

**The Arab Investment Fund  
(AIF)**

**Annual Report 2013**

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**Contents**

<b>Statement by the management on the annual report</b>	<b>3</b>
<b>Independent auditors' report</b>	<b>4</b>
<b>Financial highlights</b>	<b>5</b>
<b>Management's review</b>	<b>6</b>
Legal mandate	6
CSR policy	7
Operational framework	7
Financial review 2013	7
Outlook for 2014	8
<b>Accounting policies</b>	<b>9</b>
<b>Income statement</b>	<b>13</b>
<b>Balance sheet</b>	<b>14</b>
<b>Cash flow statement</b>	<b>16</b>
<b>Notes</b>	<b>17</b>
<b>Management</b>	<b>21</b>

## 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 AIF for the year ended 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.

Copenhagen, 3 March 2014

### Executive board:

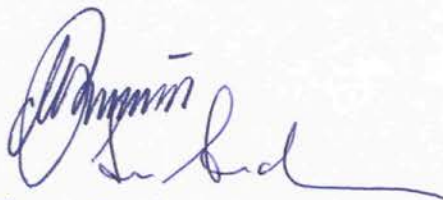
Tommy Thomsen, CEO



Torben Huss, Executive Vice President

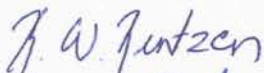
### Board of directors:

Michael Rasmussen, Chairman



Lars Andersen, Deputy Chairman

Beate Bentzen



Anette Eberhard



Jens Jørgen Kollerup



Bjarne H. Sørensen



Dorrit Vanglo



## Independent auditors' report

### To the board of directors of the Arab Investment Fund (AIF)

We have audited the financial statements of AIF for the period 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 boards' responsibility for the financial statements

The board of directors and the 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 AIF. This standard requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund'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 the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 the Fund at 31 December 2013 and of the results of the Fund's operations and cash flows for the period 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

## Financial highlights

	2013	2012	7/12-31/12 2011
	<u>DKKm</u>	<u>DKKm</u>	<u>DKKm</u>
<b>Financial highlights 2011 - 2013</b>			
<u>INCOME STATEMENT</u>			
Gross contribution from projects <sup>1</sup>	(13)	(1)	0
Operating income <sup>2</sup>	(17)	(5)	(0)
Net income for the year	(17)	(4)	(0)
<u>BALANCE SHEET AT 31 DECEMBER</u>			
Share capital investment in projects at cost	4	0	0
Project loans at cost	38	3	0
Total investment in projects at cost	42	3	0
Accumulated value adjustments	(15)	(1)	0
Investments in projects, net <sup>1</sup>	27	2	0
Cash	102	143	75
Paid-in capital during the year	0	75	75
Total equity capital	129	146	75
Total balance	129	146	75
<u>ADDITIONAL DATA</u>			
New projects contracted (no.)	1	2	0
Portfolio of projects (no.)	3	2	0
Investments contracted	37	47	0
Investments disbursed	39	3	0
Undisbursed contracted investments incl. guarantees	41	44	0
Binding commitments not yet contracted	0	0	90
<u>KEY RATIOS</u>			
Gross contribution from projects/Average investment in projects - value adjusted	(89.4%)	(51.9%)	N/A
Net income for the year/Average total equity capital	(12.0%)	(3.7%)	(0.4%)

<sup>1</sup> Information about composition of the contribution from projects including value adjustments can be found in "Financial review 2013" on page 7.

<sup>2</sup> Operating income = gross contribution from projects less operating expenses.

## MANAGEMENT'S REVIEW

### Legal mandate

The Arab Investment Fund (AIF) was established by the Danish State in 2011 for the purpose of supporting the freedom and reform efforts in the Middle East and North Africa by promoting growth and employment in the region through private sector investments.

The following seven countries are presently eligible for financing under AIF: Morocco, Algeria, Tunisia, Libya, Jordan, Egypt and Iraq.

### One new investment in 2013

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 region.

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.

The total contracted amount was DKK 36.7m and the expected direct employment in the project is 58 people. The investment covers a transfer of shares in the amount of DKK 3.9m from IFU and an additional loan of DKK 32.8m.

### AIF nearing full commitment

Despite the challenging environment since the launch of AIF in 2011, the Fund had entered into three project agreements at year-end 2013 for a total amount of DKK 84m, leaving approximately DKK 50m in free funds out of the originally committed capital of DKK 150m.

### Managed by IFU

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

In order to monitor business developments and identify possible new investment opportunities for AIF and Danish companies, and to be in close contact with the responsible agencies and authorities in the region, IFU has established an office in Cairo. The office is based within the premises of the Danish Embassy.

## CSR policy

AIF is applying IFU's corporate social responsibility (CSR) policy and offering advice to project companies on how to implement it.

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

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

Each year IFU carries out an internal assessment of its managed portfolio on compliance with its CSR policy. Each project is classified into one of five categories as follows: Excellent, Good, Fair, Poor and Critical. The assessment of the two active AIF projects is included in the overall assessment of IFU projects. For further information, see IFU's annual report.

## Operational framework

AIF is legally a part of IFU, but is accounted for separately, and AIF's capital must be kept separate from IFU's capital. AIF cannot commit itself in excess of its capital.

IFU's board of directors and executive board act as board of directors and executive board for AIF.

AIF will participate with share capital, loans and guarantees on commercial terms in investments in cooperation with private investors.

AIF's revenues will consist of interest, dividends and profit from sale of shares.

## Financial review 2013

AIF recorded net income of DKK (17)m in 2013 compared to net income of DKK (4)m in 2012. The result was heavily influenced by the worsening situation in Egypt during the year, which led to the need for additional provisions on the outstanding portfolio.

Total contributions from AIF's project-related activities were DKK (13)m against DKK (1)m in 2012.

Share capital investments contributed DKK (2)m and project loans contributed DKK (11)m. In 2012 the figures were DKK 0m and DKK (1)m respectively.

Operating expenses (management fee) was DKK 4.5m in 2013 similar to 2012.

Financial income, net of financial expenses, was DKK 1m in 2013 similar to 2012.

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.

### Cash flow and balance sheet items

AIF ended 2013 with cash totalling DKK 102m compared to DKK 143m in 2012.

Undisbursed commitments were DKK 41m at year-end 2013 compared to DKK 44m in 2012.

AIF's equity capital at the end of 2013 was DKK 130m compared to DKK 146m in 2012.

**Events after the balance sheet date**

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

**Outlook for 2014**

In 2014, AIF expects to enter into agreements for approximately 1-2 new projects. AIF expects total investments of about DKK 25m. AIF expects to record a result about break-even for 2014.



## Accounting policies

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C (medium-sized enterprises).

### Accounting policies in general

Otherwise, the accounting principles applied are unchanged from last year.

### Presentation and classification

AIF'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 AIF's special character as an investment fund (long-term investments) and with a view to providing 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 AIF'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 prevailing 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 at the exchange rates prevailing at the balance sheet date, whereas non-monetary items are translated at transaction date rates.

## 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

Contributions from project loans and guarantees include invoiced 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

The Industrialisation Fund for Developing Countries (IFU) manages the administration and accounting of the fund.

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

### 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, AIF 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, 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. if 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 AIF receives audited accounts covering a period of at least two years of operational activities of the project company following the first disbursement by AIF.

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

In this context the larger investments are defined as those for which AIF's outstanding investment, measured either at cost or at intrinsic value, is above or equal to DKK 20m. These investments are valued by either the discounted cash flow method, 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 of the company received by AIF.

For all share capital investments, quoted as well as unquoted, formal exit agreements, 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 prevailing at the balance sheet date, except for project loans with an outstanding balance of more than 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.

**Interest receivable related to projects**

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

**Other receivables**

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 at 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".

**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 AIF's cash flow from operating, investing and financing activities as well as AIF's cash position at the beginning and end of the year.

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

## INCOME STATEMENT

	2013 <u>DKK 1,000</u>	2012 <u>DKK 1,000</u>
NOTE		
1/ Contribution from share capital investments	(1,961)	-
2/ Contribution from project loans and guarantees	(10,963)	(584)
3/ Other contributions from projects	<u>(1)</u>	<u>-</u>
<b>GROSS CONTRIBUTION FROM PROJECTS</b>	<b><u>(12,925)</u></b>	<b><u>(584)</u></b>
Operating expenses, net	<u>(4,500)</u>	<u>(4,500)</u>
<b>OPERATING INCOME</b>	<b><u>(17,425)</u></b>	<b><u>(5,084)</u></b>
4/ Financial income, net	<u>889</u>	<u>1,000</u>
<b>NET INCOME FOR THE YEAR</b>	<b><u><u>(16,536)</u></u></b>	<b><u><u>(4,084)</u></u></b>

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

## BALANCE SHEET AT 31 DECEMBER

## ASSETS

NOTE		2013 <u>DKK 1,000</u>	2012 <u>DKK 1,000</u>
	<b>FIXED ASSETS</b>		
	Share capital investment in projects at cost	4,078	-
	Value adjustments	<u>(2,039)</u>	<u>-</u>
5/	Share capital investment in projects, net	2,039	-
	Project loans at cost	37,560	3,000
	Value adjustments	<u>(12,941)</u>	<u>(750)</u>
6/	Project loans, net	<u>24,619</u>	<u>2,250</u>
	<b>Total fixed assets</b>	<b><u>26,658</u></b>	<b><u>2,250</u></b>
	<b>CURRENT ASSETS</b>		
7/	Interest receivable related to projects	-	76
8/	Other receivables	952	12
	Cash	<u>101,619</u>	<u>143,427</u>
	<b>Total current assets</b>	<b><u>102,571</u></b>	<b><u>143,515</u></b>
	<b>TOTAL ASSETS</b>	<b><u>129,229</u></b>	<b><u>145,765</u></b>

## BALANCE SHEET AT 31 DECEMBER

## LIABILITIES AND EQUITY CAPITAL

NOTE	2013 <u>DKK 1,000</u>	2012 <u>DKK 1,000</u>
EQUITY		
Paid-in capital	150,000	150,000
Retained earnings	<u>(20,771)</u>	<u>(4,235)</u>
9/ <b>Total equity</b>	<b><u>129,229</u></b>	<b><u>145,765</u></b>
 CURRENT LIABILITIES	 <u>-</u>	 <u>-</u>
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>
 <b>TOTAL EQUITY, PROVISION FOR LOSSES AND LIABILITIES</b>	 <b><u>129,229</u></b>	 <b><u>145,765</u></b>

10/ UNDISBURSED COMMITMENTS TO PROJECTS AND CLEARANCES IN PRINCIPLE

11/ FINANCIAL HIGHLIGHTS

## CASH FLOW STATEMENT

	2013 <u>DKK 1,000</u>	2012 <u>DKK 1,000</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Dividends from projects received	78	-
Interest from projects received	916	-
Other project related payments	398	78
Operating expenses, net	(5,453)	(4,655)
Net payments related to financial income and expenses	<u>891</u>	<u>1,001</u>
<b>Net cash from operating activities</b>	<b><u>(3,170)</u></b>	<b><u>(3,576)</u></b>
<b>CASH FLOW FROM (TO) INVESTING ACTIVITIES</b>		
Paid-in share capital in projects	(4,078)	-
Disbursement of project loans	<u>(34,560)</u>	<u>(3,000)</u>
<b>Net cash from (to) investing activities</b>	<b><u>(38,638)</u></b>	<b><u>(3,000)</u></b>
<b>CASH FLOW FROM (TO) FINANCING ACTIVITIES</b>		
Paid-in capital received during the year	<u>-</u>	<u>75,000</u>
<b>Net cash from (to) financing activities</b>	<b><u>-</u></b>	<b><u>75,000</u></b>
<b>NET CHANGE IN CASH</b>	<b>(41,808)</b>	<b>68,424</b>
<b>CASH BEGINNING OF YEAR</b>	<b><u>143,427</u></b>	<b><u>75,003</u></b>
<b>CASH END OF YEAR</b>	<b><u><u>101,619</u></u></b>	<b><u><u>143,427</u></u></b>



## NOTES

	<u>2013</u> <u>DKK 1,000</u>	<u>2012</u> <u>DKK 1,000</u>
<b>1</b>		
<u>Contribution from share capital investments</u>		
Dividends from projects	78	-
Value adjustments, portfolio	<u>(2,039)</u>	<u>-</u>
Contribution from share capital investments	<u><b>(1,961)</b></u>	<u><b>-</b></u>
<b>2</b>		
<u>Contribution from project loans and guarantees</u>		
Interest income and fees related to project loans and guarantees	1,556	191
Value adjustments excl. exchange rate adjustments, loan portfolio	(12,206)	(750)
Exchange rate adjustments, project loans	15	-
Value adjustments, interest and fees	<u>(328)</u>	<u>(25)</u>
Contribution from project loans and guarantees	<u><b>(10,963)</b></u>	<u><b>(584)</b></u>
<b>3</b>		
<u>Other contributions from projects</u>		
Other income and expenses	<u>(1)</u>	<u>-</u>
Other contributions from projects	<u><b>(1)</b></u>	<u><b>-</b></u>
<b>4</b>		
<u>Financial income, net</u>		
<u>Financial income</u>		
Interest income, cash and bonds	<u>948</u>	<u>1,001</u>
Financial income	<u><b>948</b></u>	<u><b>1,001</b></u>
<u>Financial expenses</u>		
Interest expenses, bank charges and exchange rate adjustments	<u>(59)</u>	<u>(1)</u>
Financial expenses	<u><b>(59)</b></u>	<u><b>(1)</b></u>
Financial income, net	<u><b>889</b></u>	<u><b>1,000</b></u>

	2013 <u>DKK 1,000</u>	2013 <u>DKK 1,000</u>
5 <u>Share capital investment in projects, net</u>		
Share capital investment in projects beginning of year at cost	-	-
Paid-in share capital in projects during the year	<u>4,078</u>	<u>-</u>
Share capital investment in projects end of year at cost	<u><b>4,078</b></u>	<u>-</u>
Accumulated value adjustments beginning of year	-	-
Value adjustments, portfolio during the year	<u>(2,039)</u>	<u>-</u>
Accumulated value adjustments end of year	<u><b>(2,039)</b></u>	<u>-</u>
Share capital investment in projects, net end of year	<u><b>2,039</b></u>	<u>-</u>
Accumulated value adjustments end of year are comprised of:		
Plus values	-	-
Value adjustments excl. plus values	<u>(2,039)</u>	<u>-</u>
	<u><b>(2,039)</b></u>	<u>-</u>

	<u>2013</u> DKK 1,000	<u>2012</u> DKK 1,000	
6 <u>Project loans, net</u>			
Project loans beginning of year at cost	3,000	-	
Disbursements during the year	<u>34,560</u>	<u>3,000</u>	
Project loans end of year at cost *	<u><b>37,560</b></u>	<u><b>3,000</b></u>	
Accumulated value adjustments beginning of year	(750)	-	
during the year	<u>(12,191)</u>	<u>(750)</u>	
Accumulated value adjustments end of year	<u><b>(12,941)</b></u>	<u><b>(750)</b></u>	
Project loans, net end of year	<u><b>24,619</b></u>	<u><b>2,250</b></u>	
Accumulated value adjustments end of year are comprised of:			
Exchange rate adjustments relative to cost	16	-	
Value adjustments excl. exchange rate adjustment	<u>(12,957)</u>	<u>(750)</u>	
	<u><b>(12,941)</b></u>	<u><b>(750)</b></u>	
*) Project loans end of year at cost are comprised of:			
Senior project loans	32,810	-	
Subordinated loans	<u>4,750</u>	<u>3,000</u>	
	<u><b>37,560</b></u>	<u><b>3,000</b></u>	
*) Project loans end of year at cost in DKK distributed according to currency denomination:			
	<u>2013</u> Currency	<u>2012</u> Currency	
DKK			3,000
EUR	4,400	-	<u>32,810</u>
			<u><b>37,560</b></u>
			<u><b>3,000</b></u>

	2013 DKK 1,000	2012 DKK 1,000
<b>7 <u>Interest receivable related to projects</u></b>		
Interest receivable related to projects before value adjustments	353	101
Value adjustments	<u>(353)</u>	<u>(25)</u>
Interest receivable related to projects	<u>-</u>	<u>76</u>
<b>8 <u>Other receivables</u></b>		
Receivable front-end fees	<u>1</u>	<u>12</u>
	1	12
Value adjustments	<u>-</u>	<u>-</u>
	1	12
Current accounts	<u>951</u>	<u>-</u>
	<u>952</u>	<u>12</u>
<b>9 <u>Total equity capital</u></b>		
Paid-in capital beginning of year	150,000	75,000
Paid-in capital during the year	-	75,000
Paid-in capital end of year	<u>150,000</u>	<u>150,000</u>
Retained earnings beginning of year	(4,235)	(151)
Net income for the year	(16,536)	(4,084)
Retained earnings end of year	<u>(20,771)</u>	<u>(4,235)</u>
Total equity capital end of year	<u>129,229</u>	<u>145,765</u>
<b>10 <u>Undisbursed commitments to projects and clearances in principle</u></b>		
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	40,595	44,193
Binding commitments	<u>-</u>	<u>-</u>
Undisbursed commitments to projects	<u>40,595</u>	<u>44,193</u>
Clearances in principle for new projects amount to	<u>-</u>	<u>2,000</u>
<b>11 <u>Financial highlights</u></b>		
Financial highlights (table) - see page 5		

## 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 AIF'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: IFU (chairman), IØ (chairman).

### Lars Andersen, Deputy Chairman, board member since 1994

MSc (Economics). Managing Director, The Economic Council of the Labour Movement.  
Other board memberships: IFU (deputy chairman), 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: IFU, IØ, North East Group (Hong Kong).

### Anette Eberhard, board member since 2012

MSc (Economics). CEO, EKF.  
Other board memberships: IFU, IØ, Finansiell Stabilitet

### Jens Jørgen Kollerup, board member since 2009

MSc (Dairy science). Managing Director, Fan Milk International A/S & Emidan A/S.  
Other board memberships: IFU, 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: IFU, IØ, Care Danmark

### Dorrit Vanglo, board member since 2012

MSc (Economics). CEO, Lønmodtagernes Dyrtidsfond.  
Other board memberships: IFU, 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.