ANNUAL REPORT 2013

IFU INVESTMENT FUND FOR DEVELOPING COUNTRIES

CONTENTS

OPERATIONAL FRAMEWORK

About IFU
IFU is a Danish foundation with legal personality and limited liability. IFU was founded by the Danish State on 7 June 1967 and is governed by section 9 of the Act on International Development Cooperation.

IFU provides share capital participation, loans and guarantees on commercial terms for investments in production or service companies in developing countries and emerging markets. IFU also acts as fund manager for related investment funds based on public and private capital.

IFU is self-financing and its revenues are comprised of income from interest, dividends and capital gains.

Legal mandate
To promote economic activity in developing countries through private sector investments in collaboration with Danish trade and industry.

Strategic objective
To be Denmark's main engine for shaping and enhancing sustainable and profitable private sector growth opportunities in developing countries in collaboration with Danish know-how, risk capital and commercial enterprises.

LETTER FROM THE CEO

DEAR READER

Since its establishment in 1967, IFU has created economic and social progress in developing countries and assisted Danish companies in entering new markets.

As the new CEO, I am proud to be part of an investment fund taking leadership in promoting development whilst operating on a profitable commercial platform.

In 2013, IFU and IFU managed funds contracted investments of DKK 637m. Over the years, the funds have contracted investments of just above DKK 16bn in more than 1,200 companies in 102 countries in Asia, Africa, Latin America and Europe.

Due to IFU's extensive experience and commercial track record, the Danish State and private investors increasingly use IFU as a fund manager. For more than 20 years, IFU has been fund manager for the Investment Fund for Central and Eastern Europe. In 2011, IFU became fund manager of the Arab Investment Fund, and in 2012, IFU Investment Partners was established based on private capital.

In 2013, IFU succeeded to set up a new climate investment fund based on a public–private partnership. The Danish State, institutional investors and IFU have committed a total of DKK 1.2bn. The aim is to make climate investments in developing countries and assist Danish companies in taking advantage of the growing global market for state-of-the-art green technology.

More sectors in developing countries are in need of increased investments to combat poverty. Agribusiness is one. Here Danish companies have strong competences and products that could increase yields, quality as well as food production and distribution. However, finding risk capital to realise projects that can create prosperity and give solid returns is always a challenge.

Establishing new thematic investment funds is therefore a central part of IFU's new strategy - "Shifting gears for higher impact."

As part of our new strategy we will also develop a more proactive programme focusing on giving smaller Danish companies a better chance of handling their entry into the more challenging markets in developing countries. Furthermore, IFU will work to strengthen our efforts to assist larger Danish companies in creating a dedicated early entrance strategy in new markets.

Finally, we will explore the scope for a broader mandate that can enhance IFU's possibility to invest in even more developing countries and improve our capability to serve Danish interests. This will strengthen IFU's developmental impact and make IFU a more attractive partner for Danish companies.

When implemented, the new strategy should lead to the annual investment level being doubled, a stronger cooperation with even more Danish companies serving Danish interests, and a higher developmental impact.

In 2013, IFU continued to be profitable. Net income was DKK 72m.

Tommy Thomsen
CEO

EXECUTIVE SUMMARY 2013

IFU

- IFU contracted investments totalling DKK 566m
- 24 new projects with a total of DKK 430m in contracted investments were signed
- The 24 new projects are expected to employ close to 2,400 people over the years
- Additional financing of DKK 136m was contracted in 19 ongoing projects
- 15 investments of DKK 279m were contracted in Africa
- A new five-year strategy was prepared
- Net income of DKK 72m

IFU and IFU managed funds

- IFU and IFU managed funds contracted investments totalling DKK 637m
- DKK 1.2bn in public-private capital mobilized to the Danish Climate Investment Fund
- 81 per cent of projects classified as good or excellent in their CSR compliance
- 76 per cent fulfilment of IFU's success criteria
- IFU FOCUS seminars held in China and Ukraine

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS 2009 - 2013

	2013 DKKm	2012 DKKm	2011 DKKm	2010 DKKm	2009 DKKm
INCOME STATEMENT					
Gross contribution from projects[1]	130	144	189	121	126
Operating income[2]	71	81	117	61	65
Net income for the year	72	84	122	67	90
BALANCE SHEET AT 31 DECEMBER					
Share capital investment in projects at cost	1,238	1,114	1,160	1,196	1,077
Project loans at cost	939	887	868	812	745
Total investment in projects at cost	2,177	2,001	2,028	2,009	1,822
Accumulated value adjustments	(279)	(133)	(168)	(217)	(296)
Investments in projects, net[1]	1,897	1,868	1,860	1,791	1,526
Cash and bonds	396	357	297	484	685
Paid-in capital during the year	0	57	44	0	0
Repaid capital during the year	(75)	(75)	(75)	0	(75)
Total equity capital	2,459	2,462	2,396	2,304	2,237
Total balance	2,500	2,517	2,444	2,342	2,270
ADDITIONAL DATA					
New projects contracted (no.)	24	33	31	32	35
Portfolio of projects end of year (no.)	220	220	221	227	218
Investments contracted	566	524	510	559	642
Investments disbursed	432	521	435	398	272
Undisbursed contracted investments incl. guarantees	962	890	906	900	806
Binding commitments not yet contracted	399	353	372	319	319
KEY RATIOS					
Gross contribution from projects/Average investment in projects - value adjusted	6.9%	7.7%	10.3%	7.3%	8.5%
Net income for the year/Average total equity capital	2.9%	3.5%	5.2%	2.9%	4.1%
Average number of full-time employees	68	67	68	71	73

[1] Information about composition of the contribution from projects including value adjustments can be found in *Financial review 2013* on page 33.

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

In 2013, IFU and
IFU managed funds contracted
investments of DKK 637m

In total, **IFU** has made **812 investments** in **88 developing countries**

MANAGEMENT'S REVIEW

INVESTMENTS IN 2013

In 2013, IFU continued to collaborate with Danish companies providing advisory services and risk capital for their investments in developing countries in Africa, Asia, Latin America and Europe.

During the year, IFU contracted 43 investments of DKK 566m in 16 different countries representing all four continents. DKK 430m was invested in new projects and DKK136m was additional financing for ongoing projects.

More than 800 investments

In 2013, IFU made 24 new investments, which brought the historical number of investments to 812 in 88 developing countries. Total expected investment in these project companies is DKK 115bn, of which IFU has contributed DKK 10.7bn.

Substantial development effect

Each year IFU engages in new investments and exits a number of existing investments. At year-end 2013, IFU had a total of 220 project companies in its portfolio. These companies employed close to 35,000 people.

Combined with the economic activity induced, the transfer of knowledge and technology, training of staff and handling of important CSR issues, the project companies have had substantial development effects in the host countries.

IFU's net income

IFU generated net income of DKK 72m in 2013.

In 2013, IFU paid back DKK 75m to the Danish State, thus bringing the accumulated amount repaid to DKK 1,250m.

IFU AS A FUND MANAGER

In addition to its own portfolio, IFU also manages four other investment funds: the Danish Climate Investment Fund, the Arab Investment Fund, the Investment Fund for Central and Eastern Europe and IFU Investment Partners.

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

The Danish Climate Investment Fund (KIF)
In 2012, the Danish State and IFU agreed to set up a climate fund. Both the State and IFU injected start-up capital, and the aim was to enter into a public-private partnership to raise additional private capital.

In January 2014, an agreement with four institutional investors was signed bringing the total committed capital close to DKK 1.2bn.

The institutional investors being PensionDanmark, PKA, PBU and Dansk Vækstkapital have committed DKK 675m, the State DKK 275m and IFU DKK 250m.

In connection with the agreement a new financial vehicle was created, which will handle all future investments related to the Danish Climate Investment Fund (KIF).

In 2013, in order to prepare a strong pipeline, IFU was in contact with a number of Danish companies wanting to collaborate with the new fund on climate-related projects and investments. This resulted in one new investment in Brazil with the Danish company AVK.

Read more about KIF's activities on page 14.

The Arab Investment Fund (AIF)
AIF contracted one investment in 2013, in Aller Aqua Egypt, for a total contracted amount of DKK 37m. Originally an IFU project, Aller Aqua Egypt was transferred to AIF's portfolio in 2013. The investment covers a transfer of shares in the amount of DKK 3.9m and an additional loan of DKK 32.8m.

Read more about AIF's activities on page 18.

The Investment Fund for Eastern and Central Europe (IØ)
Due to the decision to close down IØ, the fund continued its divestments in 2013. At year-end, IØ had a remaining active portfolio of 36 investments.

Since its inception, IØ has invested in 438 project companies. The total invested amount is DKK 37bn with an IØ contribution of DKK 5.4bn.

In 2013, IØ repaid additional DKK 200m to the Danish State. This brought the total accumulated capital repayment made by IØ to the State since 2004 to DKK 3,225m. As at 31 December 2013, IØ's equity was DKK 497m.

IØ received in total DKK 1,898m from the Danish State during the period 1990-2001.

IFU Investment Partners (IIP)
IIP made one new investment in 2013, with Haldor Topsøe in a catalysts plant in China. The total contracted investment was DKK 55m.

Read more about IIP's activities on page 18.

IFU overall
The total investments in 2013 amounted to DKK 637m in 44 project companies.

Active portfolio 31 December 2013

IFU	220
IØ	36
AIF	3
KIF	2
Total	**261**

The amount does not include an inter-fund investment of DKK 25m made by IFU in the Danish Climate Investment Fund and two inter-fund transfers of shares of DKK 3.9m from IFU to AIF and DKK 7.0m from IØ to IFU.

At the end of 2013, the total active portfolio covering all funds contained 261 project companies.

NEW EXECUTIVE BOARD

On 1 November 2013, Tommy Thomsen became new CEO of IFU. At the same time, Torben Huss was appointed Executive Vice President. The CEO and Executive Vice President form the executive board of IFU.

Tommy Thomsen (left) and Torben Huss.

Tommy Thomsen, CEO
Prior to joining IFU, Tommy Thomsen was CEO of Nordic Tankers Group. He has extensive executive experience from the shipping, logistics and infrastructure sectors having served as a partner and member of the Group Executive Board of A.P. Moller-Maersk and a partner of Clipper Group.

Tommy Thomsen received his training in the A.P. Moller-Maersk business and finance management programmes and also attended the International Senior Management Program at Harvard University's Graduate School of Business Administration.

Torben Huss, Executive Vice President
Torben Huss has been with IFU for the past 21 years. He began as an investment manager primarily dealing with Latin America and has also served as head of IFU's former regional office in Latin America. Having served as department director for several years, he was appointed deputy managing director in 2009.

Torben Huss has a master's degree in political science from the University of Copenhagen and a PhD in business economics from Copenhagen Business School.

INVESTMENTS CONTRACTED IN 2013

	Project name	Country	IFU's contracted investments in DKKm			Expected direct employment (people)
			Shares*	Loans**	Total	
	New projects financed by IFU					
	AFRICA					
1	Maersk Cameroon	Cameroon		10.5	10.5	52
2	IBF Ghana	Ghana		1.4	1.4	15
3	MIM Cashew	Ghana		19.9	19.9	200
4	Afriscan Kenya	Kenya		2.5	2.5	140
5	APMT Kenya	Kenya		85.2	85.2	77
6	Lake Turkana Wind Power	Kenya	107.2		107.2	200
7	IBF Uganda	Uganda	1.1	2.0	3.1	32
	Subtotal Africa		**108.3**	**121.4**	**229.7**	**716**
	ASIA					
8	Aller Aqua China	China	16.4	32.9	49.3	50
9	Birger Christensen Trading (Beijing)	China	2.3		2.3	6
10	DONG Energy China	China	12.3		12.3	3
11	Rockwool Tianjin	China	20.6		20.6	300
12	Haldor Topsøe Catalyst (Tianjin)	China	54.9		54.9	122
13	Universal Robots China	China	1.5		1.5	8
14	Westrup Maosheng	China		8.4	8.4	260
15	LBH Expansion Joints	India	1.3		1.3	15
16	Ambutech (Thailand)****	Thailand				
	Subtotal Asia		**109.4**	**41.3**	**150.7**	**764**
	EUROPE					
17	Sumborg Bosnia	Bosnia and Herzegovina		2.0	2.0	12
18	Dan-Farm Ukraine	Ukraine	7.0	22.4	29.4	85
19	FairWind Ukraine	Ukraine		1.5	1.5	30
20	NGM Ukraine	Ukraine		3.7	3.7	110
	Subtotal Europe		**7.0**	**29.6**	**36.6**	**237**
	LATIN AMERICA					
21	Gustu Restaurant	Bolivia	3.7		3.7	37
22	Exact Colombia	Colombia	4.5		4.5	600
23	Efact Peru	Peru	4.8		4.8	35
24	Etrade Latinoamérica****	Guatemala				
	Subtotal Latin America		**13.0**	**0.0**	**13.0**	**672**
	Total new projects* **		**237.7**	**192.3**	**430.0**	**2,389**

	Additional financing of ongoing projects					Actual direct employment (people)
	AFRICA					
25	Kosan Crisplant Cameroon	Cameroon	3.3		3.3	52
26	International Fruit Production	Egypt, Arab Rep.		5.7	5.7	25
27	Maersk Ghana	Ghana		22.7	22.7	227
28	West African Fish	Ghana		11.0	11.0	71
29	CleanStar Mozambique	Mozambique	1.4	0.8	2.2	71
30	DanMoz	Mozambique		1.1	1.1	58
31	Bukkehave Nigeria	Nigeria	2.1		2.1	21
32	Triplenine South Africa	South Africa	0.9		0.9	9
	Subtotal Africa		**7.7**	**41.3**	**49.1**	**534**
	ASIA					
33	Dan Yu Pig Breeding China	China	4.1	6.1	10.2	21
34	Jema Autolifts	China	0.8		0.8	30
35	Scandinavian Farms Pig Industry	China		5.1	3.9	160
36	Compact India	India		3.4	3.4	86

37	Conveyor Teknik India	India	1.0		1.0	4
38	Danish Steel Cluster	India		5.0	5.0	144
39	Flux International	Thailand		3.0	3.0	222
40	Holm Machinery Asia	Thailand		0.7	0.7	54
	Subtotal Asia		**6.0**	**23.3**	**28.1**	**721**
	EUROPE					
41	DanMilk Ukraine	Ukraine		2.0	2.0	26
	Subtotal Europe		**0.0**	**2.0**	**2.0**	**26**
	LATIN AMERICA					
42	Danper Agricola Olmos	Peru		32.1	32.1	0
	Subtotal Latin America		**0.0**	**32.1**	**32.1**	**0**
	GLOBAL					
43	IFU Climate Fund	DAC Developing Countries	25.0		25.0	0
	Subtotal Global		**25.0**	**0.0**	**25.0**	**0**
	Total additional financing* **		**38.7**	**98.7**	**136.2**	**1,281**
	GRAND TOTAL* **		**276.4**	**291.0**	**566.2**	**3,586**

AIF investments contracted in 2013

	Project name	Country	AIF's contracted investments in DKKm			Expected direct employment (people)
			Shares*	Loans**	Total	
1	Aller Aqua Egypt	Egypt, Arab Rep.	3.9	32.8	36.7	58
	Total new projects * **		**3.9**	**32.8**	**36.7**	**58**

KIF investments contracted in 2013

	Project name	Country	KIF's contracted investments in DKKm			Expected direct employment (people)
			Shares*	Loans**	Total	
1	AVK Valvulas do Brasil	Brazil	14.6		14.6	15
	Total new projects * **		**14.6**	**0.0**	**14.6**	**15**

IIP investments contracted in 2013

	Project name	Country	IIP's contracted investments in DKKm			Expected direct employment (people)
			Shares*	Loans**	Total	
	Haldor Topsøe Catalyst (Tianjin)	China	54.9		54.9	122
	Total new projects * **		**54.9**	**0.0**	**54.9**	**122**

Total IFU + AIF + KIF + IIP investments contracted in 2013

			Shares*	Loans**	Total	
26	**Total new projects**		**311.1**	**225.1**	**536.2**	**2,462**
19	**Total additional financing**		**38.7**	**98.7**	**136.2**	**1,281**
	Dan-Farm Ukraine	Transfer from IØ to IFU	(7.0)		(7.0)	
(1)	IFU Climate Fund	IFU investment in KIF	(25.0)		(25.0)	
	Aller Aqua Egypt	Transfer from IFU to AIF	(3.9)		(3.9)	
(1)	**Total inter-fund financing**		**(35.9)**	**0.0**	**(35.9)**	
44	**GRAND TOTAL *** **		**313.9**	**323.8**	**636.6**	**3,743**

*) incl. overrun commitments.
**) incl. guarantees.
***) Totals may not add up due to rounded figures.
****) Majority owned subidiaries of existing IFU projects with financing for the subsidiary provided in full or partly by the parent company and thus indirectly by IFU.

Production of cocoa at Ingemann Food in Nicaragua.

DEVELOPMENT IMPACT

The purpose of IFU is to promote economic activity in developing countries through private sector investments. Accordingly, IFU offers a combined package of advice and risk capital to Danish companies investing in developing countries and emerging markets in Africa, Asia, Latin America and Europe.

In order to meet IFU's purpose, project companies must 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.

Employment is key

One of the most important development effects is employment, because it provides opportunities for people to escape poverty and improve their standard of living.

In each project IFU estimates the expected direct employment effect. When a project becomes operational, it reports its actual number of employees to IFU on an annual basis.

New projects contracted in 2013 are estimated to generate close to 2,400 jobs.

Active projects established before 2013 employ around 35,000 people. Approximately 22,000 are employed in projects in Asia and nearly 10,000 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 and preserving 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 two thirds of the new projects contracted by IFU in 2013 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.

Close to 70 per cent of the new projects contracted in 2013 were expected to implement world class technology and just above 30 per cent were to implement average well-known technology.

Training enhances skills

In countries where formal vocational education is sparse, 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 2013 have plans to run training programmes for employees.

The success criteria model

To measure the development effects created by project companies, IFU has introduced a success criteria model, which for several years has been used to score individual projects. The success criteria model gives valuable insight into all projects and enables IFU to compare the development impact of new investments annually and compare performance from year to year.

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 *contribution*, 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 *fund efficiency*.

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.

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

Figures not comparable

In 2013, IFU introduced an updated success criteria model, which is more comprehensive and assesses project performance on a broader scale incorporating new issues such as e.g. corporate governance policy and new indicators related to developmental impacts and CSR. In the updated model IFU's assessment of these new issues is also initiated at an earlier stage in the project's life cycle, which makes it possible better to track development of CSR performance over time.

The total scores in 2013 are therefore not directly comparable with scores in previous years as listed in the table below.

Developmental highlights

	weighted by invested amounts, new projects				
	2013*	2012	2011	2010	2009
Total fulfilment of Fund's success criteria (Range: 25 - 100%)	76%	82%	81%	82%	83%
Development impact	77%	81%	81%	82%	84%
Fund's contribution	69%	80%	73%	78%	74%
Project sustainability	82%	91%	92%	89%	92%
Fund efficiency	74%	76%	79%	82%	78%

*Including one KIF investment

Press conference at IFU to launch the Danish Climate Investment Fund.

PUBLIC-PRIVATE PARTNERSHIP TO SUPPORT CLIMATE INVESTMENTS

In 2013, one of the major tasks for IFU was to raise private capital for the Danish Climate Investment Fund, which was established by the Danish State and IFU in 2012. In January 2014, four institutional investors signed an agreement that places Denmark at the forefront when it comes to fulfilling the accord reached at the Copenhagen Summit in 2009, when the industrialised countries agreed to raise USD 100bn a year from 2020 for climate investments in developing countries.

In total, DKK 1.2bn has been committed: DKK 675m from the institutional investors PensionDanmark, PKA, PBU and Dansk Vækstkapital, DKK 275m from public development and climate funds and DKK 250m from IFU.

Reducing greenhouse gas emissions

The Danish Climate Investment Fund will invest in projects that directly or indirectly contribute to reducing greenhouse gas emissions in all developing countries. This means that the fund covers almost all countries in Latin America and Africa, most countries in Asia and a few countries in Europe.

In addition to contributing to reducing global warming, the aim of the fund is to promote and enhance the use of Danish green technology and products worldwide, thus helping Danish companies take advantage of the growing demand for state-of-the-art green technology in many developing countries and emerging markets.

Ground-breaking cooperation

The new public-private partnership is ground-breaking. It is among the first in the world to combine private capital and public aid finance in an investment fund focusing on climate, operating on commercial terms, and which is managed by a publicly-owned development finance institution.

The overarching goal for this new type of partnership is for everyone to gain from the cooperation. The developing countries get additional risk capital for climate-friendly investments, it will contribute to the Danish government meeting its international obligations, and the institutional investors will receive a competitive return on their investment.

The goal for the return on investment is a minimum of 12 per cent annually, and it is expected that the fund will contribute a total of DKK 8-9bn to climate-related investments in developing countries and emerging markets.

Strong interest from Danish companies

The Danish Climate Investment Fund has already experienced strong interest from Danish companies wishing to engage in green business in developing countries, and in February 2014 the fund made its first commitment to DONG Energy in China. For more information, see case on page 15.

CASE

Producing biofuel in China

FACTS ABOUT THE INVESTMENT
Project name: DONG Energy China
Danish partner: DONG Energy New Bio Solutions
Start: 2013
Country: China
Status: In operation
IFU's shareholding: DKK 12.3m
Expected total investment: DKK 25.0m
Expected employment: 3

A greater focus on green solutions in China and a target of 500 bioethanol plants to be built by 2020 has led DONG Energy to explore the market potential for their second generation bioethanol in China. In cooperation with the Danish Climate Investment Fund, DONG Energy has established a joint venture that will promote the bio-based Inbicon technology in China.

The technology, which has been developed in Denmark, is based on transforming straw and stems from corn and cane into bioethanol that can be used as fuel in cars, for example. To utilise the technology, DONG Energy needs access to raw material and investors willing to finance the construction of bioethanol plants.

Breaking new ground

The Chinese joint venture formed by DONG Energy and the Danish Climate Investment Fund is a new step in the way IFU is assisting Danish companies in developing countries. Instead of co-financing a specific project, this new joint venture is formed as a development and service company that will promote the Inbicon technology, engage in the development of bioethanol plants and render services to them.

"The Danish Climate Investment Fund will act as an adviser and co-owner of our office in Beijing, which will be in charge of rolling out the Inbicon technology commercially," said Henrik Maimann, Vice President of DONG Energy.

More investments to come

When local investors have bought the Inbicon license and are prepared to invest in a commercial plant, the Danish Climate Investment Fund will decide if it should invest in the specific project based on the individual business case. DONG Energy has indicated that they are ready to plough back their license fee in the first couple of plants to secure a swift start in erecting bioethanol plants in China.

"Through this partnership we can act as a strong Danish unit that will promote green technology and invest in specific bioethanol plants. It is a platform for paving the way for further investments in bio-based technologies," said Anders Nellemose, investment director of IFU.

The Inbicon technology to be introduced in China by DONG Energy New Bio Solutions and IFU.

NEW STRATEGY - "SHIFTING GEARS FOR HIGHER IMPACT"

In recent years, IFU has taken important steps to consolidate and develop its role as a fund manager and as an attractive partner to Danish companies wishing to invest in developing countries. IFU has increased its pan-African presence and now has four regional offices on the continent. In addition, IFU has regional offices in China and India and is planning to open a new office in Latin America.

A new co-financing facility has been set up with institutional investors, and a climate investment fund based on public-private partnership was launched in early 2014. IFU continues to deliver on its developmental goals while remaining profitable and self-financing.

Based on work done and looking ahead from IFU's favourable platform, a new strategy - "Shifting gears for higher impact" has been approved by IFU's board of directors and will be implemented over the next five years.

The strategy contains four central issues:

- Stronger focus on SMEs

  To better utilise their global business potential, Danish companies need to establish a presence in developing countries and emerging markets. This is a challenge especially for the many small and medium-sized companies that often do not have the experience, management resources or financial strength to successfully establish a presence in these relatively difficult markets. Companies not performing well become a burden for the Danish partner, consume a lot of IFU resources and fail to fulfil their developmental potential.

  To give Danish SMEs a better platform from which to succeed, IFU will strengthen its approach to investing with smaller companies. This includes seeking synergies and financing in collaboration with Danida's business partner programme.

- Doing more for large companies

  IFU has co-financed project companies in developing countries with a substantial number of large Danish companies such as Haldor Topsøe, Vestas, FLSmidth, Carlsberg, Rockwool and A.P. Moller-Maersk. These investments have a high developmental impact, provide benefits to the large Danish companies and present opportunities for smaller companies to be involved as sub-suppliers.

  To utilise IFU's vast experience and our value as a partner to large Danish companies, and to enhance the promotion of Danish technology, IFU will create a dedicated early-stage commercial strategy to assist key partners in high-impact sectors.

- New thematic funds

  IFU has set up a new climate investment fund based on a public-private partnership. This will enable IFU to better assist Danish companies in taking advantage of the growing world market for green technologies and contribute to reducing greenhouse gas emissions. More sectors could benefit from additional funding, thus improving the development impact in host countries and strengthening the position of Danish companies.

  IFU will therefore take the initiative to set up more thematic funds based on public-private partnerships. The first initiative will be an agribusiness fund.

- Seeking a broader mandate

  Compared with other Danish government organisations and European DFIs, IFU has a narrower mandate that restricts IFU to invest only in relatively poor developing countries and in projects with financially-engaged Danish partners. This requirement threatens IFU's ability to promote development in countries with a large poor population and to gain first mover experience in new growth markets for the benefit of Danish partners.

  Therefore, a central part of the strategy is to explore the scope for a broader mandate to include a wider Danish interest requirement and to enable investments in all developing countries.

Doubling investments

The new strategy and its initiatives are projected to double IFU's investment activity from DKK 550m in 2012 to DKK 1,100m in 2018 and to increase IFU's net income to DKK 150m in 2018. In addition to improving IFU's profitability and degree of self-financing, the new strategy will achieve a higher development impact and put Danish companies in a better position to take advantage of the new markets.

Denmark has a strong agricultural sector, and food exports, of e.g. pork, account for one quarter of total Danish exports.

AGRICULTURAL INVESTMENTS TO COMBAT POVERTY

According to the UN Food and Agriculture Organization, growth in the agricultural sector is vital for minimising hunger and reducing poverty. On average, such growth is twice as effective in benefitting the poorest half of the population as growth generated in non-agricultural sectors. This can be explained by the chain reaction through which investments in agriculture first create a surplus of food production, keep food prices low and stimulate overall economic growth, which then creates new employment opportunities for the labour surplus emerging from a more efficient agricultural sector.

To stimulate this development, investments are needed in different areas such as roads, ports, power supply, storage and irrigation systems, mechanisation, cold chain logistics, food processing, food storage and retail.

Danish companies well positioned

Over the past more than one hundred years, Denmark has developed a strong agricultural sector with extensive expertise along the entire value chain. Today, Danish food exports have grown to almost DKK 150bn and now account for around one quarter of total Danish exports. In addition, companies producing technology for the food sector create exports worth DKK 12bn annually. The Danish food sector is therefore well positioned to take advantage of the growing demand for more processed and high quality food and at the same time contribute to combat hunger and poverty.

AIF CONTINUES TO INVEST

The political situation in North Africa and the Middle East is perceived as insecure by many Danish companies. This is not least the case in Egypt, as the country struggles to find a stable political platform. The lack of progress means there is only modest interest in investing in the seven countries eligible for investments by the Arab Investment Fund (AIF), i.e. Morocco, Algeria, Tunisia, Libya, Egypt, Jordan and Iraq.

Despite the political situation, a number of Danish companies already operating in the region are doing quite well and are experiencing growing market shares and increasing turnover. One sector facing serious challenges, however, is tourism. In the case of Egypt, the number of visitors has dropped dramatically compared to pre-revolution figures.

IFU and **IFU Investment Partners** have **invested** DKK 110m in a **Haldor Topsøe plant** in China

One investment in 2013

One investment was made in 2013 consisting of additional financing for Aller Aqua, a company producing and selling fish feed in the Egyptian market. Aller Aqua Egypt was established in 2011 as a joint venture with a local partner, and since the start-up, the company has increased production, grown its sales and doubled its production capacity by extending its existing plant.

Thorough preparation is necessary

During 2013, IFU continued to investigate and monitor the political developments and business opportunities in the countries eligible for AIF investment.

The general assessment is that the region holds fine and promising investment opportunities, and that sectors such as infrastructure, oil and gas, agriculture, food, energy, including renewable energy, and pharmaceuticals are especially relevant to Danish companies.

To realise their potential, companies need to address all political and economic risks, do extensive project planning and consider teaming up with AIF as an experienced partner.

55 per cent of AIF's funds are committed

In 2011, a total of DKK 150m was reserved for AIF. Despite the challenging environment, the fund had entered into three project agreements at year-end 2013 with a total expected investment of DKK 259m, of which AIF had contributed DKK 84m.

IFU INVESTMENT PARTNERS

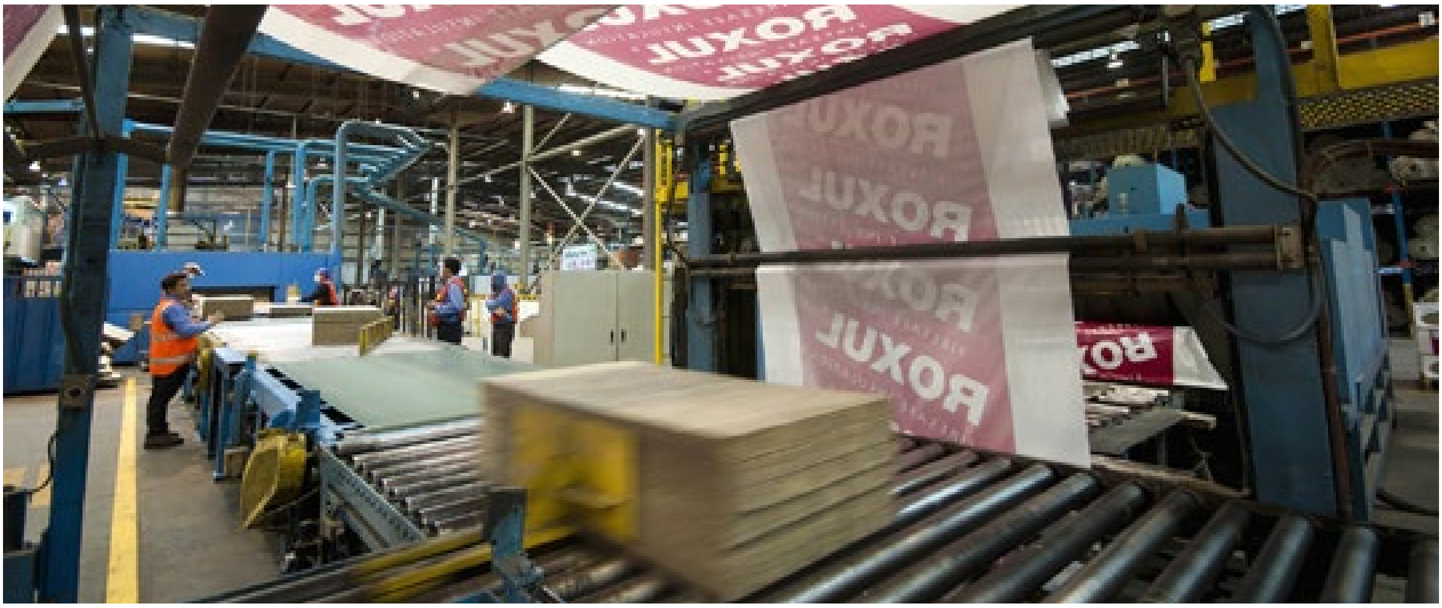
IFU Investment Partners (IIP) was established in 2012 in cooperation with the two Danish pension funds PKA and PBU. They have committed a total of DKK 500m to IIP, which is managed by IFU.

IIP mainly provides equity investment for large projects established in cooperation between Danish companies and IFU. This gives Danish companies an opportunity to raise additional equity funding in a one-step process, thus reducing the financial risk and increasing the potential for profitable projects to be realised.

Investing with Haldor Topsøe

In 2013, IIP made an investment in a catalyst plant in China established and operated by Haldor Topsøe. Based on state-of-the-art technology developed by Haldor Topsøe, the plant is to serve the automotive industry.

The total expected investment is DKK 900m. IFU and IIP have each invested DKK 55m as share capital. For more information, see case on page 23.



Rockwool Thailand, production of stone wool.

DANISH COMPANIES DOUBLE TURNOVER IN EMERGING MARKETS

Danish companies have almost 12,000 subsidiaries outside Denmark. Most of them are located in Europe and the United States, but in recent years an increasing number has been established in developing countries and emerging markets. This has turned out to be a good strategy as companies investing with IFU on average have almost doubled their turnover in the last six years.

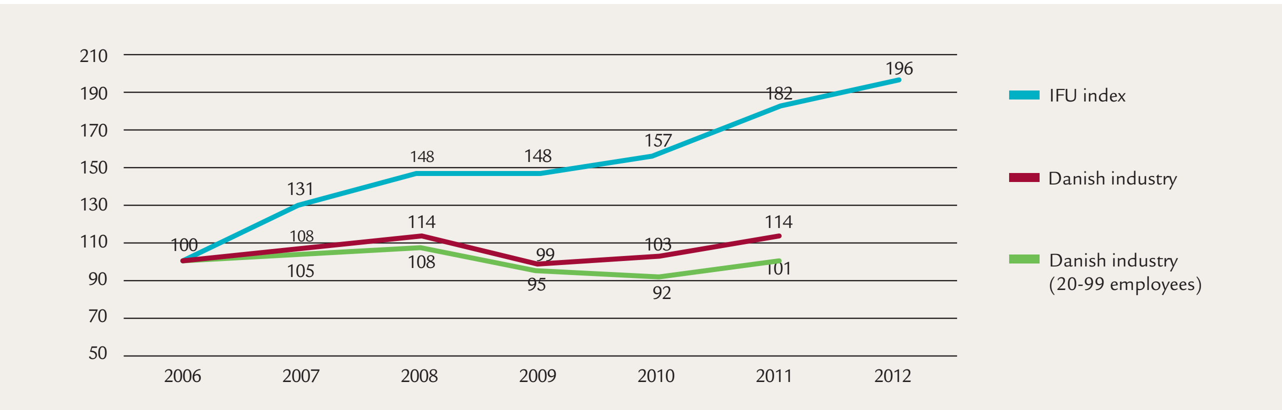
This development is revealed by a new IFU index, the first index to track the turnover growth of project companies backed by an investment from IFU, based on reported accounts.

Much higher than in Denmark

The IFU index, which covers the years 2006 to 2012, also shows that despite the financial and economic crisis, IFU-invested companies have increased their turnover every year except 2009, thereby outperforming Danish industrial companies, which so far have only been able to restore their turnover to pre-crisis levels.

Even Danish industries with the highest increase in turnover from 2006 to 2012 have not managed to grow faster on average than IFU-invested companies operating in developing countries and emerging markets.

IFU index



Facts about the IFU index

The IFU index covers 28 companies which have been a part of IFU's portfolio for the entire period from 2006 – 2012, thereby providing evidence of how the turnover of Danish subsidiaries located in developing countries has developed during the economic and financial crisis. The 28 companies are part of the 271 companies that at one point during the period have been included in IFU's portfolio and which have all been analysed by Copenhagen Economics. If the 138 companies forming a part of the portfolio for three consecutive years or more are included, the turnover growth is even higher.

AFRICA

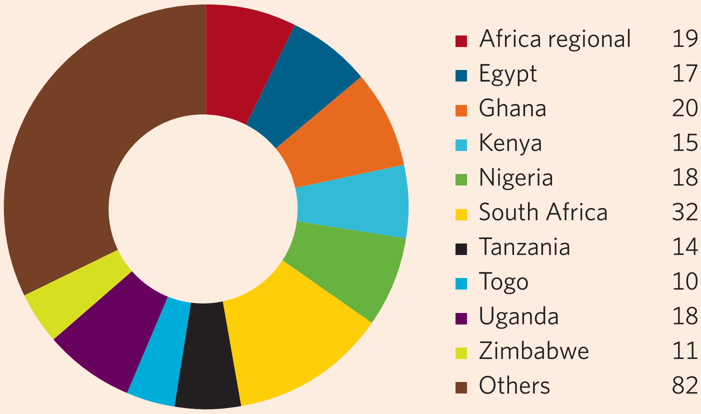
Expected total investment:
- DKK 54.1bn

IFU's contracted participation:
- DKK 3.7bn

Active projects:
- 83

Expected direct employment:
- 44,735 people

Projects in Africa: 256



AFRICA, THE FASTEST GROWING REGION IN THE WORLD

According to the latest economic forecast from the IMF, Africa will be the fastest growing region in the world in 2014, slightly outpacing Asia at an average growth rate of 5.6 per cent. Africa thus continues the strong economic growth that is a prerequisite for creating employment and moving more people out of poverty.

In 2013, IFU's total contracted investment in Africa was DKK 279m. Together with 2009, this is the highest investment level ever in Africa in a single year. The investments covered 15 projects in eight different countries.

New opportunities

The growing economies of many African countries open up new business opportunities in a number of sectors such as agriculture, food, housing, IT, infrastructure and energy.

During the years, IFU has invested with several Danish companies in these growing sectors. In 2013, IFU's investments in Africa included production of concrete tiles in Ghana and Uganda and the Lake Turkana wind park, which will be the largest of its kind in Africa. See case on page 21.

Business climate is improving

As with many developing countries, it is still a challenge to invest and do business in African countries. The high level of bureaucracy, poor infrastructure, unstable access to energy, and corruption are just some of the obstacles companies have to deal with when entering the African market. In recent years, however, the business climate has improved and many African governments are working strategically to eliminate barriers and restrictions on foreign investment, improving infrastructure and cross-border trade.

Increasing turnover

Danish companies operating in Africa have improved their business performance there in recent years. According to the IFU index, Danish companies investing with IFU have increased their turnover substantially during the economic and financial crisis and have outperformed industrial companies operating in Denmark.

The improvement can also be seen in IFU's IRR on investments in Africa, which has turned positive since the turn of the millennium.

New investment manager in Nairobi, Kenya

In January 2014, Samuel Githinji was employed as investment manager at IFU's regional office in Nairobi, Kenya. He has experience from the multinational fund GroFin Kenya, which focuses on sustainable investment in small and medium-sized enterprises, and from KPMG Kenya where he was a senior financial analyst. Samuel holds a BSc (Actuarial Science) from the University of Nairobi.

CASE

Africa's largest wind farm

FACTS ABOUT THE INVESTMENT

Project name: Lake Turkana Wind Power	
Danish partner: Vestas	
Start: 2013	
Country: Kenya	
Status: Under implementation	
IFU's shareholding: DKK 107.2m	
Expected total investment: DKK 4,791.2m	
Expected direct employment: 200	

When fully operational in 2017, the Lake Turkana Wind Power project will be the largest wind park in Africa. The 300 MW wind farm will have 365 wind turbines with a capacity of 850 kW each.

Lake Turkana Wind Power is located in northern Kenya. The site was selected because of the remoteness of the area and the strong predictable wind streams between Lake Turkana and the desert hinterland.

Vestas is supplying the wind turbines

The 365 wind turbines will produce around 20 per cent of Kenya's current installed electricity generating capacity at a very cost efficient price and will replace fuel imports of approximately EUR 120m annually.

Vestas is to supply the 365 wind turbines based on the model V52-850 kW with a three-blade rotor and a diameter of 52 meters. This is a very robust and efficient wind turbine and therefore perfect for installation at a location like Lake Turkana.

428 km transmission line

The first step in the realisation of the wind farm is to construct a 428 km double circuit 400 kV transmission line to deliver the electricity from the wind farm to the national grid. The infrastructure around the site needs to be upgraded before the wind turbines can be delivered. This includes 200 km of access routes and 100 km of routes for construction, operations and maintenance.

EUR 600m investment

The total investment is estimated at around EUR 600m, making this the largest single private investment in Kenya's history. A number of DFIs and private companies are backing the project financially, and loan financing has been provided by the African Development Bank, among others.

IFU has contracted investment of close to DKK 110m in the project. The investment is expected to be transferred to the Danish Climate Investment Fund in 2014.

"The Lake Turkana Wind Power project is a very strategic investment that will help the Kenyans fulfil their ambition of meeting the growing demand for energy in a climate-friendly way. That makes it a perfect match with the objectives of the Danish Climate Investment Fund," said Torben Huss, Executive Vice President of IFU.

Animation of the wind turbine setup at Lake Turkana.

ASIA

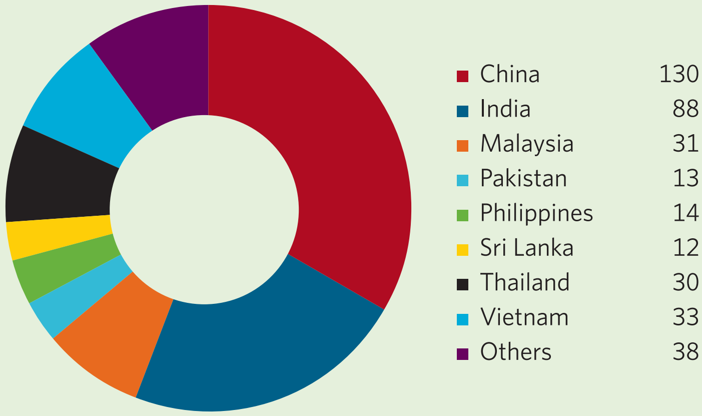
Expected total investment:
- DKK 43.5bn

IFU's contracted participation:
- DKK 4.8bn

Active projects:
- 101

Expected direct employment:
- 80,908 people

Projects in Asia: 389



NEW MARKETS OPENING UP IN ASIA

Economic growth in China and India continued to decline in 2013. Nevertheless, the two countries are still experiencing high growth in their GDP at around four and seven per cent, respectively, outperforming the industrialised world. .

In 2013, IFU made ten investments in China and three in India. IFU also made three investments in Thailand.

In China and India as in the rest of Asia more and more people are escaping poverty, and the middle class is becoming an increasing part of the population. This has led to growing demand in sectors such as housing, energy, food, IT, medicine and high-end retail products.

Danish companies are generally very competitive in these sectors and they have the potential to take a fair share of the market. In cooperation with IFU some companies are already engaged and have established a presence in the Chinese market in recent years. These include companies like Scandinavian Farms, Mille Dairy, Nordic Amber, Birger Christensen, Rockwool and Lundbeck.

In general, IFU sees a growing interest from Danish companies wanting to explore the market and learn more about IFU's experience and services.

Opening up new sectors

Foreign direct investment (FDI) has played and is still playing a crucial role for economic growth in Asia. In recent years, FDI has been declining in China and India, and the two countries have therefore decided to loosen restrictions on foreign investment in a number of sectors.

In India, new sectors opening up are retail, insurance and aviation, and the expectation is that it will bring in substantial foreign investment that could strengthen the currency and the local economy.

In China, the government has made Shanghai a free trade test zone in 2013. The aim is to do away with red tape and restrictions on foreign companies in order to open up more sectors such as banking services, investment management, engineering design, medical services and construction services. In contrast to in the rest of China, the renminbi will be fully convertible, and a reduced business income tax rate of 15 per cent is likely to be introduced. The free trade zone is the first of its kind, and in addition to making Shanghai a new world financial centre it is seen as the first in a number of free trade zones to be introduced across China.

In 2013, **IFU** made
16 investments in Asia

CASE

Reducing smog in China

Pollution and smog have increased dramatically in China in recent years. Especially in major cities like Beijing, the massive smog is posing a severe health threat. This has led the Chinese government to introduce stricter rules and regulations on emissions from cars, amongst other things.

The new regulating regime opens up new business opportunities for companies such as Haldor Topsøe, which has developed a world-class catalyst for removing nitrogen oxides (NOx) from diesel exhaust.

Construction on the way

Haldor Topsøe has decided to open a catalyst production plant in Tianjin located around 100 km east of Beijing. The plant will manufacture products to be used for removing NOx from the engine exhaust of medium and heavy duty diesel vehicles as well as light commercial vehicles, buses and trucks.

"The Tianjin facility will strengthen our presence and market position in China, and we are confident that the regulation introduced by the Chinese government will create opportunities for us in the field of automotive catalysts," said Bjerne S. Clausen, CEO of Haldor Topsøe.

The construction of the plant has already begun and will run in two phases over the next two years. The initial phase will be ready for production in 2015 and the second is scheduled for early 2016.

FACTS ABOUT THE INVESTMENT

Project name: Haldor Topsøe Catalyst (Tianjin)
Danish partner: Haldor Topsøe
Start: 2013
Country: China
Status: Under construction
IFU's shareholding: DKK 54.9m
IIP's shareholding: DKK 54.9m
Expected total investment: DKK 900m
Expected direct employment: 122

DKK 900m to be invested

The total investment capital needed for the project is DKK 900m. To reduce the financial risk Haldor Topsøe has approached IFU to co-invest in the catalyst production in China.

In 2013, IFU's board approved an investment in the new plant and also engaged financially in the plant via IFU Investment Partners (IIP), a facility funded by the two pension funds PKA and PBU and managed by IFU. IIP and IFU have each invested DKK 55m in share capital in the project.

In early 2014, IFU and IIP increased their investment in the plant by DKK 16.5m and DKK 27.5m, respectively, bringing their total participation to DKK 155m.

"We are very pleased that IFU and IIP have decided to invest in our plant. In addition to reducing our financial risk it means we now have a partner on board with extensive experience in establishing and running business activities in China," said Bjerne S. Clausen.

PHOTO: SCANPIX

Haldor Topsøe's catalysts will remove nitrogen oxides from diesel exhaust and help to reduce smog in Chinese cities like Beijing.

LATIN AMERICA

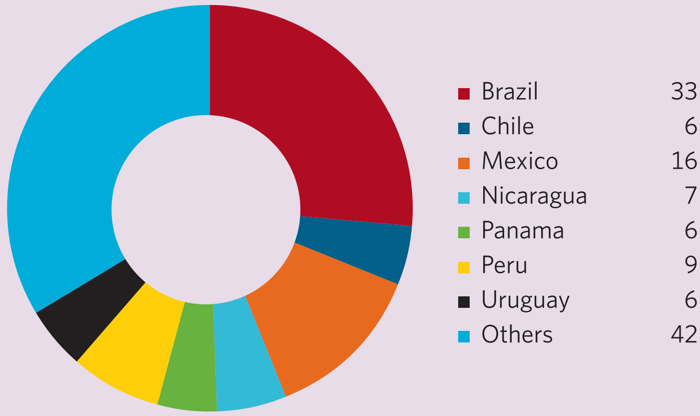
Expected total investment:
- DKK 8.2bn

IFU's contracted participation:
- DKK 1.4bn

Active projects:
- 24

Expected direct employment:
- 24,777 people

Projects in Latin America: 125



GROWING INTEREST IN LATIN AMERICA

In recent years, IFU has experienced a growing interest from Danish companies to invest in the poorer countries of Latin America.

In 2013, IFU contracted four new investments in Latin America, and an investment in Peru received additional financing to expand an existing agricultural operation.

For the first time in more than 15 years, IFU made an investment in Colombia, which has seen steady positive economic development in recent years. Last year, Colombia became the third largest economy in Latin America. IFU's investment was in Exact Columbia, see more on page 25.

Colombia is now the **third largest economy** in **Latin America**

More countries open for investments

The Danish Climate Investment Fund has a broader geographical mandate than IFU, and a number of the larger countries are thus being re-opened for investment. Eligible countries include Brazil, Mexico, Argentina and Chile, which all hold promising business potential within climate technology and products.

The Danish Climate Investment Fund made one investment in Brazil in 2013. The project is a factory established by the Danish company AVK to produce valves used to reduce water loss in water supply systems.

New regional office in Latin America

Due to the growing interest in Latin America and the establishment of the Danish Climate Investment Fund, IFU is planning to open a new regional office in Latin America. This will be IFU's seventh regional office operated to assist Danish companies and serve Danish interests on location.

CASE

Housing for Colombia's middle class

FACTS ABOUT THE INVESTMENT
Project name: Exact Colombia
Danish partner: Exact Group
Start: 2013
Country: Colombia
Status: In operation
IFU's shareholding: DKK 4.5m
Expected total investment: DKK 31.6m
Expected direct employment: 600

In the past 10-15 years, Colombia has experienced rapid developments. Annual economic growth rates have been close to five per cent and the number of foreign investments has increased significantly.

The development has helped reduce poverty. Since 2002, the lowest income group has dropped from comprising half the population to one third today. The middle class has almost doubled and now makes up 25 per cent of the population.

Housing shortage

In Colombia it is a tradition to own your own home. As a result, economic growth has led to increasing demand in the housing market, both in the middle-class segment and for people in the poorer income groups, who can obtain direct state subsidies to buy a home.

Despite an increase in construction in Colombia, there is an estimated housing shortage of nearly 4 million homes.

An attractive market

A group of Danish investors with experience from Latin America sees a business potential in constructing homes in the country, and they have decided to invest close to DKK 32m in apartments in the largest Colombian cities for both the upper and the lower middle class. Investment in office buildings is also being considered.

"Colombia is an interesting market with high demand, and we believe this will be a sound investment for the partners involved and that it will contribute to developing the Colombian real estate market," said Martin Nymark, managing director of Exact Invest.

Martin Nymark has been a property developer and investor in Latin America for the past seven years. As manager of the Danish investor group's capital, Exact Invest is actively involved in the development of the individual real estate projects from its office in Bogotá.

DKK 4.5 million from IFU

IFU has decided to invest DKK 4.5m in the investment company Exact Colombia I A/S.

"We believe this is an interesting investment that can produce an attractive yield and contribute to improving the development in Colombia, which, despite the positive development, is still being overshadowed by the large countries in Latin America in terms of investment," said Dan Larsen, investment director of IFU.

View of housing area in the city of Tunja, Colombia.

Beekeepers being trained at the Ingemann Beekeeping Academy in Nicaragua.

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORTING

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

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, human rights and labour rights, health and safety as well as corruption.

Companies that do not take these issues seriously risk getting their reputation tarnished and losing customers. 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 works actively to overcome challenges and dilemmas

Recent years have shown economic challenges all over the world, which proves that active ownership is important and necessary. IFU works with project companies in several developing countries and is aware of the challenges and dilemmas involved. Having a responsible business plan is crucial for a company to achieve a satisfactory result for the long term and is a key part of IFU's CSR efforts to assist its partners in setting up clear CSR strategies that benefit the company and as a minimum ensure compliance with international standards and local regulations.

IFU's CSR policy is based on the 10 principles of the UN Global Compact, which cover four areas: human rights, labour rights, environment and anti-corruption. IFU has added the areas of animal welfare and community development. Investments must 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 employee 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.

A **clear** company **CSR strategy** helps **reduce** the **risk and produces** business **opportunities**

First step: 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 CSR 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.

Second step: Beyond compliance

IFU's goal is that a project company's CSR objectives will 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.

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. IFU sees this as a signal of a strong commitment to CSR by the company.

Reporting on CSR key performance indicators

Over the last couple of years, IFU has supported companies and their boards in standardising their CSR reporting. During that process, IFU has moved closer to having a fixed number of key performance indicators (KPI) reported to IFU from all its project companies.

Increase in CSR policies in project companies

One KPI is the number of companies that have their own written CSR policy or are covered by a CSR policy defined by their parent company. In 2013, the number was 46 per cent, up from 41 per cent in 2012 and 30 per cent in 2011. As it encourages companies to define a CSR policy, IFU is proud to see this development.

Improved HIV/AIDS effort in sub-Saharan Africa

According to IFU's CSR policy, project companies in countries with an HIV prevalence rate of more than 3 per cent must adopt an HIV/AIDS policy, thereby helping to combat HIV/AIDS. IFU has decided to focus on sub-Saharan Africa recognising that it is the main region affected by HIV/AIDS. In 2013, there were 25 project companies in sub-Saharan Africa in countries with an HIV/AIDS prevalence of more than 3 per cent. Of those, 42 per cent had an HIV/AIDS policy or similar activities, and 23 per cent were planning to make activities and set up a policy in 2014. This is a huge improvement compared to 2011, when only 9 per cent of 22 project companies in sub-Saharan Africa had HIV/AIDS activities.

In terms of the number of employees, the HIV/AIDS policies and activities cover 58 per cent of the employees in the 25 companies.

Among the companies that have not yet considered activities, some are not operational, while others have very few or no employees. The remaining companies will be contacted early in 2014 to further discuss their options of getting an HIV/AIDS policy in place.

Assessment of CSR performance

Each year IFU carries out an internal assessment of its portfolio on compliance with its CSR policy. Each project is classified into one of five categories as follows: *Excellent, Good, Fair, Poor* and *Critical*.

In 2013, compliance assessments were carried out for 172 IFU projects and 2 AIF projects. The exercise did not include 20 projects that were in the process of being established, 19 projects with no physical activities, and 9 projects being exited.

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CSR classification	Total score (%)	Environment (%)	OHS (%)	Human rights and labour practices (%)	Anti-corruption (%)
Excellent	30	34	30	34	22
Good	51	50	50	49	54
Fair	17	16	18	15	22
Poor	2	0	2	2	2
Critical	0	0	0	0	0

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.

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 total scores in 2013 are almost as high as previous years, but a little lower due to 11 companies scoring *Poor* in one of the categories compared to 5 scores in *Poor* last year. The *Poor* scores are related to labour conditions (e.g. working hours), safety issues and no adequate procedures to fight corruption. 3 of the 5 companies who scored *Poor* last year are not on the list anymore due to improvement. None of the projects scoring *Poor* are category A projects, which are projects with significant potential adverse CSR impacts. Furthermore, the total *Excellent* score has gone up from 28 per cent to 30 per cent this year.

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 and helps project companies to take a clear stand against corruption and urges them to initiate the necessary preventive measures to counter the risks identified. The results of the classification shown above show that IFU must continue its focus on this agenda and work with corporate governance as part of IFU's board work in the project companies.

Stakeholder engagement

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. IFU is a member of the Danish Ethical Trading Initiative (DIEH), and in 2013 IFU also participated in the 2nd Annual Forum on Business & Human Rights in Geneva.

IFU's own initiative is the IFU 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, 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

IFU's CSR due diligence tool in compliance with UN guiding principles

IFU uses the Global Compact Self Assessment Tool for assessing CSR issues in project companies during the appraisal phase. This tool was re-launched in 2013 in a new and improved version to better reflect current standards and trends.

The Global Compact Self Assessment Tool is a free online tool that enables companies to measure their performance on the 10 principles of the UN Global Compact. The re-launched tool covers a new management section in addition to the updated human rights, labour, environment and anti-corruption sections. The new management feature enables self assessment of processes to ensure that the Global Compact principles are adequately assessed, defined, implemented and communicated in line with the Global Compact Blue Print and the UN Guiding Principles on Business and Human Rights.

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CASE

CSR improvements lead to increased productivity

Engsko Ethiopia produces mill stones used for grinding grain, coffee and different spices. Most products are sold locally.

In 2009, IFU provided a loan to enable the company to expand production. A CSR review was commissioned and numerous opportunities for improving CSR were identified. An action plan was established with specific deadlines for the improvements needed.

The issues identified were lack of personal protective equipment or its incorrect use, lack of safety procedures and limited knowledge about safety among employees. The production hall had poor lighting and indoor air quality, and a high level of noise.

IFU encourages a more focused approach to CSR

Once it became clear that local management was not capable of initiating the improvements without guidance, IFU assisted the company in identifying a good health and safety adviser who came up with pragmatic recommendations for training and improvements to work facilities as well as more attention on improved quality procedures and products.

PHOTO: MIKKEL ØSTERGAARD/FOLKEKIRKENS NØDHJÆLP/SCANPIX

Peter Hansen, managing director of Engsko United Milling Systems, shows the production at Engsko Ethiopia to HRH Princess Marie.

FACTS ABOUT THE INVESTMENT
Project name: Engsko Ethiopia
Danish partner: Engsko
Start: 2009
Country: Ethiopia
Status: In operation
IFU's loan: DKK 4.0m
Expected total investment: DKK 15.1m
Actual direct employment: 38

Improvements implemented

Noise levels inside the factory were excessively high. Of the improvements made, the most significant noise reduction resulted from improving the conveyors used to transport the mill stones. Lighting and ventilation would have given rise to improvement orders had the company been operating in Denmark. By setting up more appropriate lighting, polishing the windows, implementing better ventilation and using an electric forklift truck, the working environment has improved considerably. Good housekeeping is now maintained.

Operating instructions including health and safety procedures have been made for work stations, proper personal protective equipment is provided, including instructions on how to use it correctly. All employees have been trained in these procedures and in first aid, and a health and safety committee now meets regularly.

In addition, employees are benefitting from recently upgraded changing room and canteen facilities.

For the benefit of the business and all employees

Thanks to the training, a new working culture has emerged. Employees are more active in production and health and safety work, and they have started making suggestions for further improvements. In general, the employees are more motivated.

"I am very pleased and proud of the CSR improvement. This will lead to an increase in productivity of up to 10 per cent, and the investment will soon be repaid," said Leif Madsen, director of Engsko United Milling Systems.

Øivind Ramberg, managing director of GC Rieber Compact, accepted the CSR Investment award on behalf of Compact India.

Review of investments in funds

IFU has invested 13 per cent of its capital in other investment funds, mainly focusing on Africa. Until recently, IFU has focused its CSR work on the fund manager to ensure that adequate management systems are in place to address CSR risks and improve performance. Since EDFI's environmental and social standards for investments in funds were recently adopted, IFU has applied these standards that also focus on the actual performance of the companies in which the funds have invested.

In 2013, IFU initiated a review of the performance of its fund investments. Preliminary results indicate that the new standards are effective in ensuring high CSR performance of both the fund manager and its investee companies. However, a few funds into which IFU invested prior to the adoption of the new CSR standards appear not to be performing as intended. The associated risks will be addressed during 2014 and the review will be extended to cover the remaining funds.

CSR Awards 2013

For the third time, the Danish CSR Foundation (CSR Fonden) organised a national CSR event, CSR Awards 2013, 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 jury in 2013 was IFU's CSR Advisory Board, and the winner was Compact India, which had been nominated together with ScanCom do Brasil and LM Wind Power India.

Production of textile at LTP Vietnam.

Participants in IFU FOCUS China in 2013.

IFU FOCUS

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

IFU FOCUS has run for four straight years from 2010-2013 and has now covered six regions in Asia and Africa.

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 offer inspiration to sound business development within four key areas:

- CSR strategies and tools that work for the business
- People strategy, HR management and organisational development
- Avoiding bribes and facilitation payment
- Corporate governance

Participants have mainly been 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 2013, close to 300 people had participated in IFU FOCUS.

IFU FOCUS China

In 2010, the first IFU FOCUS seminar took place in China and received very good feedback from participants with 96 per cent wishing to participate again and bring more people from their company.

Therefore IFU FOCUS China was repeated in 2013. The topics of particular interest were people strategy as well as recruitment, retention and reward strategies in an employee market characterized by picky, pricy and scarce resources.

IFU FOCUS Ukraine

IFU FOCUS Ukraine was carried out for the first time in 2013 with the same overall objectives as the other IFU FOCUS seminars. The seminar was prepared together with the Danish Business Association in Lviv to engage Danish companies not already in the IFU portfolio. There was a special focus on CSR strategies and tools and the new anti-corruption legislation in Ukraine.

40 people from 23 different project companies participated. Like previous seminars, a high percentage of the participants had very positive comments about the whole idea of IFU FOCUS, the networking and the knowledge sharing with other IFU companies.

Ho Chi Minh City, Vietnam

IFU together with Danida held a seminar in Ho Chi Minh City, Vietnam, in 2013, which had a similar format and content as IFU FOCUS with almost 80 participants.

HUMAN RESOURCES

IFU welcomed eight new people on its staff in 2013, among them the new CEO. An additional investment manager was recruited for the Nairobi office and it is expected that the regional offices will take on further new staff in 2014.

IFU **welcomed** eight new **people on its staff** in 2013

Competences

As an organisation, IFU continues to be characterised by long-standing experience in investment and management of companies in developing countries as well as emerging markets.

With the establishment of the Danish Climate Investment Fund, climate investments have come even more into focus.

Hence, to support the organisational competences within this area, a seminar on climate investments with a special focus on renewable energy was held in September 2013. The seminar was tailored for IFU and delivered by Green Power Academy.

Composition

IFU consists of a diverse mix of people in terms of religion, race and gender. Non-discrimination and equal opportunity are important aspects of the investments made by IFU as well as in our internal HR policies.

PEOPLE FACTS

- IFU had on average 68 full-time employees in 2013, and currently 44 external advisers are working on projects.
- The 68 full-time employees represent 13 different nationalities and 21 per cent are based in IFU's six regional offices.
- IFU represents experience and a high educational level; some 55 per cent have a master's degree or higher.
- The average age is 44 years and the average seniority is 10 years. There is a 51/49 percentage split between male and female employees.
- The employee turnover was 11 per cent in 2013. Part-time students represented more than half of that.

It is our firm belief that IFU and our investee companies generally benefit as a result of having diversity of experience, perspective and cultural understanding within the organisation.

IFU's policy and objectives for the gender composition on the board and the managerial positions at IFU follow the guidelines of the Danish Business Authority, section 11(2) of the Danish Gender Equality Act and section 99b of the Danish Financial Statements Act.

Equal oppertunities

In order to have a balanced composition on IFU's board of directors, the objective is to have at least one third representation of each gender. Currently, the board consists of seven members and one observer[1], four are male (57%) and three are female (43%).

IFU is an equal opportunity employer and the aim is to demonstrate this by balancing between the number of men and women in managerial positions. By 2018, either gender must have at least one third representation in IFU managerial positions.

At the end of December 2013, the distribution of the 18 people in managerial positions was 61 per cent male and 39 per cent female. Already meeting the target of each gender representing at least one third, IFU will continue to increase the talent pool for females in managerial positions. The recruitment processes will be reviewed to ensure that both genders in process and communication get equal attention, and individual training plans will be developed for potential female managers.

[1] Observers are not included as per the guideline from the Danish Business Authority.

GOGLOBAL COOPERATION

The collaboration within the GoGlobal initiative continued in 2013. 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 companies operating outside Denmark, including in developing countries.

One of the new projects co-financed by IFU in 2013 was established with involvement from EKF.

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

Harvesting grapes at Danper Agricola La Venturosa, Peru.

FINANCIAL REVIEW 2013

IFU recorded net income of DKK 72m in 2013 compared to net income of DKK 84m in 2012. The result for 2013 was lower than expectations a year ago, primarily due to a disappointing contribution from project loans. Especially the development in Egypt had a negative influence on the performance of the loan portfolio. Share capital investments did well and better than expected. Net operating expenses were lower than in 2012 and financial income was relatively unchanged.

Contribution from projects

Total contributions from IFU's primary project-related activities were DKK 130m against DKK 144m in 2012.

Share capital investments contributed DKK 144m in 2013 compared with DKK 130m in 2012. Divestments did well again in 2013, contributing DKK 89m, especially due to a very successful sale of shares in a Nigerian company. Value adjustments on the portfolio outstanding at year-end was slightly negative with DKK (15)m, but seen together with dividends of DKK 70m, almost exclusively related to the outstanding portfolio, the overall return from the outstanding portfolio was positive in the amount of DKK 55m.

In terms of yield the return from IFU's share capital investments was also better than in 2012. Overall, the share capital

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investments yielded a 2013 return before operating expenses of 13.0 per cent calculated on the average portfolio during the year. In 2012, the return was 11.8 per cent.

Project loans and guarantees contributed a negative DKK (34)m compared to DKK 22m in 2012. The poor result was due to an unusually high amount of provisions of DKK (68)m. The Egypt loan portfolio, being primarily within the hospitality sector and therefore sensitive to the worsening political conditions in that country, accounted for DKK (25)m alone. The remaining part of the provisions can primarily be ascribed to a few larger loan engagements having problems of a more specific nature. Net interest and fees were DKK 42m and exchange rate adjustments net of hedging arrangements were DKK (9)m.

In percentage terms the 2013 yield on the average loan and guarantee portfolio before operating expenses was (4.0) per cent against 2.6 per cent in 2012. Net interest and fees were 4.9 per cent and 5.8 per cent for 2013 and 2012, respectively.

Other contributions from projects amounted to DKK 20m in 2013 against DKK (8)m in 2012. The positive contribution in 2013 is due primarily to a reversal of previously made negative value adjustments on a large share sale receivable.

Operating expenses

Of the overall net operating expenses for 2013 covering IFU and IØ, DKK 59m was attributable to IFU as compared to DKK 63m in 2012.

Overall gross expenses covering both IFU and IFU managed funds were DKK 83m compared with DKK 85m in 2012. The lower amount was in particular due to a lower level of fees for external assistance. On the other hand, expenses for regional offices were higher as the number of staff was higher in Accra and a new regional director was stationed in Nairobi. Salaries in Copenhagen were lower due primarily to an extraordinary increase in regulatory provisions for annual leave entitlement (shown as part of salaries) in 2012.

Overall income from IFU managed funds and operating activities, excluding IØ, were DKK 14m, markedly higher than DKK 8m in 2012. The higher income reflects management fee from KIF as IFU shifted resources towards climate-related tasks in 2013.

The resulting net operating expenses covering IFU and IØ were DKK 69m in 2013 against DKK 77m in 2012. Measured against average total project commitments, the expense ratio for IFU (and IØ) was 1.7 per cent in 2013. In 2012 the ratio was 1.9 per cent.

Financial income, cash flows and balance sheet items

Financial income, net of financial expenses, was DKK 2m compared to DKK 3m in 2012.

At 31 December 2013, IFU held cash totalling DKK 396m. Disbursements towards project investments during the year amounted to DKK 432m. Amounts received were DKK 596m. Including DKK 262m available on a credit facility, total financial preparedness amounted to DKK 658m at year-end 2013.

Undisbursed commitments amounted to DKK 1,361m at year-end 2013. The high level compared to financial preparedness underscores the continued need for stringent management of IFU's liquidity position.

Capital extraction of DKK 75m was paid to the Danish government being the last of the capital extractions decided in 2010. By the end of 2013, IFU had repaid DKK 1,250m against a paid-in capital of DKK 1,152m, both figures in nominal terms.

IFU had equity of DKK 2,459m at 31 December 2013, almost unchanged from DKK 2,462m at 31 December 2012. The small change reflects the net income of DKK 72m and the capital extraction of DKK 75m.

Risk management

IFU invests in projects located in developing countries. Political and economic conditions may be turbulent, 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

Country	2013	2012
Average total project commitment (DKKm)	3,391	3,275
Operating expenses (DKKm)	59.2	63.1
Expense ratio (%)	1.7	1.9

Distribution of project commitments as at 31 December 2013 – five largest single country portfolios

Country	2013 (%)	2012 (%)
China	17.5	16.1
Kenya	6.8	5.6
Egypt	5.3	6.0
India	5.2	6.9
Vietnam	3.9	5.4

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 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 analyses of key performance parameters specific to the project in question.

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.

Market risk

At the end of 2013, IFU had a total of USD 83m 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 2013, 66 per cent of the USD exposure had been hedged, and IFU's exposure to currencies other than USD, DKK and EUR was very low at 2 per cent of the loan portfolio at cost.

At year-end, 43 per cent of IFU's total outstanding investments at cost or DKK 939m 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 risk

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.

IFU is aware of recent geopolitical developments in Ukraine and will continuously assess the development and its possible impact on the Fund's Ukrainian portfolio.

Outlook for 2014

In 2014, IFU expects to invest in the range of DKK 400-450m distributed on 40-50 investments. The figures include additional financing to existing investments. Besides this, IFU has invested an additional DKK 200m in KIF bringing IFU's total commitment to KIF up to DKK 250m (see page 14). IFU expects to record a profit in 2014 at around the same level as in 2013.

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 – 31 December 2013.

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 2013 and of the results of the Fund's operations and cash flows for 2013.

It is further our opinion that the management's review includes a true and fair account of the development in the operations and financial circumstances of the Fund, of the results for the year and of the financial position of the Fund.

Copenhagen, 3 March 2014

EXECUTIVE BOARD:

Tommy Thomsen, CEO

Torben Huss, Executive Vice President

BOARD OF DIRECTORS:

Michael Rasmussen, Chairman

Lars Andersen, Deputy Chairman

Beate Bentzen

Anette Eberhard

Jens Jørgen Kollerup

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 2013, 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 2013 and of the results of IFU's operations and cash flows for the financial year 1 January - 31 December 2013 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, 3 March 2014

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Søren Skov Larsen
State Authorised Public Accountant

Henrik Mikkelsen
State Authorised Public Accountant

Close to 35,000 people work in companies where IFU has currently co-invested

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 10 years. Depreciation is recognised in the income statement under operating expenses, net.

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

Interest receivable related to projects

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

Other receivables

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

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

Cash and bonds

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

Provision for losses

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

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Lease commitments

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

Long-term debt

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

Current liabilities

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

Cash flow statement

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

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

Nordic Amber (Beijing) store in Dalian, China.

Income statement

Note		2013	2012
		DKK 1,000	DKK 1,000
1/	Contribution from share capital investments	143,579	129,895
2/	Contribution from project loans and guarantees	(33,675)	21,704
3/	Other contributions from projects	20,033	(7,504)
	GROSS CONTRIBUTION FROM PROJECTS	**129,937**	**144,095**
4/	Operating expenses, net	(59,193)	(63,091)
	OPERATING INCOME	**70,744**	**81,004**
5/	Financial income, net	1,436	2,836
	NET INCOME FOR THE YEAR	**72,180**	**83,840**

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

Balance sheet at 31 December

Assets

Note		2013	2012
		DKK 1,000	DKK 1,000
	FIXED ASSETS		
	Share capital investment in projects at cost	1,238,101	1,113,711
	Value adjustments	(100,953)	(34,165)
6/	Share capital investment in projects, net	1,137,148	1,079,546
	Project loans at cost	938,663	887,187
	Value adjustments	(178,374)	(98,394)
7/	Project loans, net	760,289	788,793
8/	Investment in associates	36	36
9/	Investment in subsidiaries	580	580
10/	Fixed assets and leasehold improvements	4,450	5,095
	Total fixed assets	**1,902,503**	**1,874,050**
	CURRENT ASSETS		
11/	Interest receivable related to projects	16,653	16,355
12/	Other receivables	184,907	268,911
	Cash	396,425	357,344
	Total current assets	**597,985**	**642,610**
	TOTAL ASSETS	**2,500,488**	**2,516,660**

Balance sheet at 31 December

Liabilities and equity

Note		2013	2012
		DKK 1,000	DKK 1,000
	EQUITY		
	Paid-in capital	1,152,342	1,152,342
	Repaid capital	(1,250,000)	(1,175,000)
	Retained earnings	2,556,582	2,484,402
13/	**Total equity**	**2,458,924**	**2,461,744**
	PROVISION FOR LOSSES		
	Guarantees	6,132	7,817
14/	CURRENT LIABILITIES	35,432	47,099
	Total liabilities	**35,432**	**47,099**
	TOTAL EQUITY, PROVISION FOR LOSSES AND LIABILITIES	**2,500,488**	**2,516,660**

15/ UNDISBURSED COMMITMENTS TO PROJECTS AND CLEARANCES IN PRINCIPLE
16/ CONTINGENT LIABILITIES
17/ RELATED PARTY DISCLOSURES
18/ FINANCIAL HIGHLIGHTS, INVESTMENTS CONTRACTED IN 2013, DEVELOPMENTAL HIGHLIGHTS AND CSR CLASSIFICATION

Cash flow statement

	2013	2012
	DKK 1,000	DKK 1,000
CASH FLOW FROM OPERATING ACTIVITIES		
Dividends from projects received	69,746	53,300
Interest from projects received	37,666	44,071
Other project related payments	3,235	3,752
Operating expenses, net	(51,465)	(63,808)
Net payments related to financial income and expenses	1,675	2,837
Net cash from operating activities	**60,857**	**40,152**
CASH FLOW FROM (TO) INVESTING ACTIVITIES		
Received from sale of shares	313,850	405,729
Received from project loans	173,742	158,917
Received from derivatives, loans	(2,045)	(3,260)
Received from sale of associates	0	0
Paid-in share capital in projects	(194,549)	(284,689)
Disbursement of project loans	(237,774)	(236,665)
Paid-in capital in subsidaries	0	(580)
Net cash from (to) investing activities	**53,224**	**39,452**
CASH FLOW FROM (TO) FINANCING ACTIVITIES		
Repaid to EIB (ECFI III Facility)	0	(1,553)
Paid-in capital received during the year	0	56,987
Repaid capital during the year	(75,000)	(75,000)
Net cash from (to) financing activities	**(75,000)**	**(19,566)**
NET CHANGE IN CASH	39,081	60,038
CASH BEGINNING OF YEAR	**357,344**	**297,306**
CASH END OF YEAR	**396,425**	**357,344**

Notes

Note		2013 DKK 1,000	2012 DKK 1,000
1/	Contribution from share capital investments		
	Dividends from projects	70,155	42,761
	Contribution from divested share capital investments	88,707	122,869
	Value adjustments, portfolio	(15,283)	(35,735)
	Contribution from share capital investments	**143,579**	**129,895**
2/	Contribution from project loans and guarantees		
	Interest income and fees related to project loans and guarantees	52,405	67,452
	Value adjustments excl. exchange rate adjustments, loan portfolio	(68,356)	(24,925)
	Value adjustments, guarantees	1,686	1,153
	Exchange rate adjustments, project loans	(23,166)	(6,143)
	Value adjustments, derivatives	14,556	2,800
	Value adjustments, interest and fees	(10,800)	(18,633)
	Contribution from project loans and guarantees	**(33,675)**	**21,704**
3/	Other contributions from projects		
	Value adjustments, receivables, excl. exchange rate adjustments	38,853	(15,154)
	Exchange rate adjustments, receivables	(169)	613
	Exchange rate adjustments, derivatives	0	423
	Interest from receivables	(19,621)	8,024
	Other income and expenses	970	(1,410)
	Other contributions from projects	**20,033**	**(7,504)**

Notes

Note		2013 DKK 1,000	2012 DKK 1,000
4/	Operating expenses, net		
	Expenses, (IFU and IØ)		
	Salaries, head office	38,806	40,235
	Rental expenses	5,286	5,302
	Travelling expenses	4,447	4,273
	Regional office expenses	11,987	10,765
	Fees for board of directors	1,194	1,342
	Fees for external assistance	5,082	8,646
	IT expenses	3,959	3,807
	Office expenses	1,240	1,265
	Various expenses	6,013	4,505
	Depreciation of fixed assets and leasehold improvements (note 9)	715	900
	Total expenses before non-refundable VAT/taxes	78,729	81,040
	Non-refundable VAT/taxes	4,205	3,885
	Total expenses	82,934	84,925
	Income, (IFU and IØ)		
	Management fees	(13,859)	(7,193)
	Board member fees, net of tax	(259)	(801)
	Various income	(186)	(294)
	Total income	(14,304)	(8,288)
	Total operating expenses, net (IFU and IØ)	68,630	76,637
	Operating expenses, net charged to IØ	(9,437)	(13,546)
	IFU's part of operating expenses, net	**59,193**	**63,091**
	Fee to the auditor of the funds included in *Fees for external assistance* and *Various expenses:*	**1,035**	**1,074**
	- hereof audit fees	740	758
	- hereof other assurance engagements	12	3
	- hereof tax and VAT advice	87	94
	- hereof non-audit services	196	219

Notes

Note		2013 DKK 1,000	2012 DKK 1,000
	Specification of personnel expenses (salaries etc.)*		
	Salaries, remunerations etc.	43,340	44,363
	Pension contributions	3,672	3,625
	Other expenses for social security	234	244
	Payroll tax	24	42
	Personnel expenses in total	**47,270**	**48,274**
	*) 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	1,194	1,342
	Remuneration to the executive board:		
	Salaries and pension*	2,908	3,775
	Performance remuneration	447	466
	Total remuneration to the executive board	3,355	4,241
	Total remuneration to the board of directors and executive board	**4,549**	**5,583**
	*) 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	54
	Average number of employees, regional offices (IFU and IØ)	14	13
		68	**67**
5/	Financial income, net		
	Financial income		
	Interest income, cash and bonds	1,683	3,411
	Gain on bonds, net	0	14
	Financial income	**1,683**	**3,425**
	Financial expenses		
	Interest expenses, bank charges and exchange rate adjustments	(247)	(589)
	Financial expenses	**(247)**	**(589)**
	Financial income, net	**1,436**	**2,836**

Notes

Note		2013 DKK 1,000	2012 DKK 1,000
6/	Share capital investment in projects, net		
	Share capital investment in projects beginning of year at cost	1,113,711	1,159,582
	Paid-in share capital in projects during the year	194,549	302,147
	Project loans or interest converted into share capital during the year	2,082	0
	Proceeds from divestment of shares	(210,371)	(430,766)
	Income from divestment of shares relative to cost, net	138,130	72,883
	Share capital transferred to other receivables	0	9,865
	Share capital investment in projects end of year at cost	**1,238,101**	**1,113,711**
	Accumulated value adjustments beginning of year	(34,165)	(38,551)
	Reversed value adjustments, divested share capital investments	(49,423)	49,986
	Value adjustments, portfolio during the year	(15,283)	(35,735)
	Value adjustments related to transfer to other receivables during the year	0	(9,865)
	Value adjustments related to conversions during the year	(2,082)	0
	Accumulated value adjustments end of year	**(100,953)**	**(34,165)**
	Share capital investment in projects, net end of year	**1,137,148**	**1,079,546**
	Accumulated value adjustments end of year are comprised of:		
	Plus values	207,188	201,516
	Value adjustments excl. plus values	(308,141)	(235,681)
		(100,953)	**(34,165)**
7/	Project loans, net		
	Project loans beginning of year at cost	887,187	868,364
	Disbursements during the year	237,774	236,665
	Interest and fees converted into project loans during the year	2,541	2,721
	Repayments during the year	(173,742)	(158,917)
	Project loans converted into share capital during the year	(2,082)	0
	Exchange rate adjustments during the year relative to cost	652	4,980
	Project loans transferred to other receivables during the year	(1,369)	5,687
	Write-offs during the year	(12,298)	(72,313)
	Project loans end of year at cost *	**938,663**	**887,187**

Notes

Note		2013 DKK 1,000	2012 DKK 1,000
	Accumulated value adjustments beginning of year	(98,394)	(129,377)
	Reversed value adjustments, loans written off	12,535	65,112
	Exchange rate adjustments realised	(652)	(4,980)
	Value adjustments incl. exchange rate adjustments, during the year	(91,758)	(23,866)
	Value adjustments related to transfer to other receivables during the year	0	(5,693)
	Value adjustments related to conversions during the year	(105)	410
	Accumulated value adjustments end of year	**(178,374)**	**(98,394)**
	Project loans, net end of year	**760,289**	**788,793**
	Accumulated value adjustments end of year are comprised of:		
	Exchange rate adjustments relative to cost	(11,863)	11,954
	Value adjustments excl. exchange rate adjustment	(166,511)	(110,348)
		(178,374)	**(98,394)**
	*) Project loans end of year at cost are comprised of:		
	Senior project loans	850,221	815,881
	Subordinated loans	64,185	54,116
	Equity loans	24,257	17,190
		938,663	**887,187**

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

	2013 Currency	2012 Currency	2013	2012
DKK			199,044	225,706
USD[1]	82,594	68,237	459,669	375,635
EUR	35,588	36,700	265,065	273,284
Other currencies			14,885	12,562
			938,663	**887,187**

1) USD 54.9m is hedged against DKK (USD 44.4m in 2012)

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 0m in 2012), measured at fair value.

Notes

Note		2013 DKK 1,000	2012 DKK 1,000
8/	Investment in associates		
	Investment in associates beginning of year at cost	36	36
	Divestments during the year	0	0
	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:	2013 Result (according to the latest approved annual report):	2013 Equity (according to the latest approved annual report):
Danish Microfinance Partners Management Copenhagen, Denmark	ApS	45%	3	91

Note		2013 DKK 1,000	2012 DKK 1,000
9/	Investment in subsidiaries		
	Investment in subsidiaries beginning of year at cost	580	0
	New investments during the year	0	580
	Investment in subsidiaries end of year at cost	**580**	**580**
	Accumulated value adjustments end of year	**0**	**0**
	Investment in subsidiaries, net end of year	**580**	**580**

Investment in subsidiaries comprises of:

Name/domicile:	Form of company:	IFU's ownership interest:	2013 Result (according to the latest approved annual report):	2013 Equity (according to the latest approved annual report):
IFU Investment Komplementar Copenhagen, Denmark	ApS	100%	8	88
IFU Investment Partners GP Copenhagen, Denmark	P/S	100%	(11)	489

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

Notes

Note		2013 DKK 1,000	2012 DKK 1,000
10/	Fixed assets and leasehold improvements		
	Cost beginning of year	8,031	7,755
	Additions during the year	70	276
	Cost end of year	**8,101**	**8,031**
	Depreciation beginning of year	2,936	2,036
	Depreciation for the year (note 4)	715	900
	Depreciation end of year	**3,651**	**2,936**
	Book value end of year	**4,450**	**5,095**
11/	Interest receivable related to projects		
	Interest receivable related to projects before value adjustments	34,238	50,917
	Value adjustments	(17,585)	(34,562)
	Interest receivable related to projects	**16,653**	**16,355**
12/	Other receivables		
	Dividend receivables	305	16
	Receivables from sale of shares	162,670	266,239
	Receivables from sale of loan	1,481	203
	Receivable front-end fees	1,465	843
	Receivables from projects in liquidation	4,286	4,324
	Other project-related receivables	3,892	4,011
		174,099	275,636
	Value adjustments	(8,610)	(26,441)
		165,489	249,195
	Derivatives *	8,498	0
	Administrative receivables	9,620	8,557
	Current accounts	(832)	6,223
	Rental deposits	2,132	2,140
	Deferred income	0	2,796
		184,907	**268,911**

*) Stated amount for 2013 concerns a hedged amount of USD 54.9m with term from 2014 to 2020.

Notes

Note		2013 DKK 1,000	2012 DKK 1,000
13/	Total equity		
	Paid-in capital beginning of year	1,152,342	1,095,355
	Paid-in capital during the year	0	56,987
	Paid-in capital end of year	**1,152,342**	**1,152,342**
	Repaid capital beginning of year	(1,175,000)	(1,100,000)
	Repaid capital during the year	(75,000)	(75,000)
	Repaid capital end of year	**(1,250,000)**	**(1,175,000)**
	Retained earnings beginning of year	2,484,402	2,400,562
	Net income for the year	72,180	83,840
	Retained earnings end of year	**2,556,582**	**2,484,402**
	Total equity end of year	**2,458,924**	**2,461,744**
14/	Current liabilities		
	Other project-related debt	12,279	13,827
		12,279	13,827
	Derivatives	0	8,103
	Administrative debt	26,046	25,169
	Deferred income	(2,893)	0
		35,432	**47,099**

Notes

Note		2013 DKK 1,000	2012 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	895,721	806,274
	Guarantees, net *	60,365	75,503
	Binding commitments	398,589	352,869
	Undisbursed commitments to projects	**1,354,675**	**1,234,646**
	Clearances in principle for new projects amount to	**762,266**	**824,467**

*) Gross outstanding guarantees before provision for losses, if any, amount to DKK 66,497 (DKK 83,320 in 2012).

16/ Contingent liabilities

The total lease and rental commitments amount to DKK 7.1m (DKK 9.6m in 2012)
- hereof due within the following year DKK 5.4m (DKK 4.3m in 2012).

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 2013, Developmental highlights and CSR classification

Financial highlights (table) - see page 5
Investments contracted in 2013 (table) - see page 10
Developmental highlights (table) - see page 13
CSR classification (table) - see page 28

In 2013, IFU's net income was DKK 72m

MANAGEMENT

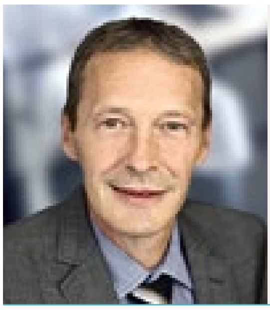
BOARD OF DIRECTORS

The Danish Minister for Trade and 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.

Since 1 January 2013, an observer from the Ministry of Foreign Affairs has been 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.

Michael Rasmussen, Chairman, board member since 2000
MSc (Economics). Chief Executive Officer, Nykredit.
Other board memberships: IØ (chairman).



Lars Andersen, Deputy Chairman, board member since 1994
MSc (Economics). Managing Director, The Economic Council of the Labour Movement.
Other board memberships: IØ (deputy chairman), 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.

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 (chairman), Udbetaling Danmark, the Danish Committee on Corporate Governance.

Morten Elkjær, board observer since 2013
MSc (Economics). Ambassador, Head of Department, Ministry of Foreign Affairs.

EXECUTIVE BOARD

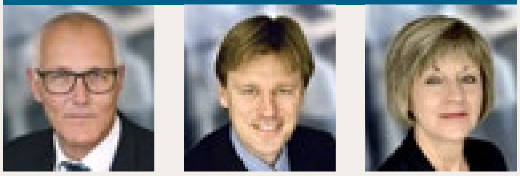
The Danish Minister for Trade and Development Cooperation appoints the CEO.

Tommy Thomsen, CEO
Management/shipping trainee education, A.P. Moller – Maersk Group.
Harvard University's Graduate School of Business Administration,
International Senior Management Program.

Torben Huss, Executive Vice President
MSc (Political Science), Copenhagen University,
PhD (Business Economics), Copenhagen Business School.

STAFF - COPENHAGEN

EXECUTIVE BOARD

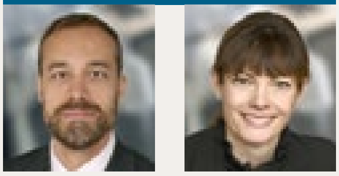


Tommy Thomsen
CEO

Torben Huss
Executive Vice President

Elsebeth H Rasmussen
Executive Assistant

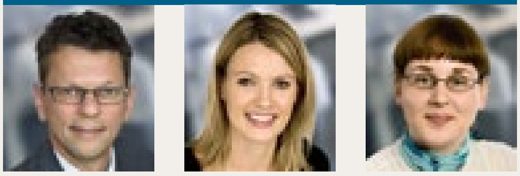
LEGAL



Nicolai Boserup
General Counsel

Lisa Andersen
Legal Counsel

COMMUNICATION

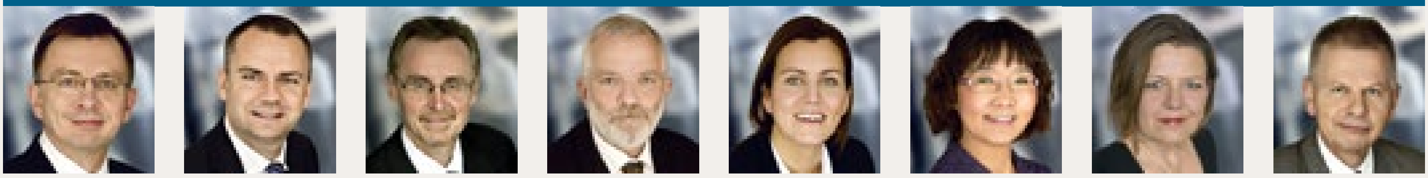


Rune Nørgaard
Communication Director

Birgitte Waage [1]
Project Manager

Tania Larsen
Information Assistant

INVESTMENTS



Morten Christiansen
Senior Vice President
Investment Management

Peter Schwalbe
Senior Vice President
New Investments

Ib Albertsen
Investment Director

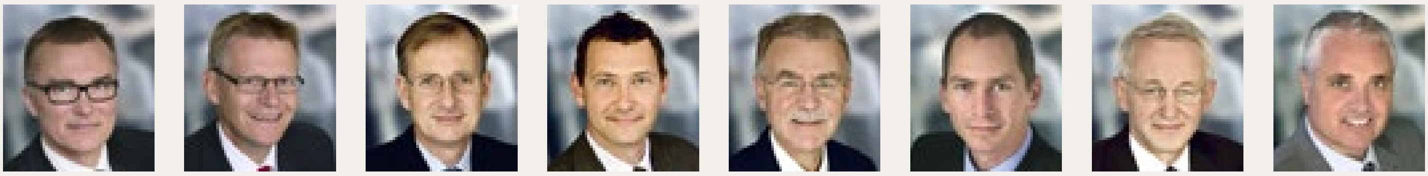
Jens Bayer
Investment Director

Catherine I Cax
Investment Director

Rena Chen
Investment Director

Lisbeth Erlands
Investment Director

Niels Evendt
Investment Director



Henrik Frøsig
Investment Director

Henrik Henriksen
Investment Director

Henrik Jepsen
Investment Director

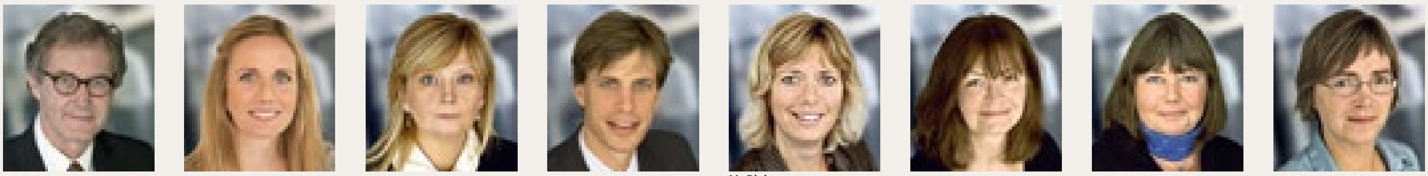
Jacob Klingemann
Investment Director

Max Kruse
Investment Director

Dan Larsen
Investment Director

Peer Munkholt
Investment Director

Anders Nellemose
Investment Director



Hans-Jørgen Nyegaard
Investment Director

Kathrine Cecilie Schleisner
Investment Manager

Natalia Svejgaard
Investment Director

Alex Unsgaard
Investment Director

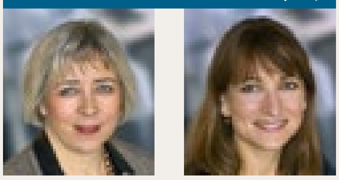
Lis Bluhme
Project Secretary

Lone Jespersen
Project Secretary

Maria Monti
Project Secretary

Linda Wamsler
Project Secretary

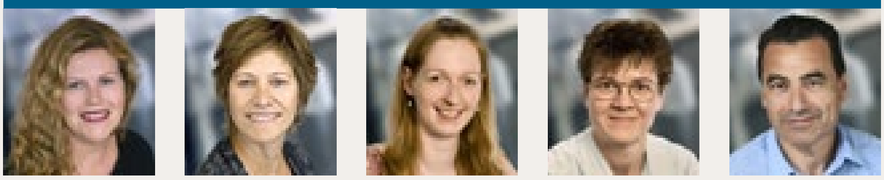
CORPORATE SOCIAL RESPONSIBILITY (CSR)



Birgitte Bang Nielsen
CSR Director

Carole Welton Kaagaard
Senior CSR Manager

HR



Susanne M Nielsen
HR Director

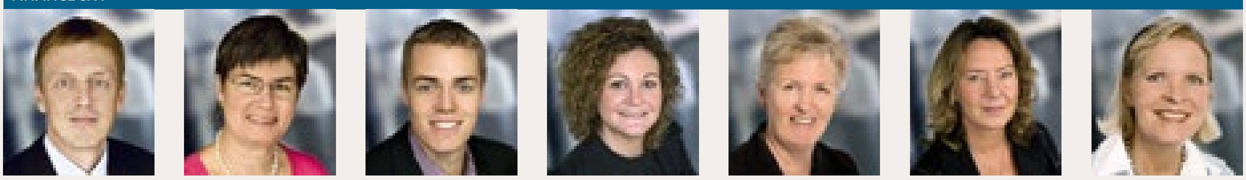
Alice Brøndum
Staff Manager

Dorthe Mørkeberg Press
Receptionist

Linda Næsby Andersen
Office Assistant

Rodrigo Labarca
Office Assistant

FINANCE & IT



Niels Gravgaard Laursen
CFO

Lone Bjørn Hansen
Financial Accounts Manager

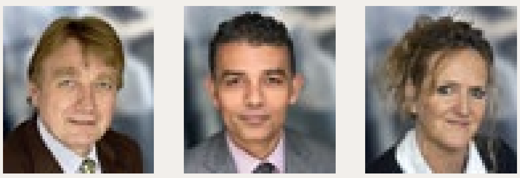
Bjarke Nielsen
Finance Manager

Luise Gøtke
Accountant

Jette Hetner
Accountant

Helle Planeta
Accountant

Laila Pors
Accountant



Søren Heilmann
Senior Applications Manager

Aloysius Anker Horn
IT Manager

Mattie Legros
IT Supporter

[1] Also works for Corporate Social Responsibility (CSR)

STAFF - REGIONAL OFFICES

WEST AFRICA

ACCRA - GHANA
Brian M Andersen
Regional Director

ACCRA - GHANA
Nana Yaw Kwakye
Investment Manager

ACCRA - GHANA
Gloria Addai Frimpong
Secretary

NORTH AFRICA

CAIRO - EGYPT
Anders Paludan-Müller
Regional Director

CHINA

BEIJING - CHINA
Hong Jiang
Regional Director

BEIJING - CHINA
Peng Wang
Investment Manager

BEIJING - CHINA
Janet Shi
Secretary

SOUTHERN AFRICA

JOHANNESBURG - SOUTH AFRICA
Johnny Ohgrøn Hansen
Regional Director

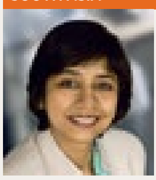
EAST AFRICA

NAIROBI - KENYA
Knud Lundgaard-Karlshøj
Regional Director

NAIROBI - KENYA
Samuel Githinji
Investment Manager

NAIROBI - KENYA
Ann Njeri Murage
Project Secretary

SOUTH ASIA



NEW DELHI - INDIA
Deepa Hingorani
Regional Director

NEW DELHI - INDIA
Rahul Dubey
Investment Director

NEW DELHI - INDIA
Nidhi Husain
Investment Manager

NEW DELHI - INDIA
Sanjay Chatterji
Senior Regional Manager IT

NEW DELHI - INDIA
Dinesh Kumar Verma
Senior Regional Manager IT

NEW DELHI - INDIA
Vikas Yadav
Regional Manager IT

NEW DELHI - INDIA
Sunita Bisht
Office Administrator

IFU ADVISERS

IFU's advisers have special knowledge of specific countries, regions and sectors. 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.

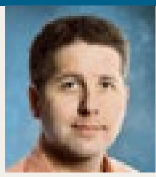
GLOBAL


Helle Bechgaard
Denmark


Svend J Heineke
Denmark


Mikael Olufsen
Denmark


Jens Rixen
Denmark


Flemming Sehested
Denmark


Jens Lund Sørensen
Denmark


Rami Khoury
Jerusalem, Israel


José M Ruisanchez
Washington DC, USA

AFRICA


Kodjo Aziagbé
Accra, Ghana

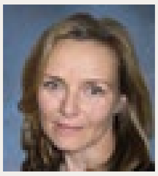

Henrik Ellert
Zimbabwe+Zambia


Per Gjøde
Dar es Salaam, Tanzania

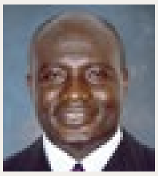

Johnni P Kjelsgaard
Nairobi, Kenya


Jens Erik Møllenbach
Denmark (Nigeria)


Kjeld Klitgaard Olsen
Maputo, Mozambique


Laura Lykkegaard Selander
Cape Town, South Africa


Menbere Taye Tesfa
Addis Ababa, Ethiopia


Felix Quansar
Accra, Ghana

ASIA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Jakarta, Indonesia


W T Ellawala
Colombo, Sri Lanka


Martin Hedes
Shanghai, China


Thomas Hermansen
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Ho Chi Minh City, Vietnam


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Jan Dam Pedersen
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Thomas Frisenberg Pedersen
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Peter Rasmussen
Suzhou, China


Sridhar Sampath
Chennai, India


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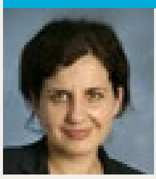
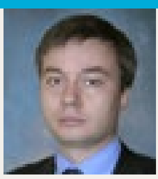

Natalia Kochergina
Kiev, Ukraine


Olexiy Parkhomchuk
Kiev, Ukraine


Lars Vestbjerg
Lviv, Ukraine

LATIN AMERICA


Frederik Evendt
Santiago, Chile

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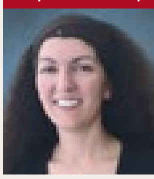
Caroline Bartlett
UK


Henrik Gliese
Denmark


Jørgen Lindahl
Denmark


Peter Nygaard
Denmark

OFFICES

IFU
INVESTMENT FUND FOR DEVELOPING COUNTRIES

Fredericiagade 27
1310 Copenhagen K
Denmark
Tel: + 45 33 63 75 00
E-mail: ifu@ifu.dk
ifu.dk

IFU CHINA

Room 804, Diyang Tower
No 2H Dongsanhuan Beilu, Chaoyang District
Beijing 100027, China
Tel: + 86 10 6460 9797
Fax: + 86 10 6460 9799
E-mail: ifubjs@ifu.com.cn

IFU WEST AFRICA

Embassy of Denmark
No 67 Dr Isert Road, North Ridge
Box CT 596, Accra, Ghana
Tel: + 233 (0) 302 226 972
E-mail: ban@ifu.dk

IFU SOUTH ASIA

SPWD Building, 2nd floor
14 A, Vishnu Digambar Marg, (Rouse Avenue Lane)
New Delhi – 110002, India
Tel: + 91 11 2321 7160
Fax: + 91 11 2321 7167
E-mail: ifudel@ifu.dk

IFU EAST AFRICA

Embassy of Denmark
13, Runda Drive, Runda
P.O. Box 40412, 00100 GPO Nairobi, Kenya
Tel: + 254 712 980 553
Fax: + 45 3363 7599
E-mail: klk@ifu.dk

IFU NORTH AFRICA

Embassy of Denmark
12, Hassan Sabri Street
Zamalek, 11211 Cairo
Egypt
Tel: + 20 2 2739 6500
E-mail: apm@ifu.dk

IFU SOUTHERN AFRICA

1016 Oak Hill, Fourways Golf Park, Roos Street
Fourways 2055, Johannesburg, South Africa
Postal adress: Postnet Suite 411, Private Bag X153
Bryanston, 2021 Johannesburg, South Africa
Tel: + 27 11 467 4070 - Fax: + 27 11 467 4079
E-mail: joh@ifu.dk

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INVESTMENT FUND FOR
DEVELOPING COUNTRIES

Fredericiagade 27
1310 Copenhagen K
Denmark

Tel: +45 33 63 75 00
ifu@ifu.dk
ifu.dk
CVR No. 23598612

BUCHS.DK

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