operations and cash flows for the financial year 1 January - 31 December 2012 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, 8 March 2013

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

Operating expenses, net are total operating expenses incurred by IFU less income received for management services rendered by IFU, other than from The Investment Fund for Central and Eastern Europe (IØ), and income related to operating activities. Operating expenses, net are from 2012 divided at year-end between IFU and IØ proportionate to average total project commitments during the year (the sum of outstanding investments at cost, remaining commitments and binding commitments). Until 2011 operating expenses, net were divided between IFU and IØ according to an activity dependent distribution key.

Operating expenses comprise expenses for management, administrative staff, office expenses, depreciation of fixed assets and leasehold improvements, etc. Income related to operating activities includes board member fees, etc.

Income from investments in associates and subsidiaries

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

Financial income, net

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

Balance sheet

Investments in projects – general

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

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

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

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

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

Share capital investment in projects, net

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

Quoted share capital investments

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

Unquoted share capital investments

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

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

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

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

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

Project loans, net

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

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

Investments in associates and subsidiaries

Investments in associates and subsidiaries are included in the balance at cost less accumulated impairment losses. Subsidiaries are insignificant in size and consolidated accounts have not been made.

Fixed assets and leasehold improvements

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

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

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

Interest receivable related to projects

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

Other receivables

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

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

Cash and bonds

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

Provision for losses

Provision for losses comprises anticipated losses related to guarantee agreements. Adjustments of provision for losses related to guarantee agreements are recognised in the

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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.

Income statement

Note		2012 DKK 1,000	2011 DKK 1,000
1/	Contribution from share capital investments	129,895	139,842
2/	Contribution from project loans and guarantees	21,704	37,197
3/	Other contributions from projects	(7,504)	11,710
	Contribution from associates	0	21
	GROSS CONTRIBUTION FROM PROJECTS	**144,095**	**188,770**
4/	Operating expenses, net	(63,091)	(71,392)
	OPERATING INCOME	**81,004**	**117,378**
5/	Financial income, net	2,836	4,759
	NET INCOME FOR THE YEAR	**83,840**	**122,137**

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

Balance sheet at 31 December

Assets

Note		2012 DKK 1,000	2011 DKK 1,000
	FIXED ASSETS		
	Share capital investment in projects at cost	1,113,711	1,159,582
	Value adjustments	(34,165)	(38,551)
6/	Share capital investment in projects, net	1,079,546	1,121,031
	Project loans at cost	887,187	868,364
	Value adjustments	(98,394)	(129,377)
7/	Project loans, net	788,793	738,987
8/	Investment in associates	36	36
9/	Investment in subsidaries	580	0
10/	Fixed assets and leasehold improvements	5,095	5,719
	Total fixed assets	**1,874,050**	**1,865,773**
	CURRENT ASSETS		
11/	Interest receivable related to projects	16,355	20,624
12/	Other receivables	268,911	260,494
	Cash	357,344	297,306
	Total current assets	**642,610**	**578,424**
	TOTAL ASSETS	**2,516,660**	**2,444,197**

Balance sheet at 31 December

Liabilities and equity capital

Note		2012 DKK 1,000	2011 DKK 1,000
	EQUITY CAPITAL		
	Paid-in capital	1,152,342	1,095,355
	Repaid capital	(1,175,000)	(1,100,000)
	Accumulated reserves	2,484,402	2,400,562
13/	**Total equity capital**	**2,461,744**	**2,395,917**
	PROVISION FOR LOSSES		
	Guarantees	7,817	8,970
14/	CURRENT LIABILITIES	47,099	39,310
	Total liabilities	**47,099**	**39,310**
	TOTAL EQUITY CAPITAL, PROVISION FOR LOSSES AND LIABILITIES	**2,516,660**	**2,444,197**

15/ UNDISBURSED COMMITMENTS TO PROJECTS AND CLEARANCES IN PRINCIPLE
16/ CONTINGENT LIABILITIES
17/ RELATED PARTY DISCLOSURES
18/ FINANCIAL HIGHLIGHTS, INVESTMENTS CONTRACTED IN 2012, DEVELOPMENTAL HIGHLIGHTS AND CSR CLASSIFICATION

Cash flow statement

	2012	2011
	DKK 1,000	DKK 1,000
CASH FLOW FROM OPERATING ACTIVITIES		
Dividends from projects received	53,300	49,467
Interest from projects received	44,071	33,930
Other project related payments	3,752	2,290
Operating expenses, net	(63,808)	(61,496)
Net payments related to financial income and expenses	2,837	12,197
Net cash from operating activities	**40,152**	**36,388**
CASH FLOW FROM (TO) INVESTING ACTIVITIES		
Received from sale of shares	405,729	114,239
Received from project loans	158,917	172,947
Received from derivatives, loans	(3,260)	398
Received from sale of associates	0	264
Paid-in share capital in projects	(284,689)	(196,555)
Disbursement of project loans	(236,665)	(237,993)
Paid-in capital in subsidaries	(580)	0
Received from (invested in) bonds	0	177,840
Net cash from (to) investing activities	**39,452**	**31,140**
CASH FLOW FROM (TO) FINANCING ACTIVITIES		
Repaid to EIB (ECFI III Facility)	(1,553)	(1,506)
Paid-in capital received during the year	56,987	0
Repaid capital during the year	(75,000)	(75,000)
Net cash from (to) financing activities	**(19,566)**	**(76,506)**
NET CHANGE IN CASH	60,038	(8,978)
CASH BEGINNING OF YEAR	**297,306**	**306,284**
CASH END OF YEAR	**357,344**	**297,306**

Notes

Note		2012 DKK 1,000	2011 DKK 1,000
1/	Contribution from share capital investments		
	Dividends from projects	42,761	59,195
	Contribution from divested share capital investments	122,869	76,584
	Value adjustments, portfolio	(35,735)	4,063
	Contribution from share capital investments	**129,895**	**139,842**
2/	Contribution from project loans and guarantees		
	Interest income and fees related to project loans and guarantees	67,452	48,990
	Value adjustments excl. exchange rate adjustments, loan portfolio	(24,925)	(8,042)
	Value adjustments, guarantees	1,153	64
	Exchange rate adjustments, project loans	(6,143)	15,864
	Value adjustments, derivatives	2,800	(11,116)
	Value adjustments, interest and fees	(18,633)	(8,563)
	Contribution from project loans and guarantees	**21,704**	**37,197**
3/	Other contributions from projects		
	Value adjustments, receivables, excl. exchange rate adjustments	(15,154)	5,055
	Exchange rate adjustments, receivables	613	1
	Exchange rate adjustments, derivatives	423	0
	Interest from receivables	8,024	6,851
	Other income and expenses	(1,410)	(197)
	Other contributions from projects	**(7,504)**	**11,710**

Note		2012 DKK 1,000	2011 DKK 1,000
4/	Operating expenses, net		
	Expenses, (IFU and IØ)		
	Salaries, head office	40,235	37,457
	Rental expenses	5,302	5,025
	Travelling expenses	4,273	4,420
	Regional office expenses	10,765	9,075
	Fees for board of directors	1,342	1,294
	Fees for external assistance	8,646	7,242
	IT expenses	3,807	4,036
	Office expenses	1,265	1,990
	Various expenses	4,505	4,609
	Depreciation of fixed assets and leasehold improvements (note 9)	900	930
	Total expenses before non-refundable VAT/taxes	81,040	76,078
	Non-refundable VAT/taxes	3,885	10,477
	Total expenses	84,925	86,555
	Income, (IFU and IØ)		
	Management fees	(7,193)	(2,304)
	Board member fees, net of tax	(801)	(180)
	Various income	(294)	(213)
	Total income	(8,288)	(2,697)
	Total operating expenses, net (IFU and IØ)	76,637	83,858
	Operating expenses, net charged to IØ	(13,546)	(12,466)
	IFU's part of operating expenses, net	**63,091**	**71,392**
	Fee to the auditor of the funds included in *Fees for external assistance and Various expenses:*	**1,074**	**1,136**
	- hereof audit fees	758	749
	- hereof non-audit fees	316	387

Note		2012 DKK 1,000	2011 DKK 1,000
	Specification of personnel expenses (salaries etc.)*		
	Salaries, remunerations etc.	44,363	40,334
	Pension contributions	3,625	3,487
	Other expenses for social security	244	232
	Payroll tax	42	6,874
	Personnel expenses in total	**48,274**	**50,927**
	*) The figures are included in *Salaries, head office, Travelling expenses, Regional office expenses, Fees for board of directors and non-refundable VAT/taxes.*		
	Total remuneration to the board of directors	1,342	1,294
	Remuneration to the executive board:		
	Salaries and pension*	3,775	2,858
	Performance remuneration	466	457
	Total remuneration to the executive board	4,241	3,315
	Total remuneration to the board of directors and executive board	**5,583**	**4,609**
	*) The figure for 2012 includes severance allowance for outgoing managing director in the amount of DKK 820k.		
	Average number of employees, head office (IFU and IØ)	54	55
	Average number of employees, regional offices (IFU and IØ)	13	13
		67	**68**
5/	Financial income, net		
	Financial income		
	Interest income, cash and bonds	3,411	5,431
	Gain on bonds, net	14	0
	Financial income	**3,425**	**5,431**
	Financial expenses		
	Interest expenses, bank charges and exchange rate adjustments	(589)	(453)
	Loss on bonds	0	(219)
	Financial expenses	**(589)**	**(672)**
	Financial income, net	**2,836**	**4,759**

Note		2012 DKK 1,000	2011 DKK 1,000
6/	Share capital investment in projects, net		
	Share capital investment in projects beginning of year at cost	1,159,582	1,196,134
	Paid-in share capital in projects during the year	302,147	240,974
	Proceeds from divestment of shares	(430,766)	(327,264)
	Income from divestment of shares relative to cost, net	72,883	49,738
	Share capital transferred to other receivables	9,865	0
	Share capital investment in projects end of year at cost	**1,113,711**	**1,159,582**
	Accumulated value adjustments beginning of year	(38,551)	(69,460)
	Reversed value adjustments, divested share capital investments	49,986	26,846
	Value adjustments, portfolio during the year (note 1)	(35,735)	4,063
	Value adjustments related to transfer to other receivables during the year	(9,865)	0
	Accumulated value adjustments end of year	**(34,165)**	**(38,551)**
	Share capital investment in projects, net end of year	**1,079,546**	**1,121,031**
	Accumulated value adjustments end of year are comprised of:		
	Plus values	201,516	249,161
	Value adjustments excl. plus values	(235,681)	(287,712)
		(34,165)	**(38,551)**
7/	Project loans, net		
	Project loans beginning of year at cost	868,364	812,435
	Disbursements during the year	236,665	237,993
	Interest and fees converted into project loans during the year	2,721	2,430
	Repayments during the year	(158,917)	(172,947)
	Exchange rate adjustments during the year relative to cost	4,980	(4,370)
	Project loans transferred to other receivables during the year	5,687	0
	Write-offs during the year (note 2)	(72,313)	(7,177)
	Project loans end of year at cost *	**887,187**	**868,364**

Note			2012 DKK 1,000	2011 DKK 1,000
	Accumulated value adjustments beginning of year		(129,377)	(148,010)
	Reversed value adjustments, loans written off (note 2)		65,112	6,176
	Exchange rate adjustments realised		(4,980)	4,370
	Value adjustments incl. exchange rate adjustments, during the year (note 2)		(23,866)	8,823
	Value adjustments related to transfer to other receivables during the year		(5,693)	0
	Value adjustments related to conversions during the year		410	(736)
	Accumulated value adjustments end of year		**(98,394)**	**(129,377)**
	Project loans, net end of year		**788,793**	**738,987**
	Accumulated value adjustments end of year are comprised of:			
	Exchange rate adjustments relative to cost		11,954	23,078
	Value adjustments excl. exchange rate adjustment		(110,348)	(152,455)
			(98,394)	**(129,377)**
	*) Project loans end of year at cost are comprised of:			
	Senior project loans		815,881	812,056
	Subordinated loans		54,116	36,754
	Equity loans		17,190	19,554
			887,187	**868,364**

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

	2012 Currency	2011 Currency		
DKK			225,706	202,534
USD[1]	68,237	56,607	375,635	305,347
EUR	36,700	45,543	273,284	339,159
Other currencies			12,562	21,324
			887,187	**868,364**

1) USD 44.4m is hedged against DKK (USD 37.5m in 2011)

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.

Project loans provided by IFU by means of syndicated capital are not included in the above figures and amount to DKK 0m (DKK 7.4m in 2011), measured at fair value.

Note		2012 DKK 1,000	2011 DKK 1,000
8/	**Investment in associates**		
	Investment in associates beginning of year at cost	36	274
	Divestments during the year	0	(238)
	Investment in associates end of year at cost	**36**	**36**
	Accumulated value adjustments end of year	**0**	**0**
	Investment in associates, net end of year	**36**	**36**

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%	8	N/A

9/	**Investment in subsidaries**			
	Investment in associates beginning of year at cost		0	0
	New investments during the year		580	0
	Investment in associates end of year at cost		**580**	**0**
	Accumulated value adjustments end of year		**0**	**0**
	Investment in associates, net end of year		**580**	**0**

Investment in associates comprises of:

Name/domicile:	Form of company:	IFU's ownership interest:	2012 Result (according to the latest approved annual report):	2012 Equity (according to the latest approved annual report):
IFU Investment Komplementar Copenhagen, Denmark	ApS	100%	N/A	N/A
IFU Investment Partners GP Copenhagen, Denmark	PS	100%	N/A	N/A

Subsidiaries are insignificant in size and consolidated accounts have not been made.

Note		2012 DKK 1,000	2011 DKK 1,000
10/	Fixed assets and leasehold improvements		
	Cost beginning of year	7,755	7,593
	Additions during the year	276	162
	Cost end of year	**8,031**	**7,755**
	Depreciation beginning of year	2,036	1,106
	Depreciation for the year (note 4)	900	930
	Depreciation end of year	**2,936**	**2,036**
	Book value end of year	**5,095**	**5,719**
11/	Interest receivable related to projects		
	Interest receivable related to projects before value adjustments	50,917	85,582
	Value adjustments	(34,562)	(64,958)
	Interest receivable related to projects	**16,355**	**20,624**
12/	Other receivables		
	Dividend receivables	16	9,676
	Receivables from sale of shares	266,239	246,017
	Receivables from sale of loan	203	322
	Receivable front-end fees	843	1,694
	Receivables from projects in liquidation	4,324	20,523
	Other project-related receivables	4,011	4,842
		275,636	283,074
	Value adjustments	(26,441)	(37,649)
		249,195	245,425
	Administrative receivables	8,557	9,581
	Current accounts	6,223	2,742
	Rental deposits	2,140	2,126
	Deferred income	2,796	620
		268,911	**260,494**

Note		2012 DKK 1,000	2011 DKK 1,000
13/	Total equity capital		
	Paid-in capital beginning of year	1,095,355	1,050,936
	Paid-in capital during the year	56,987	44,419
	Paid-in capital end of year	**1,152,342**	**1,095,355**
	Repaid capital beginning of year	(1,100,000)	(1,025,000)
	Repaid capital during the year	(75,000)	(75,000)
	Repaid capital end of year	**(1,175,000)**	**(1,100,000)**
	Accumulated reserves beginning of year	2,400,562	2,278,425
	Net income for the year	83,840	122,137
	Accumulated reserves end of year	**2,484,402**	**2,400,562**
	Total equity capital end of year	**2,461,744**	**2,395,917**
14/	Current liabilities		
	EIB (ECFI III facility)	0	1,549
	Other project-related debt	13,827	5
		13,827	1,554
	Derivatives*	8,103	14,163
	Administrative debt	25,169	23,593
		47,099	**39,310**

*) Stated amount for 2012 concerns a hedged amount of USD 44.4m with term from 2013 to 2019.

Note		2012 DKK 1,000	2011 DKK 1,000
15/	Undisbursed commitments to projects and clearances in principle		

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

Amounts payable on share capital and loan agreements	806,274	821,178
Guarantees, net *	75,503	76,243
Binding commitments	352,869	371,862
Undisbursed commitments to projects	**1,234,646**	**1,269,283**
Clearances in principle for new projects amount to	**824,467**	**756,856**

*) Gross outstanding guarantees before provision for losses, if any, amount to DKK 83,320 (DKK 84,758 in 2011)

16/ Contingent liabilities

The total lease and rental commitments amount to DKK 9.6m (DKK 14.4m in 2011)
- hereof due within the following year DKK 4.3m (DKK 5.4m in 2011).

17/ 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.

Board of directors and executive board
IFU's other related parties are the members of the board of directors and the executive board.

During the year there were no transactions other than remuneration paid to the members of the board of directors and the executive board.

18/ Financial highlights, Investments contracted in 2012, Developmental highlights and CSR classification
Financial highlights (table) - see page 5
Investments contracted in 2012 (table) - see page 8
Developmental highlights (table) - see page 11
CSR classification (table) - see page 28

IFU recorded net income
of DKK 84m in 2012

MANAGEMENT

BOARD OF DIRECTORS

The Danish Minister for Development Cooperation appoints the chairman, the deputy chairman and the other members of the board of directors 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 on 31 July 2015.

In 2012, the act regulating IFU was amended, one of the changes being that effective from 1 January 2013, an observer from the Ministry of Foreign Affairs was appointed to IFU's board of directors.

The board of directors 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 board of directors or an employee cannot discuss a matter involving a company in which that particular person has a special interest.

Members of the board of directors may not buy or sell shares or other securities issued by companies they have obtained special knowledge about through their work as board members. To prevent insider trading, at each meeting the board of directors authorises an updated list of the listed companies of which the board of directors believes it holds inside information; as a general rule, however, board members may not utilise knowledge obtained through board work.

Board members must treat any information they receive in relation to their board work, whether orally or in writing, as confidential.

Michael Rasmussen, Chairman (also of IØ), board member since 2000
MSc (Economics). Chief Executive Officer, Nykredit (from 1 September 2013).

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 Group (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.

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

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

Dorrit Vanglo, board member since 2012
MSc (Economics). CEO, Lønmodtagernes Dyrtidsfond.
Other board memberships: IØ, Den Professionelle Forening LD**,
Udbetaling Danmark, the Danish Committee on Corporate Governance

Henrik Bramsen Hahn, board observer since 2013
Master of Laws
Ambassador, Head of Department for Green Growth, Ministry of Foreign Affairs
Other board observerships: IØ, The Danish Council on CSR

** Chairman - * Deputy Chairman

EXECUTIVE BOARD

The Danish Minister for Development Cooperation appoints the managing director. The rules which apply to the board of directors 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

Executive Board


Finn Jønck
Managing Director


Torben Huss
Deputy Managing Director


Elsebeth H. Rasmussen
Executive Assistant

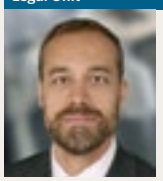
Communication


Rune Nørgaard
Head of Communication

HR


Susanne M. Nielsen
HR Manager

Legal Unit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General Counsel


Lisa Andersen
Legal 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


Dan Larsen
Senior Investment Manager


Anders Nellemose
Senior Investment Manager


Kathrine Cecilie Schleisner
Investment Manager


Natalia Svejgaard
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Alex Unsgaard
Senior Investment Manager


Lone Jespersen
Project Secretary


Maria Monti
Project Secretary

AARHUS


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Investment Manager

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Christina Nilsson
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Accountant


Laila Pors
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Dorthe Mørkeberg Press
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Linda Næsby Andersen
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Rena Chen
Senior Investment Manager


Lisbeth Erlands
Senior Investment Manager


Jacob Klingemann
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Max Kruse
Senior Investment Manager


Peer Munkholt
Senior Investment Manager


Hans-Jørgen Nyegaard
Senior Investment Manager


Lis Bluhme
Project Secretary


Linda Wamsler
Project Secretary

CSR Unit


Birgitte Bang Nielsen
Head of CSR


Carole Welton Kaagaard
CSR Adviser


Birgitte Waage [1]
Senior Administrator

Corporate Administration Department (CAD)


Henrik Jepsen
Department Director


Niels Evendt [2]
Head of Secretariat


Kirsten Sloth
Department Secretary


Søren Heilmann
Senior System Manager


Aloysius Anker Horn
System Administrator


Michael Stig Andersen
IT Supporter


Birgitte Christensen
Chief Archivist


Pia Winther
Assistant Archivist


Tania Larsen
Information Assistant

[1] Also works for Communication.

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

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Brian M. Andersen
Head of Regional Office

ACCRA
Nana Yaw Kwakye
Investment Manager

ACCRA
Gloria Addai Frimpong
Secretary

EGYPT

CAIRO
Anders Paludan-Müller
Head of Regional Office

CHINA

BEIJING
Hong Jiang
Head of Regional Office

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Investment Manager

BEIJING
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JOHANNESBURG
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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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INVESTMENT FUND FOR
DEVELOPING COUNTRIES