

**THE ARAB INVESTMENT FUND  
(AIF)**

**ANNUAL REPORT 2014**

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## 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 2014.

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 2014 and of the results of the Fund's operations and cash flows for 2014.

Copenhagen, 26 March 2015

### 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 2014, 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 IFU. This standard requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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 2014 and of the results of the Fund's operations and cash flows for the period 1 January - 31 December 2014 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, 26 March 2015

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Jesper Edelbo

State Authorised Public Accountant



Henrik Mikkelsen

State Authorised Public Accountant





# Financial highlights

	2014	2013	2012	7/12-31/12 2011
	<u>DKKm</u>	<u>DKKm</u>	<u>DKKm</u>	<u>DKKm</u>
<b>Financial highlights 2011 - 2014</b>				
<u>INCOME STATEMENT</u>				
Gross contribution from projects <sup>1</sup>	17	(13)	(1)	0
Operating income <sup>2</sup>	12	(17)	(5)	(0)
Net income for the year	13	(17)	(4)	(0)
<u>BALANCE SHEET AT 31 DECEMBER</u>				
Share capital investment in projects at cost	7	4	0	0
Project loans at cost	26	38	3	0
Total investment in projects at cost	33	42	3	0
Accumulated value adjustments	1	(15)	(1)	0
Investments in projects, net <sup>1</sup>	34	27	2	0
Cash	107	102	143	75
Paid-in capital during the year	0	0	75	75
Total equity capital	142	129	146	75
Total balance	142	129	146	75
<u>ADDITIONAL DATA</u>				
New projects contracted (no.)	2	1	2	0
Portfolio of projects (no.)	3	3	2	0
Investments contracted	37	37	47	0
Investments disbursed	0	39	3	0
Undisbursed contracted investments incl. guarantees	84	41	44	0
Binding commitments not yet contracted	0	0	0	90
<u>KEY RATIOS</u>				
Gross yield from projects <sup>3</sup>	54.3%	(89.4%)	(51.9%)	N/A
Gross yield from share capital investments <sup>3</sup>	132.1%	-192.3%	N/A	N/A
Gross yield from project loans and guarantees <sup>3</sup>	38.6%	-81.6%	-51.9%	N/A
Net income for the year/Average total equity capital	9.3%	(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 2014" on page 8

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

<sup>3</sup> Gross contribution from projects/Average investment in projects - value adjusted

Gross contribution from share capital investments/Average share capital in projects - value adjusted

Gross contribution from project loans and guarantees/Average project loans - value adjusted

## 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 project in 2014

The political situation in North Africa and the Middle East has in recent years been perceived as insecure and unstable for investors, which has led to a significant drop in foreign investments in many of the countries, not least in Egypt. There are positive signs, however, that the political situation, although to some extent still fragile, is getting more stable, in Egypt as well as other countries in the region, and that economic growth is picking up. This may lead to a higher investment activity level in 2015 and the years ahead than has been seen in the past years

One new project was made in 2014 consisting of an investment in Aqaba Logistic Village, a container terminal in Jordan for an amount of DKK 34m. In addition, the previously issued loan to the Helnan hotel in Taba, Egypt was re-structured as share capital in another company in the Helnan hotel group.

Total contracted amount in 2014 including the Helnan transaction was DKK 36.7m. Expected direct employment in the container terminal in Jordan is 74 people.

### Limited scope for future investments

At end-year 2014, AIF had limited capital of DKK 24m available for new investments. No fill-up of capital is currently planned. Should investments materialise outside of the capital scope of AIF, IFU may be able to cover these.

### 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.



## **Sustainability reporting**

AIF is applying IFU's sustainability policy and offering advice to project companies on how to implement it.

In 2014, IFU reviewed its CSR policy and updated it to a Sustainability Policy, which now provides the framework for the environmental, social and governance (ESG) requirements in companies in which IFU invests. IFU is committed to ensuring that investees reduce sustainability risks, contribute to sustainable development and in general achieve high sustainability standards, which IFU believes adds value to the investee and enhances business opportunities.

IFU is a signatory to the UN Global Compact and our commitment to this important UN initiative remains undiminished<sup>1</sup>.

IFU promotes the Global Compact principles through its investments and thereby strives to create shared value by:

- respecting and promoting all basic human rights, including labour rights and occupational health and safety, and addressing adverse human rights impacts that the investment may cause or contribute to as outlined in e.g. the UN Guiding Principles for Human Rights and Business (UNGP);
- enhancing positive development effects, including the creation of jobs and income, payment of taxes, contribution to government revenue, transfer of know-how and cleaner technologies, training and education, gender equality, community health and food security and other corporate social responsibility-related activities;
- securing corporate governance and business ethics, including anti-corruption, anti-fraud, transparency and stakeholder engagement;
- improving environmental performance through a preventative and precautionary approach that addresses environmental challenges, including climate change, loss of biodiversity and land use changes; and
- ensuring good animal welfare, including proper treatment of animals used for food production and for other commercial purposes and testing.

The investees must continuously work towards achieving satisfactory long-term results in sustainability, and such activities must be anchored in the business plan.

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 4 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.

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<sup>1</sup> For further information please see IFU's Communication on Engagement (COE), which constitutes IFU's mandatory reporting as required according to section 99 a (7) of the Danish Financial Statements Act. The complete COE can be found on IFU's website (<http://www.ifu.dk/en/COE>).

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

## **Financial review 2014**

AIF recorded net income of DKK 13m in 2014 compared to net income of DKK (17)m in 2013. The reversal to positive results is due to the more stable situation in Egypt and as a consequence, the reversal of most of the provisions made in 2013 on the Egypt portfolio.

Total contributions from AIF's project-related activities were DKK 17m against DKK (13)m in 2013.

Share capital investments contributed DKK 7m and project loans contributed DKK 10m. In 2013 the figures were DKK (2)m and DKK (11)m respectively.

Operating expenses (management fee) was DKK 4.5m in 2014 similar to 2013.

Financial income, net of financial expenses, was DKK 1m in 2014 similar to 2013.

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 2014 with cash totalling DKK 107m compared to DKK 102m in 2013.

Undisbursed commitments were DKK 84m at year-end 2014 compared to DKK 41m in 2013.

AIF's equity capital at the end of 2014 was DKK 142m compared to DKK 130m in 2013.

### **Events after the balance sheet date**

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

## **Outlook for 2015**

In 2015, AIF expects to enter into agreements for DKK 20-25m in 1-2 new investments. AIF expects to record a result about break-even for 2015.



## **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

NOTE	2014 <u>DKK 1,000</u>	2013 <u>DKK 1,000</u>
1/ Contribution from share capital investments	6,789	(1,961)
2/ Contribution from project loans and guarantees	9,801	(10,963)
3/ Other contributions from projects	<u>-</u>	<u>(1)</u>
<b>GROSS CONTRIBUTION FROM PROJECTS</b>	<b><u>16,590</u></b>	<b><u>(12,925)</u></b>
Operating expenses, net	<u>(4,500)</u>	<u>(4,500)</u>
<b>OPERATING INCOME</b>	<b><u>12,090</u></b>	<b><u>(17,425)</u></b>
4/ Financial income, net	<u>532</u>	<u>889</u>
<b>NET INCOME FOR THE YEAR</b>	<b><u>12,622</u></b>	<b><u>(16,536)</u></b>

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

# **BALANCE SHEET AT 31 DECEMBER**

## **ASSETS**

NOTE		2014 <u>DKK 1,000</u>	2013 <u>DKK 1,000</u>
	<b>FIXED ASSETS</b>		
	Share capital investment in projects at cost	6,928	4,078
	Value adjustments	<u>1,309</u>	<u>(2,039)</u>
5/	Share capital investment in projects, net	8,237	2,039
	Project loans at cost	26,251	37,560
	Value adjustments	<u>(50)</u>	<u>(12,941)</u>
6/	Project loans, net	<u>26,201</u>	<u>24,619</u>
	<b>Total fixed assets</b>	<b><u>34,438</u></b>	<b><u>26,658</u></b>
	<b>CURRENT ASSETS</b>		
7/	Interest receivable related to projects	-	-
8/	Other receivables	-	952
	Cash	<u>107,413</u>	<u>101,619</u>
	<b>Total current assets</b>	<b><u>107,413</u></b>	<b><u>102,571</u></b>
	<b>TOTAL ASSETS</b>	<b><u>141,851</u></b>	<b><u>129,229</u></b>



# **BALANCE SHEET AT 31 DECEMBER**

## **LIABILITIES AND EQUITY CAPITAL**

NOTE		
	2014 <u>DKK 1,000</u>	2013 <u>DKK 1,000</u>
	<b>EQUITY</b>	
	Paid-in capital	150,000
	Retained earnings	(8,149)
		<u>150,000</u>
		<u>(20,771)</u>
9/	<b>Total equity</b>	<b>141,851</b>
		<u>129,229</u>
	<b>CURRENT LIABILITIES</b>	
		-
		<u>-</u>
	<b>Total liabilities</b>	<b>-</b>
		<u>-</u>
	<b>TOTAL EQUITY, PROVISION FOR LOSSES AND LIABILITIES</b>	<b>141,851</b>
		<u>129,229</u>

- 10/ UNDISBURSED COMMITMENTS TO PROJECTS AND CLEARANCES IN PRINCIPLE
- 11/ AVAILABLE CAPITAL FOR NEW INVESTMENTS
- 12/ FINANCIAL HIGHLIGHTS

# CASH FLOW STATEMENT

	2014 <u>DKK 1,000</u>	2013 <u>DKK 1,000</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Dividends from projects received	591	78
Interest from projects received	1,665	916
Other project related payments	-	398
Operating expenses, net	(3,553)	(5,453)
Net payments related to financial income and expenses	<u>536</u>	<u>891</u>
<b>Net cash from operating activities</b>	<b><u>(761)</u></b>	<b><u>(3,170)</u></b>
<b>CASH FLOW FROM (TO) INVESTING ACTIVITIES</b>		
Received from project loans	6,555	-
Paid-in share capital in projects	-	(4,078)
Disbursement of project loans	<u>-</u>	<u>(34,560)</u>
<b>Net cash from (to) investing activities</b>	<b><u>6,555</u></b>	<b><u>(38,638)</u></b>
<b>CASH FLOW FROM (TO) FINANCING ACTIVITIES</b>		
Paid-in capital received during the year	<u>-</u>	<u>-</u>
<b>Net cash from (to) financing activities</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>NET CHANGE IN CASH</b>	<b>5,794</b>	<b>(41,808)</b>
<b>CASH BEGINNING OF YEAR</b>	<b><u>101,619</u></b>	<b><u>143,427</u></b>
<b>CASH END OF YEAR</b>	<b><u>107,413</u></b>	<b><u>101,619</u></b>

## NOTES

	2014 <u>DKK 1,000</u>	2013 <u>DKK 1,000</u>
<b>1 <u>Contribution from share capital investments</u></b>		
Dividends from projects	591	78
Value adjustments, portfolio	<u>6,198</u>	<u>(2,039)</u>
Contribution from share capital investments	<b><u>6,789</u></b>	<b><u>(1,961)</u></b>
<b>2 <u>Contribution from project loans and guarantees</u></b>		
Interest income and fees related to project loans and guarantees	1,870	1,556
Value adjustments excl. exchange rate adjustments, loan portfolio	8,206	(12,206)
Exchange rate adjustments, project loans	(69)	15
Value adjustments, interest and fees	<u>(206)</u>	<u>(328)</u>
Contribution from project loans and guarantees	<b><u>9,801</u></b>	<b><u>(10,963)</u></b>
<b>3 <u>Other contributions from projects</u></b>		
Other income and expenses	<u>-</u>	<u>(1)</u>
Other contributions from projects	<b><u>-</u></b>	<b><u>(1)</u></b>
<b>4 <u>Financial income, net</u></b>		
<b><u>Financial income</u></b>		
Interest income, cash and bonds	<u>534</u>	<u>948</u>
Financial income	<b><u>534</u></b>	<b><u>948</u></b>
<b><u>Financial expenses</u></b>		
Interest expenses, bank charges and exchange rate adjustments	<u>(2)</u>	<u>(59)</u>
Financial expenses	<b><u>(2)</u></b>	<b><u>(59)</u></b>
Financial income, net	<b><u>532</u></b>	<b><u>889</u></b>



	2014 DKK 1,000	2014 DKK 1,000
5 <u>Share capital investment in projects, net</u>		
Share capital investment in projects beginning of year at cost	4,078	-
Paid-in share capital in projects during the year	-	4,078
Project loans or interest converted into share capital during the year	<u>2,850</u>	<u>-</u>
Share capital investment in projects end of year at cost	<u><b>6,928</b></u>	<u><b>4,078</b></u>
Accumulated value adjustments beginning of year	(2,039)	-
Value adjustments, portfolio during the year	6,198	(2,039)
Value adjustments related to conversions during the year	<u>(2,850)</u>	<u>-</u>
Accumulated value adjustments end of year	<u><b>1,309</b></u>	<u><b>(2,039)</b></u>
Share capital investment in projects, net end of year	<u><b>8,237</b></u>	<u><b>2,039</b></u>
Accumulated value adjustments end of year are comprised of:		
Plus values	4,160	-
Value adjustments excl. plus values	<u>(2,851)</u>	<u>(2,039)</u>
	<u><b>1,309</b></u>	<u><b>(2,039)</b></u>

	2014 DKK 1,000	2013 DKK 1,000
6 <u>Project loans, net</u>		
Project loans beginning of year at cost	37,560	3,000
Disbursements during the year	-	34,560
Repayments during the year	(6,555)	-
Project loans converted into share capital during the year	(2,850)	-
Exchange rate adjustments during the year relative to cost	(4)	-
Write-offs during the year	(1,900)	-
	<u>26,251</u>	<u>37,560</u>
Project loans end of year at cost *		
Accumulated value adjustments beginning of year	(12,941)	(750)
Reversed value adjustments, loans written off	1,900	-
Exchange rate adjustments realised	4	-
Value adjustments incl. exchange rate adjustments, during the year	8,137	(12,191)
Value adjustments related to transfer to other receivables during the year	-	-
Value adjustments related to conversions during the year	2,850	-
	<u>(50)</u>	<u>(12,941)</u>
Accumulated value adjustments end of year		
Project loans, net end of year	<u>26,201</u>	<u>24,619</u>
Accumulated value adjustments end of year are comprised of:		
Exchange rate adjustments relative to cost	(50)	16
Value adjustments excl. exchange rate adjustment	-	(12,957)
	<u>(50)</u>	<u>(12,941)</u>
*) Project loans end of year at cost are comprised of:		
Senior project loans	26,251	32,810
Subordinated loans	-	4,750
	<u>26,251</u>	<u>37,560</u>
*) Project loans end of year at cost in DKK distributed according to currency denomination:		
	<u>2014</u>	<u>2013</u>
	Currency	Currency
DKK		-
EUR	3,520	4,400
	<u>26,251</u>	<u>32,810</u>
	<u>26,251</u>	<u>37,560</u>

	2014 DKK 1,000	2013 DKK 1,000
7 <u>Interest receivable related to projects</u>		
Interest receivable related to projects before value adjustments	-	353
Value adjustments	-	(353)
Interest receivable related to projects	-	-
8 <u>Other receivables</u>		
Receivable front-end fees	-	1
Value adjustments	-	1
Current accounts	-	1
	-	951
	-	952
9 <u>Total equity capital</u>		
Paid-in capital beginning of year	150,000	150,000
Paid-in capital during the year	-	-
Paid-in capital end of year	150,000	150,000
Retained earnings beginning of year	(20,771)	(4,235)
Net income for the year	12,622	(16,536)
Retained earnings end of year	(8,149)	(20,771)
Total equity capital end of year	141,851	129,229
10 <u>Undisbursed commitments to projects and clearances in principle</u>		
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	83,863	40,595
Binding commitments	-	-
Undisbursed commitments to projects	83,863	40,595
Clearances in principle for new projects amount to	-	-



	2014 <u>DKK 1,000</u>	2013 <u>DKK 1,000</u>
11 <u>Available capital for new investments</u>		
Total equity	141,851	129,229
Investments in projects, net		
Share capital investment in projects, net	(8,237)	(2,039)
Project loans, net	(26,201)	(24,619)
Undisbursed commitments to projects	(83,863)	(40,595)
Available capital for new investments	<u><b>23,550</b></u>	<u><b>61,976</b></u>

12 Financial highlights

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.

According to the Act on Denmark's international development cooperation, IFU's board is appointed for a three-year period. The current three-year term ends on 31 July 2015.

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 six to eight 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).

CEO, Nykredit.

Other board memberships: IØ, Nykredit Bank A/S (chairman), Totalkredit A/S (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. Former Group Chief Operating Officer.

Other board memberships: IØ, Danish Venture Academy.

### **Anette Eberhard, board member since 2012**

MSc (Economics). CEO, EKF.

Other board memberships: IØ, Finansiell Stabilitet, The Danish Guarantee Fund for Depositors and Investors, PKA – Healthcare Professionals' Pension Fund

### **Jens Jørgen Kollerup, board member since 2009**

MSc (Dairy science).

Managing Director, Ormholt A/S

Other board memberships: IØ, Arctic Group A/S

### **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, Kapitalforeningen LD (chairman), Udbetaling Danmark, EKF, the Danish Committee on Corporate Governance, Komiteen for god Fondsledelse.

### **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.