

annual Report 2000



DANISH INTERNATIONAL INVESTMENT FUNDS:
The Investment Fund for Central and Eastern Europe

Purpose of Operations

The purpose of IØ is to promote Danish investments in Central and Eastern Europe and thereby support the reformist countries in their efforts to achieve an increased economic, commercial and industrial development, and to enhance the possibilities for closer economic co-operation between Denmark and Central and Eastern Europe resulting in generally improved East/West relations which will benefit Danish trade and industry, as well as the employment situation in Denmark.

THE DANISH PARLIAMENT, DECEMBER 14, 1989:
THE ACT ON SUPPORT TO DANISH INVESTMENTS IN CENTRAL AND EASTERN EUROPE

IØ at a Glance

WHAT IT OFFERS	IØ offers capital and advice regarding investments in joint venture enterprises in Central and Eastern Europe, including countries that were part of the former Soviet Union.
HOW IT WORKS	IØ participates as a partner in the joint ventures through equity capital and/or loans.
FINANCIAL ENGINEERING	IØ has expertise in identifying and mobilising supplementary sources of finance to ensure the optimal project financing.
PARTNERSHIP	<p>IØ works in a spirit of partnership with potential applicants and maintains this spirit throughout their joint work in the investment projects. On the basis of its many years of experience with a wide range of investments, IØ acts in an advisory capacity during the preparatory and initial phases of investment projects.</p> <p>Once the project is established, IØ takes a seat as a working member of the board of directors.</p>
SIZE OF INVESTMENTS	Both large and small projects, as well as pilot projects are eligible for IØ financing. This flexibility suits both the needs of Central and Eastern Europe and the structure of Danish trade and industry.
ELIGIBILITY	<p>To be qualified, projects should be partly financed by a Danish business partner. The projects should be evaluated as being commercially viable.</p> <p>Green-field projects as well as the expansion of existing projects and the privatisation of state-owned enterprises are eligible.</p> <p>All countries in Central and Eastern Europe and in the Asian republics of the former Soviet Union are eligible.</p>
EXPERIENCE FROM	16 countries 282 projects
TOTAL EQUITY CAPITAL	DKK 1,674 million
INSTITUTIONAL FORM	The fund is an independent self-governing legal entity limited in its liability to the extent of its net worth only. The Minister of Foreign Affairs appoints the board of directors.



RSP Transport, Tanzania

ifu – in Developing Countries

The Industrialization Fund for Developing countries (IFU) was used as the model, when IØ and IFV were established. Though an independent entity, IFU shares a board of directors and management with IFV, and is administered within the same organisation.

IFU was established as a self-governing fund by legislation in 1967. Over the years, it has invested in 423 enterprises in co-operation with partners from the private sector in Denmark and in the host countries.

IFU has contacts in almost all developing countries and has business experience with the majority. IFU has offices in China, India and Zimbabwe. IFU is the focal point for contacts between Danish companies and international finance institutions with interests in developing countries. The fund has co-operation agreements with some of them.

Segetrans Argentina, Argentina



IFV – in Emerging Markets

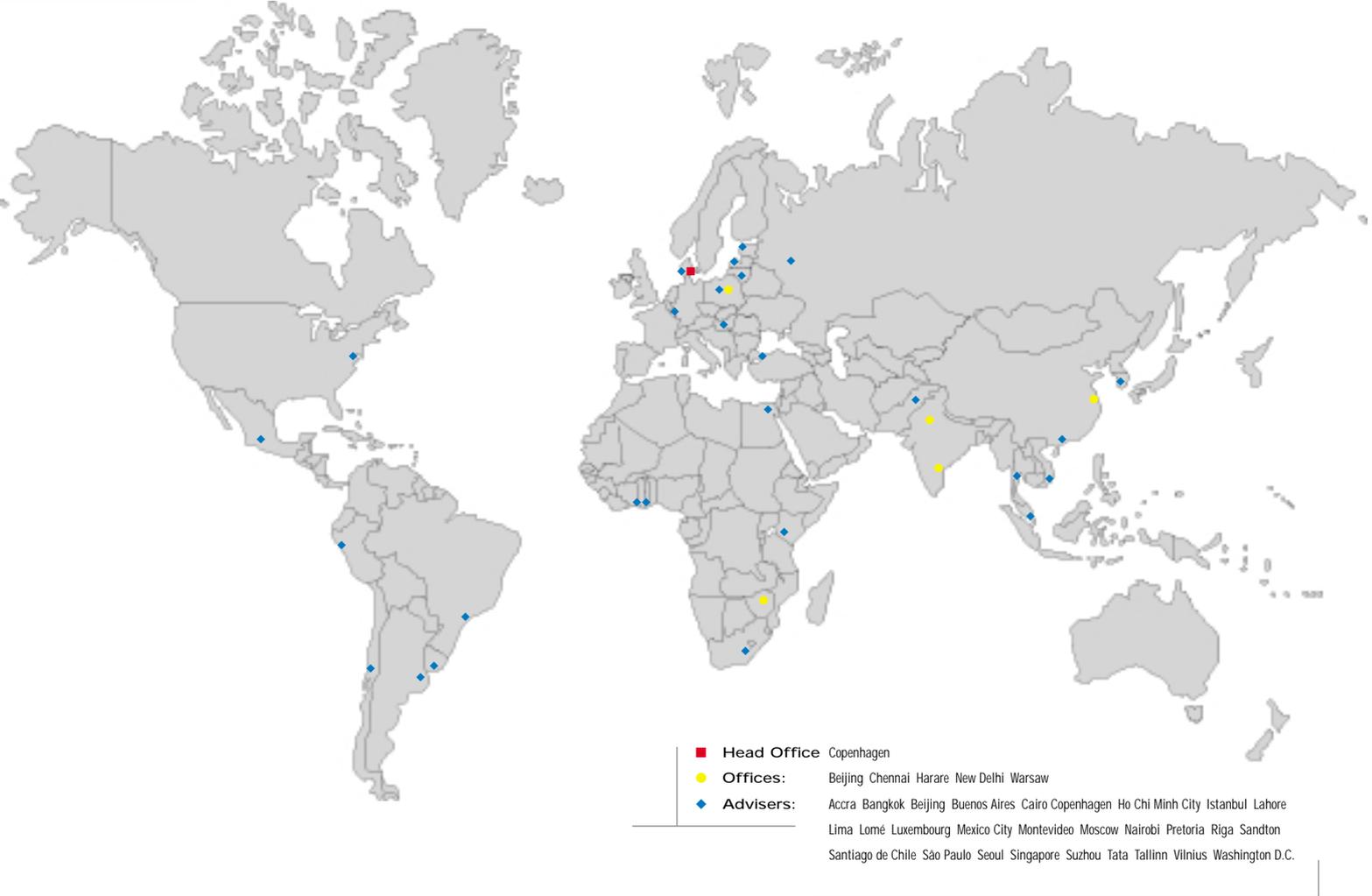
The purpose of the Investment Fund for Emerging Markets (IFV) is to encourage Danish companies to establish local companies in emerging markets, and to contribute to an environmentally balanced economic growth in these markets.

IFV is an independent entity. However, it shares a board of directors and management with IFU and operates along the same lines. IFV co-finances the establishment of new companies, the extension of existing ones or the privatisation of state owned enterprises, provided that Danish companies

participate in their financing as well as in their management. IFV also facilitates the access of Danish companies to international project financing.

IFV may operate in countries or regions outside Europe, that are on the OECD's list of recipients of development aid, but have a per capita income above the World Bank's upper limit for new loans (USD 5,280 in year 2000). It thus covers almost any non-industrialised country that is not eligible for IFU or IØ financing.

DANISH INTERNATIONAL INVESTMENT FUNDS



Danish International Investment Funds is the umbrella term for IFU, IØ and IFV. The funds operate in each their specific geographical sphere:

- IFU in developing countries with a per capita income below the World Bank's upper limit for new loans (USD 5,280 in year 2000)
- IFV in developing countries with a per capita income above the same World Bank limit
- IØ in Central and Eastern Europe and in the Asian part of the former Soviet Union

Due to their economic growth, some countries that previously were in the IFU sphere have moved to the IFV sphere. Examples are Argentina, Republic of Korea and Singapore.



DANISH INTERNATIONAL INVESTMENT FUNDS

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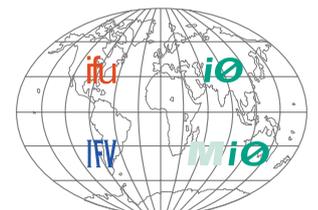
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THE DANISH INTERNATIONAL INVESTMENT FUNDS



Visit the web-site for up to date information:

www.ioe.dk

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Johannes Poulsen, Chairman

Sven Riskær, Managing Director

This report summarises - unless otherwise stated - the combined activities of IØ and the Environmental Investment Facility for Central and Eastern Europe (MIØ).

Persistent Force for Reforms

Poland continues to be the predominant investment target for IØ with 13 new projects added in 2000. At the same time, Danish companies are venturing into investments further away, and interest in e.g. the Black Sea region is gradually picking up.

In easing the way for the spreading of Danish investments, IØ is fulfilling its objectives as a persistent force for market reforms in Central and Eastern Europe (CEE).

As a result of IØ having participated in 282 privatisation and other investment projects (with 26 added in 2000 alone), its partners value IØ just as much for its experience and range of services offered as for its venture capital.

As environmental concerns are high in Denmark, the Danish government has entrusted IØ to administrate a special Facility for Environmental Investments in Central and Eastern Europe (MIØ). 5 new projects were co-financed by MIØ in 2000 and the facility capital was increased by an injection of DKK 50 million. The results below summarise the combined activities of IØ and MIØ.

Results in 2000

No. of investments in new projects		26
No. of additional financing of existing projects		21
No. of withdrawals from projects		14
Estimated no. of jobs created in host countries		3,200
Total contracted investments	DKK	381.1 m
- of which: new projects	56% DKK	214.0 m
- of which: existing projects	44% DKK	167.1 m
- of which: share capital	50% DKK	191.9 m
- of which: loans	50% DKK	189.2 m
Generated additional financing in new projects	DKK	1,138 m
Estimated generation of Danish exports,	DKK	170 m
- equivalent employment effect in man-years		340
Disbursement of share capital and loans	DKK	354.5 m
Outstanding amount at the year ending 31.12. 2000	DKK	1,427.4m
- of which share capital	59% DKK	846.5 m
Danish Government's capital injection	DKK	85 m
IØ's equity capital at the year ending 31.12. 2000	DKK	1,673.8 m
IØ's accounted result 2000	DKK	15.2 m

The government's capital injection of DKK 35 million into IØ in the year 2000 was the final tranche of the planned 10-years equity build-up. At the current level of activity, it is estimated that IØ's equity is sufficient for the self-sustained financing of future activities. However, considering the need for environmentally related investments in CEE, further capital injections into MIØ seem to be justified for the foreseeable future.

The high demand for capital over the years has led IØ to assist the partners in their search for supplementary finance, and IØ has thus become a leading Danish financial engineer for CEE projects. Among others, IØ collaborates closely with the European Bank for Reconstruction and Development (EBRD).

A new wave of investments borne by strategic investors seems to be on the rise in the Baltic countries of Estonia, Latvia and Lithuania. In the year 2000, IØ co-financed 6 new projects in the Baltic States.

IØ added no new projects to its Russian portfolio in 2000. However, the renewed stability and the up-turn of export income from oil and gas have improved the situation, and a pipeline of new projects is under consideration.

After the political turn in the former Republic of Yugoslavia, IØ can again participate in projects in this country. The need for foreign investments is considerable and these projects may play a substantial role in the rehabilitation of the economy.

IØ emphasises the importance of supporting responsible environmental conduct and good corporate governance in the projects in which it participates. An environmental review of IFU and IØ projects in India and Poland was concluded in 2000. It confirmed that Danish involvement generally leads to an improved environmental impact on industrial activities.

The Board and the Management wish to thank the partners, staff and advisers for their dedication and good co-operation.

Copenhagen, February 22, 2001

Johannes Poulsen
Chairman

Sven Riskær
Managing Director

New projects

IØ's investment (million DKK)					Expected employment (persons)	
Project Name	Country	Shares*	Loans**	Total		
1	Nowaco-Bulgaria	Belarus	1.8	4.0	5.8	30
2	Lifeline Bohemia	Czech Rep.			****	8
3	East Metal	Latvia		1.5	1.5	50
4	Kaas Steel	Latvia	3.7		3.7	60
5	TK Properties Baltics	Latvia	12.7	19	31.7	15
6	AB Vilnius Tauras Brewery	Lithuania		23.4	23.4	500
7	Lietuvos Draudimas	Lithuania	57.3		57.3	2,000
8	UAB Saerimner	Lithuania		5.0	5.0	90
9	Bytom Ren. Energy Gen.	Poland	4.7		4.7	3
10	C.H.Reduta II	Poland			****	5
11	C.H.Targowek II	Poland			****	5
12	Dan-Sun	Poland		0.5	0.5	4
13	DISA	Poland	29.8	29.8	29.8	140
14	Energo Zycie	Poland			****	30
15	InfoCenter	Poland		5.7	5.7	3
16	Katowice Ren. Energy Gen.	Poland	4.7		4.7	3
17	Lubna Ren. Energy Gen.	Poland	8.3		8.3	3
18	Radisson SAS Hotel Wroclaw	Poland		14.9	14.9	120
19	Sosnowiec Ren. Energy Gen.	Poland	4.7		4.7	3
20	Synoptik Polska	Poland	3.8		3.8	80
21	Voigt Promotion	Poland		1.4	1.4	25
22	Agrileasing	Romania	0.5		0.5	3
23	Richter Romania	Romania		0.5	0.5	22
24	Dusan Rajcan	Slovakia		1.6	1.6	24
25	Lifeline Slovakia	Slovakia		2.0	2.0	12
26	Danam Farms	Ukraine		2.5	2.5	10
Total:			102.2	111.8	214.0	3,248

Further financing of ongoing projects

Project Name	Country	Shares*	Loans**	Total	
27	Cembrit Moravia	Czech Rep.	0.5	0.5	
28	Dan-Moravia Agrar	Czech Rep.		0.1	
29	Georg Fischer Disa	Czech Rep.		15.4	
30	Zivotice	Czech Rep.		4.2	
31	ESS	Estonia	4.2	4.2	
32	NCC Fegda UAB	Lithuania	12.8	12.8	
33	UAB Wood Team Production	Lithuania	0.2	0.2	
34	Energo-Asekuracja	Poland	40.0	40.0	
35	Fomar Roulunds	Poland	8.7	8.7	
36	HTH Polska	Poland	***	1.1	
37	Prime Food	Poland	4.5	0.6	5.1
38	Radiowo Energy Gen.	Poland	0.1		0.1
39	Rol-Dan	Poland		0.8	0.8
40	Kuma Romania	Romania		0.4	0.4
41	United Romanian Breweries	Romania	***		***
42	Danfoss	Russia	16.8		16.8
43	Sadolin Sestroretsk	Russia	***		***
44	St. Petersburg Taxophones	Russia	0.6		0.6
45	TK Development Pushkin	Russia	1.3		1.3
46	ZAO Dirol	Russia		6.0	6.0
47	ZAO Mineral Wool	Russia		48.8	48.8
Total:			89.7	77.4	167.1
GRAND TOTAL:			191.9	189.2	381.1

*) incl. overrun commitments ***) incl. guarantees ****) less than DKK 50,000 *****) indirect
 Co-financing by the Environmental Investment Facility for Central and Eastern Europe (MIØ)

Targeting the Environment

MIØ is a special facility managed by the Investment Fund for Central and Eastern Europe (IØ). Its sole purpose is to contribute actively to the improvement of the external environment and Occupational Health and Safety (OHS) through investments in commercially viable private sector projects in Central and Eastern Europe together with Danish partners. MIØ operates as an integral part of IØ and is administered by IFU under the umbrella of the Danish International Investment Funds.

Geographically, MIØ covers the same area as IØ. The countries bordering the Baltic Sea, however, have the highest priority. MIØ can contribute to project financing through share capital and loans. A project may be financed by both MIØ and IØ, with MIØ covering equipment or measures specifically related to improving the external environment and OHS conditions, and IØ covering the other aspects of the investment.

When allocating MIØ financing, the following external environmental and OHS criteria are taken into consideration:

- The direct positive effects of a new project (for instance water purification or hazardous waste treatment plants).
- The indirect positive effects of establishing the production of environmental protection equipment (for instance emission filters or equipment for water treatment plants).
- The positive effects of the rehabilitation of an industrial plant that hitherto has had considerable negative environmental consequences, but whose industrial process now becomes "cleaner".
- The effects of transferring environmental expertise, e.g. by establishing a consulting company, or by investing in an existing one.
- The effects of a more efficient use of energy resources, energy saving methods or the use of less polluting energy.
- A high standard of environmental performance.

The Danish Environmental Protection Agency gives the final seal of approval on the environmental aspects of all MIØ investments.

Results in 2000

No. of investments in new projects			5
No. of additional financing of existing projects			4
No. of withdrawals from projects			2
Total contracted investments		DKK	110.3 m
- of which : new projects	47%	DKK	52.2 m
- of which : existing projects	53%	DKK	58.1 m
- of which : share capital	29%	DKK	31.7 m
- of which : loans	71%	DKK	78.6 m
Disbursement of share capital and loans		DKK	90.4 m
Outstanding amount at year ending 31.12. 2000		DKK	268.1 m
- of which: share capital	48%	DKK	129.8 m
Danish Government's capital injection		DKK	50 m
MIØ's facility capital at year ending 31.12. 2000		DKK	419.1 m
MIØ's accounted result in 2000		DKK	1.4 m

At the end of the year the portfolio of active projects in which MIØ participated was 30.

Since its establishment in 1995, MIØ has received a total of DKK 449 million as capital contribution from the Danish government. As the environment has a high priority in Denmark's international co-operation activities, and as the number of environmentally related commercial investments continues to increase, it is expected that the capital build-up of MIØ will continue in the foreseeable future. It is expected that the demand for environmentally related investments will continue to increase in Central and Eastern Europe in the coming years. Danish companies have demonstrated that they are well prepared to "globalise" their competitive position with respect to "green" production technology and equipment for improving the environment and OHS.

Copenhagen, February 22, 2001



Johannes Poulsen
Chairman



Sven Riskær
Managing Director

The Environmental Review:

Many Positive Effects



By Professor Poul Harremoës, Chairman of the Environmental Panel

89 projects, 64 in Poland – a European country about to enter the European Union, and 25 in India – a country encompassing nuclear research and which has one of the highest poverty concentrations in the world. The business lines are ranging from agriculture to computer programming, and the size varies from a few employees to several hundred.

The variations could hardly be bigger, and yet it is possible to draw some conclusions from the findings.

Perhaps the most comforting conclusion is that none of the projects has caused any harm to the environment.

Only a few projects are involved in activities, which might seriously affect the environment, and in these cases the environmental management is satisfactory. There is no doubt that the availability of foreign capital and the involvement of professional staff from Denmark ease the way to better environmental performances and to more attention being paid to occupational health and safety.

Even though the potentially negative impact of the majority of the projects is low or non-existing, many project leaders expressed concern about the environment when interviewed.

However, the observations made by the panel were in fact very positive. According to the best

judgements prepared by the environmental consultants, who visited each project, almost all activities were carried out in full accordance with local laws and regulations. In most of the projects, the environmental standard was higher than required by the host country. In Poland, 60% of the project companies complied with Danish standards, and in India 44%.

When some of the projects failed to live up to Danish standards, it was due to lack of local wastewater treatment plants, facilities for controlled waste treatment, or due to market competition and financial constraints. Lack of awareness and motivation among employees and even local authorities is also a hurdle, which may be difficult to overcome, regardless of good managerial intentions. In two cases, the consultants discovered unacceptable environmental procedures, and improvements were immediately made to fulfil host country requirements.

In conclusion, no skeletons were unveiled though the cupboard was wide open to the Panel and the consultants, and positive environmental effects of direct foreign investment were documented.

Poul Harremoës

Chairman of The Environmental Panel for IFU/IØ

In 2000, an environmental review of 89 projects in India and Poland was finalised and reports on the findings were published. The independent environmental consultants took two years to go through the projects guided by a panel of internationally reputable experts. Professor Poul Harremoës from the Technical University of Denmark was the Chairman of the panel.

The review was prepared to provide the funds with better documentation on the environmental status as well as the occupational health and safety conditions of the co-financed projects. It will serve as an important tool in the endeavours to further improve the environmental qualities of existing and future projects.

Country reports on India and Poland respectively as well as a summary report have all been published in English. The summary report has also been published in Danish. Copies can be obtained free of charge from IØ.

Steps towards further improvements

In September 2000, the board of the funds felt inspired by the environmental review to take a number of steps:

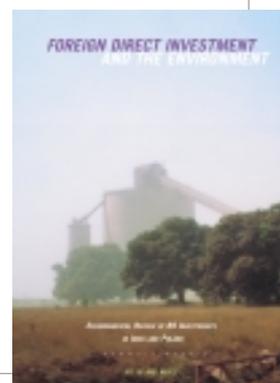
■ To launch a training programme for the fund's professional staff. The objective is to improve the staff's capacity to deal with environmental considerations in the appraisal work and on the boards of the project companies.

■ To gradually build up a network of environmental advisers in countries with more than a few projects.

■ To consider and prepare proposals for the establishment of additional financial facilities to support environmental improvements related to Danish investments in Central and Eastern Europe and in developing countries.

■ To consider regular reporting about the environmental aspects of projects co-financed by the funds.

■ To give priority to occupational health and safety conditions by introducing in the actual feasibility studies a sufficient budget allocation for training and education of employees in the proposed project.



Developing the Partnership Concept

IØ is currently reviewing and developing its partnership concept. The aim is to enhance the benefits from co-operation with the Fund and to add new services. The process includes the following elements:

■ **IMPROVING PROJECT PROPOSALS** is one of the main tasks of IØ's investment advisers. They are able to take advantage of IØ and its sister funds' considerable experience gained from their approximately 700 projects in all sectors spread over 85 countries. They are also helped by the experience of the parallel organisations, with which Danish International Investment Funds have formed the association of European Development Finance Institutions (EDFI), as well as of the European Venture Capital Association (EVCA) which the funds joined in 2000.

■ **EARLY WARNING:** In the year 2000 Danish International Investment Funds launched an in-depth analysis of 20 projects, which had not developed according to expectations. This was done in order to

collect systematic knowledge of what went wrong and why. The aim is to improve the ability to foresee future problems and help the partners to avoid pitfalls.

■ **IMPROVED HOST COUNTRY INFORMATION:** IØ continues the extension of its network of local advisers. Their advice is also available to the partners.

■ **PRE-INVESTMENT MEETINGS** normally involve the participation of all partners under the leadership of an independent facilitator. Here, potential partners review their business plans prior to committing their capital. The facilitator ensures that the stakeholders reach a common understanding of all aspects of their future co-operation.

■ **LEADERSHIP SEMINARS** are a service addressed first and foremost to board members and executives of small and medium-sized projects. The participants are given an in-depth explanation of their rights and duties - and are advised on how to work individually and together.

Increasing Environmental Awareness



IØ's Environmental Policy aims to prevent adverse environmental effects stemming from projects and promote positive ones. This objective encompasses the internal working environment - the health and safety of employees, as well as the external environment.

All project companies are required to comply with the host countries' rules and regulations. Moreover, IØ expects the Danish partner to produce a "Best Judgement Declaration" which describes possible deviations from Danish rules and regulations.

If a project were unable to fully comply with Danish rules and regulations, IØ and its joint venture partners would discuss the reason for this and evaluate the consequences. IØ then would assess the critical environmental parameters. This assessment will often result in specific plans for improvement and/or control indicators.

Companies with potentially adverse environmental effects will be continuously monitored through well-defined essential environmental indicators. The project company's board of directors will subsequently assist in ensuring that the management implements the monitoring and submits to the board of the project company an annual environmental status report including occupational health and safety aspects.

Projects established by IØ and the sister funds since the launching of the Environmental Policy in 1996 have to report annually to their respective boards on the environmental status.

Based on a provisional environmental survey carried out by the funds of approx. 80% of all projects in operation, more than 98% are characterised as having an environmental performance that is fair or above.

The health and safety of the employees is one of the concerns targeted by IØ's Environmental Policy. The pictures are from Danipol, a textile company in Poland



Code of Conduct

In compliance with its Code of Conduct, IØ constantly strives to instil awareness and heighten standards of business ethics, social responsibility, human rights and occupational health and safety as well as environmental concerns both among its partners and in the project companies.

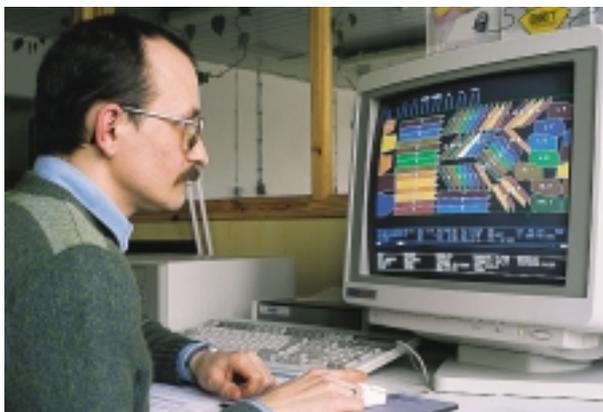
This requires an active ongoing dialogue and cooperation with partners and other stakeholders. It also implies that IØ staff members are instructed to promote the principles, guidelines and procedures outlined in the relevant international and national declarations and conventions.

With a view to encouraging improvements, IØ will annually take stock of the actual accomplishments

and shortfalls related to relevant areas covered by the Code of Conduct.

Since its inception in 1998, the Danish and host country partners have welcomed the Code of Conduct as an opportunity to deal with issues, which in some cases are sensitive.

The fund has worked out a set of formalised and comprehensive Staff Ethics. The written as well as unwritten rules developed over the years have been collected and reconsidered. The Staff Ethics include rules on dealing with complex practices in such areas as the reception of gifts, insider trading and sideline occupation, handling confidential material, and avoiding money laundering.



Human Rights Guidelines for Business



The public sometimes questions whether Danish International Investment Funds and Danish companies do right by investing in countries with particularly poor human rights records. Questions are also raised regarding specific investment projects and their adherence to e.g. workers' rights. This has spurred the funds to participate in a research project which aims to provide human rights guidelines for investors and Danish companies operating abroad. The research is conducted by Dr. Margaret Jungk, who here explains what she regards as a trailblazing assignment. Margaret Jungk is American and has an academic background from universities in USA, Israel and UK. She has a master's degree in International Relations and a PhD in Social and Political Science from the University of Cambridge, England.

The project's aim is to help Danish companies act in compliance with human rights, and to the extent possible, promote these rights, when operating in countries where they feel or know that the human rights record is sub-standard. We focus our efforts on constructing very practical tools to help companies understand their responsibility for human rights and how to uphold them.

The main tool is modelled on the Environmental Impact Assessment (EIA), and we call it the Human Rights Impact Assessment (HRIA). It consists of a list of human rights factors that a company should take into account when conducting operations outside Denmark.

The HRIA is based on international human rights law. This is a body of law that was originally drafted for governments, but we will be modifying it so that the rights are expressed in a form which is relevant to the business context. In most cases, these absolutist standards are sufficient guidelines for a company. But when they are not, we turn to a different type of tool - structured decision-mapping. This is a technique by which the company is guided through a series of steps, generally phrased as questions, to help it factor basic human rights consideration into the decision making process. In the end, we hope this will help companies make sound human rights decisions as well as sound business decisions.

The decision-mapping tools will be published in a series of brochures and will, at the conclusion of the research, be included in a book with human rights guidelines.

No Ivory Tower

The research is a collaborative project between the Danish Centre for Human Rights, the Danish International Investment Funds, the Confederation of Danish Industries (DI) and the Danish Foreign Ministry. All parties are actively involved in steering the project through an advisory committee which meets every three months.

In addition, I work directly with 10 Danish companies. They provide the project with empirical data and also give me the opportunity to test the tools. It is easy to be clever sitting in an 'Ivory Tower' but it is important that our tools will be practical and useful in the real world of business.

Why now?

Human rights have emerged quite rapidly on the business agenda over the past 10 years. In part, this is due to a few high-profile cases which made the wider public more alert to the possibilities of company-perpetrated human rights violations. Previously the focus was always on government violations. It is also due to heightened expectations of 'business responsibility'. Companies are increasingly viewed as members of society and are expected to play a positive role as such.

Because human rights entered the business world so quickly, most companies do not have the mechanisms or the personnel to deal with human rights issues. A few of the bigger companies have been able to hire human rights specialists, but this is simply not possible for smaller companies (and most Danish companies are smaller).

The field of human rights in business is at a very early stage



Information and feedback

I am convinced that if Danish companies commit human rights violations, it is out of ignorance, not intention. So the more informed they are, the better their practices will be. Therefore we make our information available for free, in print and on the Internet.

We are publishing brochures on various human rights questions while we proceed with the research. This should encourage companies and human rights groups to give us feedback on the concepts and ideas and perhaps influence the final guidelines.

BROCHURE 1 (Human Rights & Business) was published in 1999 at the start of the research. It is an introduction to the project, its aim and the methodology behind the research.

BROCHURE 2 (Defining the Scope of Business Responsibility for Human Rights) came out in 2000. It answers the basic questions: "What are human rights in the context of business?" and "What are a company's specific obligations in relation to these rights?"

BROCHURE 3 (Deciding Whether to do Business in States with Bad Governments) also came out in 2000. This brochure is our first to use the decision-mapping technique. It aims to help companies consider human rights issues more systematically before investing or working in states with bad governments.

BROCHURE 4 (Human Rights: Opportunities for Business) will be published in 2001. In it we shall describe how human rights are not simply an obligation or weight upon the company; indeed, the case can be quite the opposite - human rights, if approached constructively, can advance and support the agenda of business. BROCHURE 5 (The Cultural Relativism of Human Rights as it Relates to Business) coming out later in 2001 will deal with the fact that some rights are understood in different ways in different cultures or political societies.

BROCHURE 6 (Employing Ethical Reasoning in Making Sound Human Rights Decisions) is planned as the last one in the series in 2002. It will describe how conflicts between human rights and other societal goals necessitate a pragmatic judgement. It is not always a black and white world we act in.

The material from the brochures will be included in the final guidelines of the Human Rights Impact Assessment.

Pioneering work

The field of human rights in business is at a very early stage. We do not expect the HRIA to become an enforced standard in Denmark. It will take years to reach a level of agreement between companies and the wider society about the precise nature of busi-

ness responsibility, and indeed, to make those responsibilities justiciable so that they can be enforced.

However, I am confident that the HRIA will serve as one of the first steps on a long road to the creation of more global human rights standards for business. It is the first attempt to produce a more concrete set of guidelines. Of course the ILO has done tremendous work in relation to labour standards, so we will not attempt to cover that ground again, but instead will simply incorporate their standards into the HRIA directly. But in relation to other human rights, the efforts have been sparse, and the guidelines have been declaratory rather than operational, so our work in this area is very much primary-level research.

With the HRIA, the human rights standards will be very specific and operational. Yet, the HRIA will not be entirely comprehensive. In a three-year period we can cover only 20-25 rights. But we can cover the most fundamental and with a greater degree of detail and consistency than they have been before.

In doing this, hopefully we will demonstrate that human rights is not an obscure subject which can mean anything to anybody, but rather a well-defined area that can be addressed in a systematic manner by businesses. That will go a long way towards promoting human rights as an integrated part of business norms on a global level as well.

Margaret Jungk

The brochures can be obtained from the Danish International Investment Funds or from the Danish Centre for Human Rights. Queries should be directed to Dr. Margaret Jungk at the Centre, tel.: +45 33 30 88 88, e-mail: business@humanrights.dk. The brochures and further information can also be found on www.humanrights.dk.



The human rights standards will be specific and operational

Satisfying Returns

In the long-term, profits from projects co-financed by IØ are the precondition for continued investment support in Central and Eastern Europe. In 2000, the Fund received its last tranche of capital build-up from the Danish government. In the coming years, IØ will have to finance new investments from the returns of earlier years.

The private sector investors and IØ thus share a common goal: profits. It is on gratifying to note that on average, the returns on earlier investments, notably those from the Polish projects have been satisfactory.

Poland is IØ's main field of activity as it hosts almost half (46%) of all IØ projects. A review made in 2000 of the first 10 years of IØ's operations came to the conclusion that the 40 projects in Poland from which IØ had withdrawn, had given IØ a total internal rate of return (IRR) of 8.5% per year.

The returns on investments in other countries in Central and Eastern Europe have until now been less satisfactory.



Success from a modest start

A shining example of the successful results in Poland is that of Bauma Unicon Sp. z o.o. From its modest beginnings in 1994 it has developed into a network of companies covering some of the biggest towns in Poland.

The project concept was to develop the production of high-quality paving stones. Today, Bauma Unicon is the largest producer on the Warsaw market. According to a strategic plan, the company hopes to expand its activities in the Warsaw area and in other regions of Poland.

The main reasons for the company's good results are the dynamic development of the Polish construction market, a successful transfer of technology from the Danish partner (Unicon Beton A/S), good management and well trained staff.

IØ participated in the project both as the holder of 7.7% of the shares (nominal value of DKK 2.2 million) and as a lender (DKK 1.8 million). The shares were sold in May 2000 with a positive return.



Success from privatisation

Wavin Metalplast-Buk Sp. z o.o. was established in 1990, with IØ's commitment to participate in the privatisation of a plastic pipe factory in Buk, near Poznan, in co-operation with Nordisk Wavin A/S as its Danish partner. IØ participated as a shareholder with an investment of DKK 9 million.

The project developed beyond expectation and dividends were paid from 1993 onwards, until IØ sold its shares to the Danish partner in 1996.

Unlike many other privatisation projects, the level of staff increased as a result of rapid market developments and the company's competitive power. While the staff numbered 380 in 1990, it had increased to 431, when IØ sold the shares six years later.

Staff training is deemed to be an important factor underlying the good results.



Successful technology

The fund's investment of DKK 29 million in shares in Elda Szczecinek Elektrotechnika S.A in 1995 was rewarded with a positive return, when the shares were sold in 1999.

The project was founded in 1994, when the Danish partner (LK) took control of the largest Polish producer of electrical gadgets, such as installation switches, socket outlets, extension cords, and plugs.

LK gradually expanded production to include new items. LK also gave Elda access to

the necessary technology for the production of the so-called intelligent installation systems and CAD/CAM systems.

The company made good commercial progress as a result of the investments in technology. The staff of 1,200 people underwent continuous training.

The investment in the company was extremely welcome, as it was one of the few large employers in the Szczecin area with its high rate of unemployment.



Falck Baltic employs about 3,000 people

Trade and Services

Gain Ground

A rapidly increasing share of the Danish investments in Central and Eastern Europe (CEE) are in the sectors of trade and service. This proves that CEE is increasingly being integrated in the normal field of business operations of Danish companies. In the longer term, the Danish activities in CEE will most likely reflect the composition of trade and industry in Denmark.

At the end of 2000, approximately one out of every six investments co-financed by IØ since the Fund became operational in 1990 have been in trade or service joint venture companies.

Of the 26 investments made in new activities in 2000, 10 were in trade and service companies.

This is a sharp contrast to the pattern of distribution of the first projects made 10 years ago. At that time, the main interest of Danish companies was to start manufacturing in CEE. In the early 1990s, the only exceptions were a few companies set up with the view of servicing Danish or other West European production projects. Service activities from that period were typically branches of Danish auditing firms, banks and telephone services. These service companies tried to step in, where investors from the manufacturing sector identified urgent needs.

More diversified

Today, the composition of the trade and service industry investments are much more diversified, though banking, auditing and telephone services are still well represented.

In recent years, IØ has for instance co-financed a number of consulting companies, information providers, air and land transport companies, laundries, insurance companies, hotels and wholesale and retail businesses.

These projects have in the main the following important characteristics in common:

- They contribute substantially to the building-up of well-functioning societies with improved frameworks for further investments
- Technical assistance and training are provided by the Danish investors
- They create employment in the host country and to some degree also in Denmark

To be successful, an economy must be ready for this type of investment. Therefore, it is not surprising that the investments in service industries are primarily taking place in those countries in CEE that are in the forefront of the transition to a smooth-running market based economy.

Banking

The financial sector in Central and Eastern Europe has developed considerably since 1990. As a key sector in this economic transformation, the financial sector has often been taunted for its lack of service-mindedness and inefficiency, and obviously, there has been a need for transfer of technology and management systems from Western European countries. The Danish Unibank's investment in a Polish regional

bank, BWP in Gdansk, is an example of an investment that brings Nordic and Baltic financial activities closer together.

Bank Wlasnosci Pracowniczej (BWP) was established in 1990, and the idea was to engage in privatisation activities. It developed into one of the most efficient banks in the country, servicing primarily small and medium sized industries. In 2000, Unibank, the second largest bank in Denmark, merged with banks in Finland, Norway and Sweden. As one of the merging partners also had investments in Poland and in the three Baltic States, the strengthened network can contribute to the lubrication of the business relations between the countries around the Baltic Sea. IØ's investment amounts to DKK 12 million.

Insurance

Like other services, insurance was previously a state monopoly in Central and Eastern Europe. In Lithuania, the monopoly was broken in the early 1990s. The largest insurance company Lietuvos Draudimas AB (LD) was fully privatised in 1997. The Danish insurance company Codan has acquired a 54% share of the equity, and with an injection of DKK 61 million, IØ has 14% of the shares. The European Bank for Reconstruction and Development, EBRD, also participates with 14% of the share capital.

LD employs close to 2,000 people. The Danish investment will contribute to job security for the majority, though some retrenchment is envisaged due to rationalisation. Codan is transferring technical know-how on sales and marketing, information technology, reinsurance, and actuarial and accounting systems.

Security

The crime rate is relatively high in the three Baltic countries. Security services are one of the fastest growing industries. In 1999, together with the Danish company Falck A/S, IØ invested in a shareholding in the Estonian security company AS ESS, renamed Falck Baltic.

AS ESS was established in 1991 as the first Estonian security company in private hands. It has grown rapidly, not only in Estonia, but also with subsidiaries in Latvia and Lithuania. Its main activity is security services for companies, government institutions and private homes. AS Falck Baltic employs about 3,000 people. Their services contribute to the overall development of the country, as the lack of security is an impediment to foreign as well as domestic investment. IØ's investment amounts to DKK 18 million.



Unibank, Warsaw

A Company of Competitors



The introduction of new technology can lead to a 100% increase in production

The idea was conceived at an export promotion fair in Romania



Competing on the home market, yet, co-operating abroad: Danish engineering firms have found what they believe is the key to the expanding markets for farming machinery and equipment in Central and Eastern Europe. Their initiative is co-financed by IØ.

While each in its own right is an experienced exporter, most of the 9 participating farm machinery producers are small by international standards - and competitively weak against large international producers. This is especially so in Central and Eastern European markets, where financing has to be included in the offer to potential buyers. Here, the financial sector is reluctant to supply loans on terms reasonable to the farmers.

Servicing is another market demand that is easier for small companies to supply, when they combine forces.

The idea was conceived and put together by seven companies during an export promotion fair in Romania. Its implementation was facilitated by one of the companies already having a sales subsidiary in the country.

This joint company of Danish machinery producers, Agrileasing, began operations in mid 2000. Already after 6 months, the turnover was high enough to convince the participating companies of its success and to even attract two more machinery producers to the joint venture. They decided to increase

their investments and consider extending the concept to other countries in Central and Eastern Europe.

What they offer suits the needs of the newly established private farms in Central and Eastern Europe: Instead of buying expensive equipment, farmers can lease the machinery over a period of 1-5 years with the right to buy at the depreciated price. As part of the package, farmers are offered a contract on service and maintenance. Agrileasing in return takes the machinery and sometimes the next harvest as security.

Often, the introduction of the new machinery improves the effectiveness and economic yields so significantly that the increased income pays for the lease and more besides.

Romanian agriculture was collectivised until the fall of the Communist regime. Many of the private farmers obtain the land on leasing contracts, while others buy it. Joint-stock companies are common in the Romanian agricultural sector, and many farms are hundreds or even thousands of hectares in size. Approximately 4,000 farms have more than 500 hectares. This market segment is Agrileasing's first priority.

The farms generally are in great need of modern and well functioning equipment, as their present equipment is often run-down and expensive to maintain.

The introduction of modern technology can lead to a 100% increase in production according to the estimates of Danish machinery producers. In addition, the relationship between yields and input in the form of energy, fertilisers and chemicals can be optimised, again leading to higher incomes to farmers.

Thus, since the fall of the Wall in 1989, Central and Eastern Europe has become one of the most important markets for Danish farm machinery producers. Through the new partnership, they hope to contribute even more to the modernisation of farming in these countries.

Participating farm machinery producers	Main production
Bording Maskinfabrik A/S	Machinery for irrigation
Maskinfabrikken Bredal A/S	Machinery for dispersal of lime and fertilisers
Maskinfabrikken Samson, Tange A/S	Machinery to dispersal of manure
Maskinfabrikken JE-MA	Machinery for the transportation of grain
J.C. Løkkes Maskinfabrik A/S	Equipment for on-floor drying systems
Crocus I/S	Equipment for the rinsing and drying of grain
Stenhøj A/S	Compressors, hydraulic pressers
Other participating companies	Main activity
Dankorn A/S	Trade in grain drying systems
Agrimex ApS	Sale of Danish machinery in Romania

Cleaner Energy



The heat loss from installed heaters will be less, and the consumption of electricity will be reduced accordingly

Poland's per capita consumption of energy is not high. It is 30% lower than Danish consumption. Nevertheless, Danish technology can decrease Polish consumption even further - to the benefit of both the individual Pole's private economy and that of the environment. One of the small steps in this direction has been taken with the Danish company Metro Therm's investment in the Polish water heater producer, Zelmech S.A. in Myslowice near Katowice.

Metro Therm A/S was founded in 1921 and has considerable international experience from production and sales subsidiaries in Norway, Sweden, Finland and Germany.

Zelmech has a 17% share of the expanding market for electrical water heaters in Poland. With the improvements in quality induced by the Danish investment, the owners hope to gain a larger market share. As a bonus, the change will result in the reduction of pollu-

tion from the very production process itself, as well as cutting down on the waste of energy where the heaters are used.

Though the environmental improvements are a side effect, it is deemed so significant that IØ's environmental facility, MIØ, has approved co-financing the project with DKK 4.5 million.

The first leap in technology will be the changing of the insulation material of the heaters' water tanks. Zelmech mainly uses traditional insulation with a woollen textile material. After Metro Therm's take-over in September 2000, it was decided to reduce using woollen textile materials and only use polyurethane foam. The heat loss from the installed heaters will thus be reduced significantly, and the consumption of electricity for water heating will be reduced accordingly.

The next technological leap will be a shift from galvanised tanks with zinc coating to enamelling.

Pollution cannot be completely avoided in the galvanising process. At present it is organised through subcontractors. Working conditions in this area are poor in general, and the treatment of pollutants from the process is a problem. The transfer of Metro Therm's enamelling technology to Zelmech, whereby the galvanising process is replaced by much cleaner technology is planned.

Both technological leaps are advantageous in that they imply a qualitative improvement of the heaters. The reduced energy consumption is an immediate advantage, while the improved durability will be felt in the longer run. A galvanised tank will usually last for about 5-8 years, while an enamelled tank can last considerably longer. Therefore, the market penetration of this type of environmental improvement is expected to be successful.

See page 6 for information about MIØ.



The production in Poland creates 140 new jobs

Cleaner Air



Where there is a chimney there is also the risk of pollution. Any plant from crematoria to steel works need air emission filters. And this is the range of customers of DISA Sp. z o.o. in Poland, which was co-financed by the environmental facility of IØ (MIØ) with a loan of DKK 28.7 million in 2000.

The Polish company was established as a subsidiary of DISA A/S in Denmark within its Air Pollution Control division. DISA is one of the biggest companies on the world market for this type of equipment, and it has provided over 12,000 installations for industrial plants worldwide. Industries using DISA filter equipment thus include asphalt, cement,

plaster, metal, machinery, pharmaceutical, chemical, food, paper, printing, wood and foundry.

The production and installation of the filters lead to an improved environment. This is, however, not always enough to persuade the industries to install the equipment. The enforcement of regulations on maximum levels of air pollution plays an important role, as do economic considerations.

When the risk of putting industries out of business by demanding investments in expensive filters is reduced, the enforcement of regulations tends to become stricter.

Therefore, DISA and MIØ expect that the use of air pollution control equipment will in-

crease due to the establishment of the production in Poland. DISA will offer industries in Central and Eastern Europe equipment and know-how of a high standard at prices that reflect market conditions better than earlier, when the equipment was produced at subsidiaries in Germany and UK.

The establishment of the production in Poland creates 150 new jobs in Marki in the Warsaw area. Most of the raw materials are sourced locally. It is expected that the export share of production will gradually fall from almost 100% to about 80%, as local demand by the Polish industry for the equipment increases.

See page 6 for information about MIØ.

Auditor's Report

We have audited the financial statements (pages 16-21) prepared by the management of The Investment Fund for Central and Eastern Europe (IØ) for the year ended December 31, 2000.

The audit

The audit was planned and performed in accordance with Danish governmental auditing practices and generally accepted auditing standards to obtain reasonable assurance about whether the financial statements are free of material misstatements. During our audit we have, based on an evaluation of materiality and risk, examined the support and documentation for the amounts and other disclosures in the financial statements, and have furthermore evaluated whether the administration of IØ's means has taken place with due care. We have also assessed the accounting principles used and significant estimates made by management, as well as evaluated the overall financial statements presentation.

Our audit has not resulted in any qualification.

Additional information

As a selfgoverning fund established by Act of Parliament, IØ is not subject to the provisions of the Danish Annual Accounts Act for limited liability companies.

The accounting principles for IØ have been established with the aim at reflecting the activities of IØ in the most clear and comprehensive manner and are shown in the section "accounting principles applied" (pages 16 to 17).

Opinion

In our opinion, the financial statements are presented in accordance with the accounting principles established for IØ and the relevant Danish legal requirements and present fairly the assets and liabilities, the financial position, the results of operations and the cash flows for the year.

The audit was completed on February 22, 2001

ARTHUR ANDERSEN

By:

Torgny Pahle Morten S. Renge

State Authorized Public Accountants

Accounting Principles Applied

As a selfgoverning fund established by Act of Parliament, The Investment Fund for Central and Eastern Europe (IØ) is not subject to the provisions of the Danish Annual Accounts Act for limited liability companies.

The accounting principles for IØ have been established with the aim at reflecting the activities of IØ in the most clear and comprehensive manner.

The main accounting principles applied in the financial statements for the year ended December 31, 2000 for IØ are described below. The accounting principles are the same as for the previous year.

Income from projects

Dividends are recorded at the rate of exchange prevailing at the date of declaration. Interests received on loans to projects are recorded at the rates of exchange prevailing at the day of payment. Interests due for payment, but not collected at the balance sheet date, are included directly in the balance sheet as interest receivables and reserves against losses. Interest receivables converted into loan principals are classified as collected.

Share capital investments

Share capital investments in project companies are stated at the acquisition cost expressed in DKK.

Loans

Loans in foreign currency to project companies are stated in DKK at the rate of exchange prevailing at the date of disbursement. Outstanding principal related to disbursements made prior to January 1, 1996 are translated into DKK at the rate of exchange prevailing as of December 31, 1995.

Reserves against losses

Specific reserves against losses are provided as a debit to the profit and loss statement based on an individual evaluation of IØ's own risk for losses on each and every project investment. For projects established within three years before the balance sheet date, and where no specific reserve is provided, general reserves against losses are, depending on the host country risk, provided at a rate of 15, 20 or 30 per cent for loans and 20, 30 or 35 per cent for share capital of the invested amount. Realised losses on investments are debited against the reserves for losses if and when they materialise, and the resulting difference between the amount actually lost and the corresponding reserve against losses is recorded in the profit and loss statement under provision for losses.

Syndicated capital

Syndicated capital is investment capital received from third parties and invested in projects on their account and risk.

Syndicated capital only becomes due to the extent that IØ receives payments from these projects. Syndicated capital in foreign currency is translated into DKK similar to share capital investments and loans invested directly by the Fund.

Receivables and debt in foreign currency

Receivables and debt in foreign currency are translated into DKK at the rates of exchange prevailing at the balance sheet date. Realised and unrealised gains and losses on foreign exchange are recorded in the profit and loss statement.

Forward exchange contracts

IØ enters into forward exchange contracts to hedge future transactions concerning selected instalments on loans and receivables from sale of shares.

Forward exchange contracts in foreign currency are recorded at market value at the balance sheet date and value adjustments are recognised in the profit and loss account under provision for losses.

Cash and bonds

The major part of IØ's liquid capital is invested in a mutual investment fund set up by the law on special mutual investment funds No. 476 of June 10, 1997. The mutual fund, established in collaboration with The Industrialization Fund for Developing Countries (IFU), The Investment Fund for Emerging Markets (IFV) and The Environmental Investment Facility for Central and Eastern Europe (MIØ) as the only other investors, can according to its investment policy, as approved by the three funds, only invest in publicly traded bonds issued in DKK or EUR.

The stated amounts of cash and bonds reflect IØ's clearly defined (pro rata) share of the underlying bonds and cash in the mutual fund. The Bonds in the mutual fund are stated at the official prices quoted on the balance sheet date except for called bonds stated at par value. Realised and unrealised gains and losses on bonds are recorded in the profit and loss statement.

Cash and bonds allocated to projects

Cash and bonds which on the balance sheet date are allocated for investments are shown as a part of the project assets and not as cash and bonds at disposal.

Operating expenses, net

The administration and accounting of all together four funds/facilities are managed by IFU. At present this includes IFU, IØ, MIØ and IFV. The total operating expenses, net of income related to operating activities, incurred by IFU are divided at year end between IFU, IØ, MIØ and IFV according to an activity dependent ratio.

Cash flow statement

The cash flow statement has been prepared in accordance with the direct method and shows the Fund's cash flow from operating, investing and financing activities as well as the Fund's cash position at the beginning and end of the year. Consequently, the cash flow statement cannot be directly reconciled to the Profit and loss statement and Balance sheet.

The Environmental Investment Facility for Central and Eastern Europe (MIØ)

MIØ is established as an independent revolving facility under Agreement of January 13, 1995 between IØ and The Danish Environmental Protection Agency, and as such forms a separate accounting unit. The proceeds from environmental project companies, which are financed with facility capital, can be utilized to finance new environmental projects. The financial statements for MIØ are included in the financial statements for IØ by combining items of a similar nature and eliminating transactions between MIØ and IØ, except that MIØ's net result is deducted before the net result for the year and MIØ's equity capital is shown as facility capital.

Profit and Loss Statement

NOTE	2000 DKK 1,000	1999 DKK 1,000
	875	0
Dividends from projects, net	33,623	30,901
Interest income and fees related to projects	70,421	2,247
Income from sale of shares in projects	104,919	33,148
Income related to projects	(95,596)	(136,075)
Provision for losses	(485)	(1,226)
Other expenses related to projects	8,838	(104,153)
GROSS CONTRIBUTION FROM PROJECTS		
	(29,122)	(29,205)
Operating expenses, net	(20,284)	(133,358)
OPERATING INCOME (LOSS)		
1	35,466	26,086
Financial income, net	15,182	(107,272)
TOTAL NET INCOME (LOSS)		
4	1,387	(22,018)
NET INCOME (LOSS) ENV. INV. FACILITY (MIØ)		
NET INCOME (LOSS) FOR THE YEAR	13,795	(85,254)

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

Balance Sheet

December 31, 2000

NOTE	2000 DKK 1,000	1999 DKK 1,000	
ASSETS			
PROJECT ASSETS			
	Share capital investment in projects	846,549	727,918
	Project loans	580,904	569,758
2	Cash and bonds allocated to projects	238,855	359,620
	Total project assets	1,666,308	1,657,296
OTHER ASSETS			
	Interest receivable related to projects	35,717	18,569
	Other receivables	81,711	7,166
3	Cash and bonds at disposal	472,264	360,280
	Total other assets	589,692	386,015
	TOTAL ASSETS	2,256,000	2,043,311
LIABILITIES AND EQUITY CAPITAL			
EQUITY CAPITAL			
	Paid-in capital beginning of year	1,363,800	1,323,800
	Paid-in capital received during the year	35,000	40,000
	Accumulated reserves (losses) beginning of year	(157,928)	(72,674)
	Net income (loss) for the year	13,795	(85,254)
	Total equity capital	1,254,667	1,205,872
4	Facility capital (MIO)	419,089	367,702
	Total equity and facility capital	1,673,756	1,573,574
5	RESERVES AGAINST LOSSES	566,116	448,112
6	SYNDICATED CAPITAL	15,837	21,596
	CURRENT LIABILITIES	291	29
	Total liabilities and reserves against losses	582,244	469,737
	TOTAL LIABILITIES AND EQUITY CAPITAL	2,256,000	2,043,311
7	AVAILABLE EQUITY AND FACILITY CAPITAL AND CLEARANCES IN PRINCIPLE		

Approved at the Board Meeting February 22, 2001.

Management:

Sven Riskær
(Managing Director)

J. Dan Jensen
(Deputy Man. Director)

Frank Norman Larsen
(Deputy Man. Director)

Board of Directors:

Johannes Poulsen
(Chairman)

Agnete Raaschou-Nielsen
(Deputy Chairman)

Lars Andersen

Sigurd Ø. Andersen

Elsebeth Budolfson

Lars Kolte

Kjeld Ranum

Michael Rasmussen

Carsten Staur

Karen Wermuth

Cash Flow Statement

NOTE	2000 DKK 1,000	1999 DKK 1,000
CASH FLOW FROM OPERATING ACTIVITIES		
Dividends from projects received	940	0
Interest from projects received	31,630	29,061
Other project related payments	295	(32)
Operating expenses, paid	(29,091)	(29,805)
Financial income, net	35,466	26,086
Net cash from operating activities	39,240	25,310
CASH FLOW TO INVESTING ACTIVITIES		
Received from sale of shares	65,993	8,430
Received from project loans	162,344	78,191
Paid-in share capital in projects	(189,158)	(248,878)
Disbursement of project loans	(165,371)	(190,803)
Net cash to investing activities	(126,192)	(353,060)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from syndications related to projects	0	775
Repayment of syndications related to projects	(6,829)	(1,597)
Paid-in capital received during the year	35,000	40,000
Paid-in Facility capital received during the year	50,000	70,000
Net cash from financing activities	78,171	109,178
NET CHANGE IN CASH AND BONDS	(8,781)	(218,572)
CASH AND BONDS BEGINNING OF YEAR	719,900	938,472
3 CASH AND BONDS END OF YEAR	711,119	719,900
3 Of these cash and bonds at disposal	472,264	360,280
Notes		
1 Financial income, net		
The financial income, net is composed of the following items:		
Interest income, cash and bonds	34,860	41,809
Gain (loss) on bonds	197	(16,095)
Interest expenses, bank charges and exchange rate adjustments	409	372
Financial income, net	35,466	26,086
2 Cash and bonds allocated to projects		
Cash and bonds at an amount equivalent to undisbursed contractual commitments allocated for investments are shown on the balance sheet as part of the project assets and not as cash and bonds at disposal.		
Amounts payable on project agreements	143,154	164,228
Guarantees	15,521	7,508
Binding commitments	80,180	187,884
Cash and bonds allocated to projects	238,855	359,620
3 Cash and bonds at disposal		
Bonds	427,292	293,753
Interest receivables	11,706	5,269
Cash	272,121	420,878
Cash and bonds end of year	711,119	719,900
Transferred to cash and bonds allocated to projects	(238,855)	(359,620)
Cash and bonds at disposal	472,264	360,280

Notes continued

Note	2000 DKK 1,000	1999 DKK 1,000
4 Facility capital (MIØ)		
MIØ forms a separate accounting unit. The proceeds from the projects which are financed with facility capital, can be utilised to financing of new environmental projects.		
Paid-in capital beginning of year	399,000	329,000
Paid-in capital received during the year	50,000	70,000
Accumulated reserves (losses) beginning of year	(31,298)	(9,280)
Net income (loss) of the year	1,387	(22,018)
Facility capital	419,089	367,702
5 Reserves against losses		
Reserves against losses made by IØ	502,135	392,614
Reserves against losses made by MIØ	63,981	55,498
Reserves against losses	566,116	448,112
6 Syndicated capital		
Syndicated capital is investment capital received from third parties and invested in projects on their account and risk. Syndicated capital only becomes due to the extent that IØ receives payments from these projects.		
Joint Venture Programme (JOP)	15,837	16,563
Others	0	5,033
Syndicated capital in total	15,837	21,596
7 Available equity and facility capital and clearances in principle		
The available equity and facility capital is arrived at as follows:		
Total equity capital	1,254,667	1,205,872
Facility capital (MIØ)	419,089	367,702
Reserves against losses	566,116	448,112
Syndicated capital	15,837	21,596
Project participation	(1,701,998)	(1,675,838)
Available equity and facility capital	553,711	367,444
Of this available facility capital	102,398	87,200
Clearances in principle for new projects amount to	284,732	268,927

An overall view

The Last Five Years	1996	1997	1998	1999	2000
Operations:					
New projects (no.)	30	29	29	27	26
Portfolio of projects (no.)	123	140	160	168	180
Total project participation (DKK million)	1,059.8	1,435.5	1,348.2	1,675.8	1,702.0
Finances (DKK million)					
Income from projects, net	30.5	27.8	45.3	31.9	104.4
Provision for losses	(59.4)	(60.1)	(68.2)	(136.1)	(95.6)
Operating expenses, net	(19.4)	(25.1)	(28.3)	(29.2)	(29.1)
Financial income, net	37.8	39.6	49.2	26.1	35.5
Net income (loss) for the year	(10.5)	(17.8)	(2.0)	(107.3)	15.2
- of which MIØ	(0.8)	(14.5)	3.9	(22.0)	1.4
- of which IØ	(9.7)	(3.3)	(5.9)	(85.3)	13.8
Equity capital	1,068.9	1,175.5	1,251.1	1,205.9	1,254.7
Facility capital	160.3	245.8	319.7	367.7	419.1

Profit and Loss Statement

	2000 DKK 1,000	1999 DKK 1,000
Interest income and fees related to projects	5,677	3,196
Income from sale of shares in projects	0	114
Income related to projects	5,677	3,310
Provision for losses	(8,617)	(26,874)
Other expenses related to projects	0	(136)
GROSS CONTRIBUTION FROM PROJECTS	(2,940)	(23,700)
Operating expenses, net	(5,513)	(5,441)
OPERATING INCOME (LOSS)	(8,453)	(29,141)
Financial income, net	9,840	7,123
NET INCOME (LOSS) FOR THE YEAR	1,387	(22,018)

The net income (loss) for the year has been transferred to the facility capital.

Balance Sheet

December 31, 2000

	2000 DKK 1,000	1999 DKK 1,000
ASSETS		
PROJECT ASSETS		
Share capital investments in projects	129,787	149,929
Project loans	138,291	80,242
Cash and bonds allocated to projects	112,325	105,415
Total project assets	380,403	335,586
OTHER ASSETS		
Interest receivable related to projects	269	414
Other receivables	1,316	3,054
Cash and bonds at disposal	101,094	84,147
Total other assets	102,679	87,615
TOTAL ASSETS	483,082	423,201
LIABILITIES AND FACILITY CAPITAL		
FACILITY CAPITAL		
Paid-in capital beginning of year	399,000	329,000
Paid-in capital received during the year	50,000	70,000
Accumulated reserves (losses) beginning of year	(31,298)	(9,280)
Net income (loss) for the year	1,387	(22,018)
Total facility capital	419,089	367,702
RESERVES AGAINST LOSSES	63,981	55,498
CURRENT LIABILITIES	12	0
Total liabilities and reserves against losses	63,993	55,498
TOTAL LIABILITIES AND FACILITY CAPITAL	483,082	423,200

Investment Portfolio

as at December 31, 2000

	Activity/product	Danish Partner(s)	IØ Participation Shares (DKK million)	Loans	Total Investment (DKK million)	Employment (Persons)	Period
BELARUS: 3 PROJECTS							
Beldandor	Consulting	Kampsax	0.1		0.6	2	1996-1997
Maersk Medical Belarus	Medical/precision instruments	Maersk Medical	0.0	2.5	7.8	25	1992-
Technology Science	Chemical industry	Three Stones Company	0.0	0.3	3.0	3	1995-1997
Total:			0.1	2.8	11.4	30	
BOSNIA & HERZEGOVINA: 2 PROJECTS							
Horizonte BH Enterprise	Financial institution	No Danish partner	6.9		125.0	6	1997- #
Panonska pivovara Sarajevo	Beer distribution	Tuborg International			3.8	2	1998-
Total:			6.9	0.0	128.8	8	
BULGARIA: 5 PROJECTS							
Brunata	Energy consulting	Brunata Holding	0.1		0.4	4	1992-1995
Nowaco-Bulgaria	Storage/distrib. of food prod.	Nowaco	1.8	4.0	20.0	30	2000-
Porsaco	Fabricated metal products	Porsaco	0.1		0.3	2	1994-1996
Toptex	Textiles	B&C Textiles	0.3		2.0	50	1998-
UMS Tervel	Sunflower extraction	United Milling Systems	7.8		93.0	125	1995-1996
Total:			10.1	4.0	115.7	211	
CROATIA: 2 PROJECTS							
Panonska Pivovara II	Brewery	Tuborg International	20.2		320.0	130	1995-
Panonska Pivovara I	Brewery	Tuborg International	37.8		55.0	210	1994-
Total:			58.0	0.0	375.0	340	
CZECH REPUBLIC: 25 PROJECTS							
Bohemian Waste	Sewage and refuse disposal	Marius Pedersen		0.9	4.0	5	1992-
Brno Shopping Center	Shopping center	TK Development				5	1999- #
Cembrit (CZ)	Roofing material	Dansk Eternit Holding		6.2	28.1	20	1996-
Cembrit Bohemia	Fibre cement products	Dansk Eternit Holding	22.8	24.2	201.0	259	1992-
Cembrit Moravia	Fibre cement products	Dansk Eternit Holding	20.6	5.5	126.5	230	1993-
Central Sticks	Wood products	Norwood	2.2	12.0	10.0	15	1995-
CRI (CZ)	Software / consultancy	Computer Resources Int.	2.0		12.0	40	1993-1999
CTT	Research and development	Dansk Eternit Holding		2.5	5.0	6	1992-1997
Danco Praha	PVC pipes	Naturgas Syd	12.9		60.0	115	1990-1992
Danflax	Textiles	Dansk Stålservice	0.6	1.2	4.5	6	1992-
Dan-Moravia Agrar	Agricultural production	Erik Jantzen		9.4	24.5	20	1998-
EKO-Chlebicev	Sewage and refuse disposal	Marius Pedersen		3.6	18.5	8	1994-
Elio Slezsko	Sewage and refuse disposal	Marius Pedersen		1.8	7.0	5	1995-
Georg Fischer Disa	Machinery and equipment	DISA		24.7	94.6	7	1997-
Ivesko	Ventilation equipment	IVS	0.1	0.7	2.9	6	1992-
Lifeline Bohemia	Retail textile company	United Textile Group			2.5	8	2000-
Lousa & Christensen	Auditing firm	Erik Nielsen & N.H Christensen		0.2	0.9	6	1993-1997
Merfin Europe	Pulp and paper products	Niro	24.6		255.4	60	1995-
Moravska Skladkova	Sewage and refuse disposal	Marius Pedersen		2.0	6.7	10	1993-
Nowaco	Food trading and cold stores	Nowaco		7.0	28.5	40	1994-
Regios	Sewage and refuse disposal	Danwaste		7.3	24.0	20	1994-
Sedba Baking	Food and beverages	Havnemøllerne	0.4		1.2	15	1992-1995
SSHL	Sewage and refuse disposal	Marius Pedersen		5.1	5.9	3	1993-
TK Development Czech Hold.	Real estate	TK Byggeholding	11.3	20.0	200.0	9	1997- #
Zivotice	Agriculture and farming	DLF-Trifolium	1.6	4.2	15.7	20	1995-
Total:			99.1	138.5	1,139.4	938	
ESTONIA: 12 PROJECTS							
Baltifalt	Construction	Colas Danmark	2.9		18.6	7	1997-
Bunim Welding	Production of metal components	Jern Holding	2.4		20.0	120	1998- *
Falck Baltic	Safety services	Falck Holding	26.8		122.0	3.000	1998-
Flexa Eesti	Wood products	Flexa Møbler	3.6	3.1	23.7	125	1994-1997
Flex-Heat	Energy production/distribution	Justsen Energi./Flexa Holding	0.5		1.5	2	1996-2000
Holsteinborg	Wood products	Holsteinborg	0.3		2.5	2	1994-1995
Nycomed SEFA	Chemical industry	Nycomed Dak		5.0	21.5	32	1993-1999
OÜ Notio Puit	Furniture	Notio Møbler	1.1	0.6	4.7	31	1997-
Radisson Hotel Tallinn	Hotels	SAS Hotels	13.4		242.6	100	1999-
Rak-Wood	Production of doors/furniture	Vest Wood		4.5	30.0	150	1999-

	Activity/product	Danish Partner(s)	IØ Participation Shares (DKK million)	Loans	Total Investment (DKK million)	Employment (Persons)	Period
Rationel Eesti	Wooden windows	Rationel Vinduer	2.3	2.0	12.0	60	1995-
Treilor	Road pavement	Colas Danmark			7.6	60	1999-
Total:			53.3	15.2	506.7	3,689	
GEORGIA: 1 PROJECT							
Venndt Hazelnuts	Production of hazel nuts	Huset Venndt	1.6		4.1	140	1999-
Total:			1.6	0.0	4.1	140	
HUNGARY: 11 PROJECTS							
Capella	Food and beverages	Niels Buchholst		0.4	1.7	5	1993-1994
Hungarian Tel. and Cable	Telecommunications	Tele Danmark	62.4		1,285.9	380	1999-
Inreco Hungary	Road construction	Inreco	0.5	0.5	1.8	10	1995-
Intermag	Agriculture and farming	Frøkompagniet	1.2		14.6	9	1990-1992
Kelet-Nógrád-Com	Post and telecommunications	Tele Danmark	4.9	27.6	419.0	200	1994-1997
Kolos	Food and beverages	Kolos	16.3	13.2	95.5	29	1993-
Mentor Informatika	Computer and rel. activities	Mentor Informatik	0.1		2.2	13	1992-1994
Pannon GSM	Post and telecommunications	Tele Danmark		23.7	1,200.0	200	1994-1996
Raba-Com	Post and telecommunications	Tele Danmark	4.1	20.2	175.0	66	1994-1997
TOPP Group	Cold goods distribution	TOPP Group Denmark		3.5	20.0	20	1996-2000
Wavin Pemü	Rubber and plastic products	Nordisk Wavin	15.0		62.6	83	1992-
Total:			104.5	89.1	3,278.3	1,015	
LATVIA: 22 PROJECTS							
Air Baltic Corporation	Air transport	SAS	15.9	11.1	130.0	300	1995-
Ballegaard	Wood products	Ballegaard		0.5	2.3	15	1994-1996
Balta Insurance	Insurance and pension funds	Baltica		2.9	7.4	12	1992-1993
Baltic Candles	Production of candles	P. Brøste/Langeland Design		0.5	1.4	25	1997-2000
Danlat Agro	Agriculture	Danlat Agro		1.2	5.2	8	1999-
Danlat Group Latvija SIA	Hotel activity	Danlat Group	0.8	0.8	6.0	30	1998-
Danlat Inform Whole Sale	Computer and rel. activities	Mikrocentret Bornholm	0.2	0.6	2.4	15	1991-1999
DLT-AUCE	Clothing	Godske Kjoler/Spectre/Power K.		0.6	1.2	125	1996-1997
DLT-Saiva	Clothing	Godske Kjoler/Spectre/Power K.		2.5	47.0	500	1993-1997
East Metal	Metal production	East Metal Trade		1.5	3.3	50	2000-
East Wood	Building materials	East Wood Trade		1.8	7.0	85	1998-
Godske Latvian Textile	Textiles	Godske Kjoler		1.6	6.5	30	1997-
HoP Riga	Tobacco	House of Prince	6.4		117.6	360	1992-
Incentive	Research and development	Incentive	0.1	0.4	1.2	5	1993-1995
Kakenieki	Agriculture and farming	Dansk-Lettisk Kartoffelavl	0.2		1.5	12	1994- *
Kaas Steel	Steel constructions	Kaas Stålkonstruktion	3.7		16.5	60	2000-
Labiba Un Kvalitate	Agriculture	P. Andresen Nygaard	1.3	0.5	5.1	6	1999-
Lanell Int.	Clothing	Kinell/Kirsten Lyngsø	0.2		0.5	21	1993-1996
Latvall SIA	Wood pellets	Spanvall	1.9	3.5	17.3	13	1997-
Latvia Timber Int.	Wood products	Vejen Trælasthandel	5.3	5.6	16.5	30	1992-1996
Let-Line	Water transport	DanTransport	1.6	2.5	14.0	8	1994-1996
TK Properties Baltics	Shopping center	Th. Kristensen Properties	12.7	19.0	168.4	15	2000- #
Total:			50.3	57.1	578.3	1,725	
LITHUANIA: 22 PROJECTS							
AB Vilniaus Taurus Brewery	Brewery	Bryggerigruppen		23.4	58.5	500	2000-
ABB ELGA	Fabricated metal products	ABB Energi	0.7		3.0	5	1993-1995
ABB Tekhnika	Construction	ABB Electric	0.4		2.5	3	1994-1995
Baltijos Kopija	Publishing and printing	K.T. Damgaard/Århus Neokopi	0.4		1.5	20	1994-
Bio Ekra	Waste water engineering	BioBalance	0.2		0.4	3	1996-
Bitė GSM	Post and telecommunications	Tele Danmark		29.4	165.0	300	1996-
Comliet	Post and telecommunications	Tele Danmark		10.3	30.7	33	1992-
DanBaltTrans	Land transport	Andreas Andresen	0.8	0.3	3.1	15	1994-
Dara Food	Agriculture and farming	IME	0.0	0.4	1.2	40	1992-1999
Engel-Dali	Clothing	F.Engel	0.4		1.4	60	1995-1999
Gelezies Lauzas	Recycling	H.J. Hansen Genvindingsind.	1.4		8.0	40	1996-1999
Gitolita	Textiles	Gito		0.3	1.8	105	1995-1996
LA-NIKA Baltic	Clothing	United Textile Group		1.4	4.6	100	1994-2000
Lietuvos Draudimas	Insurance	Codan	57.3		524.9	2,000	2000-
Modematic	Electrical machinery/equipment	Relæmatic/Løsekraut	1.0		3.5	15	1995-
NCC Fegda UAB	Construction	NCC Danmark	18.1	3.4	89.0	50	1997-
Svyturys Brewery	Brewery	Carlsberg International	70.6		382.6	292	1999-
UAB Minijos Nafta	Extraction of oil and gas	DONG	0.1	22.9	30.0	8	1995-1999
UAB Saerimner	Pigfarm	Danish Lithuanian Holding		5.0	21.0	90	2000- #
UAB Wood Team Production	Furniture	Wood Team Denmark	3.6	0.2	21.6	170	1997-
Vilniaus Margarino Gamykla	Food and beverages	Dragsbæk Margarinefabrik	2.5	3.8	14.9	26	1997-
Wavin Baltic	Rubber and plastic products	Nordisk Wavin	3.9		18.0	100	1995-
Total:			161.4	100.8	1,387.2	3,975	

	Activity/product	Danish Partner(s)	IØ Participation Shares (DKK million)	Loans	Total Investment (DKK million)	Employment (Persons)	Period
POLAND: 132 PROJECTS							
Agrocorm	Machinery and equipment	Cormall Holding	1.1		8.3	18	1990-1995
Alsybet	Concrete pipes	Sydbeton	1.4	2.1	6.8	18	1992-
Anonymous	Production of cables	Anonymous	7.5		118.8	426	1998-2000
Bank Wlasnosci Procowniczej	Banking	Unibank	12.0		268.0	20	1999-
Bauma Unicon	Paving stones	Unicon Beton	2.2	1.9	94.3	37	1994-2000
Baxi Radan	Production of boilers	HS Kedler-Tarm	4.9	8.8	36.5	140	1999-
BDO Polska	Auditing firm	RIR Revision	0.5		1.1	15	1991-1995
BelTiCa-Poland	Textiles	Belika Strikvarefabrik		1.2	5.6	275	1997-
Berendsen Poland	Laundry	Sophus Berendsen	11.1		82.1	390	1993- #
BL-Invest	Real estate activities	ABC Hansen/Skiold Holding		2.2	8.4	1	1998-
BL-Kutno	Agricultural machinery	Maskinfabrikken BL		0.6	2.8	40	1998-
Bording Polska	Production of envelopes	F.E.Bording	1.0	0.4	1.9	5	1996-
Budodana	Energy production/distribution	Smedana	0.1		0.7	20	1995-1996
Bytom Ren. Energy Gen.	Landfill gas extraction	Miljø-Sam Holding	4.7		15.0	3	2000-
BAAC	Auditing firm	Alsø & Breinholt/Christiansen	0.5	0.1	1.8	11	1990-1998
C. H. Reduta	Shopping center	TK Byggeholding				5	1997- #
C. H. Targówek	Shopping center	TK Byggeholding				5	1997- #
C.H.Reduta II	Shopping center	TK Byggeholding				5	2000-
C.H.Targowek II	Shopping center	TK Byggeholding				5	2000-
C.J.International	Land transport	C.J. International	0.3		3.5	120	1991-1996
Centrum Handl. Chorzow	Shopping center	TK Byggeholding				5	1998- #
Centrum Handlowe Bytom	Shopping center	TK Byggeholding				5	1998- #
Centrum Handlowe Sosnowiec	Shopping center	Euro Mall (TKF) Holding				5	1999- #
CET	Electrical machinery/equipment	NKT Cables	0.3		5.5	25	1993-1998
Chlodnice Nissens Polska	Radiators for vehicles	Nissens Kølerfabrik	0.0	0.5	3.1	5	1998-
Credin Polska	Food and beverages	Palsgaard Industries	5.8		6.0	9	1994-
Cygate Polska	Computer and rel. activities	Erik Westerberg		3.0	8.0	11	1996-
Danagri Invest	Real estate activities	Cormall Holding		0.4	1.2	1	1998-
Danipol	Textiles	Performance Group	2.0		15.3	500	1992-
Danish Farm. Consultants	Agriculture and farming	Pol-Dan	2.3	4.0	20.1	30	1995-
Danlux	Wood products	Dan-Imex		0.9	1.7	35	1993-2000
Danselbud	Real estate activities	Noratel Lübcke			4.0	1	1996-1998
Dan-Sun	Wholesale of solariums	Dan-Sun		0.5	2.5	4	2000-
DISA	Air pollution control equip.	DISA		29.8	62.2	140	2000-
DLH Finér	Wood products	Dalhoff Larsen & Hornemann		3.5	14.3	30	1995-1999
DLH Nordisk	Wood products	Dalhoff Larsen & Hornemann		27.6	28.9	16	1994-1999
DP Batteries	Batteries	Alkaline Batteries	2.0	7.7	17.3	72	1991-1995
Druk X-Press	Publishing and printing	Power Print Polen	0.1	0.5	2.3	10	1991-1994
Dyrup Polska	Chemical industry	Dyrup		4.8	18.3	30	1994-
EIEE	Education	Eur. Inst. of Environ. Energy	0.3		0.7	4	1994-1996
Elda	Electrical machinery/equipment	LK	33.0		154.4	1,200	1994-1999 #
Elopak	Pulp and paper products	Schouw Packing	15.9		40.0	11	1993-
Elopak Finance	Financial institution	Schouw Packing	7.8		28.8	1	1995-1996
Elsamprojekt Polska	Consultancy	Elsamprojekt	0.4		1.6	6	1990-1998
Elserv	Marketing & financial services	LK			24.1	1	1998-1999
Energó Zycie	Life insurance company	Tryg-Baltica			157.2	30	2000-
Energó-Asekuracja	Non-life insurance	Tryg-Baltica	45.4		335.6	320	1999-
ESCO International A/S	Energy production/distribution	HME Contractors	4.0		53.7	2	1997-1998 #
ESCO International S.A.	Energy production/distribution	HME Contractors/DIFKO Energi	8.4	8.7	336.4	15	1997-2000
Espersen Polska	Food and beverages	Espersen	3.9	11.5	14.2	75	1994-
Euro Mall Holding	Real estate activities	TK Development/Steen & Strøm	6.0	60.6	304.3	2	1997-
Exbud-Nova	Road material	Novejfa	1.0	2.7	23.0	185	1995-
Expol	Building products	Dras		3.0	12.0	60	1993-1996
Fabryka Wafli MIRAN	Food and beverages	Frima Vafler	1.7	0.0	4.0	10	1994-
Famacorm	Real estate activities	Kongskilde Industries	0.1		3.7	1	1994-1999
FishinSea	Processing of fish products	FishinSea	0.8	1.6	5.7	56	1992-
Fiskars Slupsk	Fabricated metal products	Fiskars Danmark	3.0	0.4	9.5	44	1991-1999
Fiskars Warsaw	Trade company	Fiskars Danmark	0.0		0.1	5	1996-1996
Fomar Roulunds	Friction materials	Roulunds Fabriker	33.2		131.1	750	1996-
Gedsted Auto	Vehicle spare parts	Gedsted Autoophug	1.3		5.7	10	1994- *
GMT-Poland	Food and beverages	Globe Meat		12.4	44.6	450	1996-
GP Batteries	Whole sale of batteries	Alkaline Batteries		1.0	4.0	11	1993-1995
Greensam	Consulting engineers	Samfundsteknik	0.3		0.8	0	1992-1995
Grene	Agricultural machinery	P. Grene	13.3		89.2	250	1998-
Hercules Poland	Fabricated metal products	Hercules	1.5		7.3	15	1994-1996
HTH Polska	Kitchen furniture	HTH Køkkener	0.9	1.1	14.5	25	1999-
InfoCenter	Directory service provider	Yellow Tel		5.7	11.6	3	2000-
Inreco Polska	Road renovation	Inreco	0.2	1.9	5.0	20	1994-
Inreco-RDM Emulsja	Asphalt emulsion	Inreco		1.4	5.2	1	1999-
ISOwent	Machinery and equipment	JKF Industri	0.9		4.9	9	1996-

	Activity/product	Danish Partner(s)	IØ Participation Shares (DKK million)	Loans	Total Investment (DKK million)	Employment (Persons)	Period
Karwice	Farming	Karsten Birkedal Jensen		2.1	26.8	10	1998-
Katowice Ren. Energy Gen.	Landfill gas extraction	Miljø-Sam Holding	4.7		15.0	3	2000-
Kongskilde Polska I	Machinery and equipment	Kongskilde Industries	0.0	0.7	3.3	73	1994-
Kongskilde Polska II	Machinery & equipment	Kongskilde Industries		6.0	12.0	150	1998-
KVF Poland	Clothing	K. Vestergaard Frandsen	0.4	0.3	1.9	90	1995-
Legajne Energy Gen.	Extraction of oil and gas	Miljø-Sam Holding	2.7	0.2	11.7	2	1997-
Logstor-Pol	Heating pipes	Logstar Rør	0.1		0.2	0	1991-1996
Lubna Ren. Energy Gen.	Landfill gas extraction	Miljø-Sam Holding	8.3		26.5	3	2000-
Maersk Polska	Warehousing and distribution	Maersk Holding Poland		34.5	103.1	100	1999-
Malarska Hørberg	Sale of paints	Malerfirmaet Hørberg	0.3	0.3	2.0	3	1992- *
Marburg	Fast food	Slagteriregion SYD		1.3	2.5	70	1991-1993
Max Derby	Refrigeration	Derby	7.9		67.7	260	1993- *
ME-FA International	Fabricated metal products	ME-FA dan Trading		1.0	3.6	10	1995-1998
Microtronic Poland	Medical/precision instruments	Microtronic	3.0	2.0	18.0	50	1997-
Mira Polska	Non-metallic mineral products	Mira Byggeprodukter	1.2		8.5	50	1998-
Multiram	Fabricated metal products	Melstrup & Lomholt		0.3	0.7	5	1995-2000
Noratel	Electrical machinery/equipment	Noratel Lübcke	1.3	1.9	4.5	95	1992-
Nowe Slaskie Kable	Production of wires and cables	NKT Cables		19.3	275.6	25	1999-
Okocim	Brewery	Carlsberg	77.0		830.3	1,173	1996-
OSM Krotoszyn	Food and beverages	Niro		3.8	51.0	210	1995-
P. Nielsen & Partners	Firm of lawyers	P. Nielsen & Partners	0.2		0.7	7	1990-1997
Pantom Poland	Food and beverages	Pantom	0.3	0.5	1.9	5	1993-2000
Podan-Pfeiffer	Slaughterhouse machinery	Pfeiffer	0.9		2.2	5	1992-1996
Polconsul	Construction	ISC Holding	0.3		1.3	3	1990-1994
Poldanor	Agriculture and farming	Polen Invest	7.9	28.6	82.0	135	1994-
Polline	Fishing equipment	Hvalpsund Fishfarm. Equipment		1.3	3.9	10	1997- *
Polrubber	Rubber products	Danrubber	0.5		1.8	0	1991-1995
Pomrol Agro	Agriculture and farming	Polen Invest	2.4	0.4	14.3	75	1996-
Prime Food	Food and beverages	Globe Meat	23.5	7.0	206.0	150	1993-
Print Partner	Manufacture of plastic packing g	J & R Frydenberg		0.4	1.6	3	1999-
Radiowo Energy Gen.	Biogas	Miljø-Sam Holding	3.8		12.0	2	1997-
Radisson SAS Hotel Wroclaw	Hotel	SAS Hotels		14.9	171.7	120	2000-
Rockwool Malkinia	Insulating material	Rockwool International		35.0	140.0	150	1995-1996
Rockwool Polska	Insulating material	Rockwool International	21.1	34.7	98.0	554	1993-
Rol-Dan	Growing of crops	Dangro Invest		4.4	12.2	20	1999-
Rosti (Polska)	Prod. of plastic components	Rosti		25.0	91.3	150	1999-
Scandic Food	Food and beverages	Scandic Food		4.8	17.2	50	1997-
SFK	Electrical machinery/equipment	NKT Cables	7.5		118.8	470	1993-1997
SGS Poland	Distribution & transportation	Scandinavian Garment Service	1.0		8.0	11	1997-2000
Siltec	Electrical equipment	Silcon		9.5	37.8	70	1998-
Sopot Bank	Bank	Næstved Diskontobank	1.0	5.4	7.4	40	1993-1996
Sosnowiec Ren Energy Gen.	Landfill gas extraction	Miljø-Sam Holding	4.7		15.0	3	2000-
Stok Emballering	Pulp and paper products	Stok Emballering		1.5	5.0	28	1995-
Synoptik Polska	Optical retail chain	Synoptik	3.8		30.0	80	2000-
Tarco Vej	Construction	Tarco Vej	0.1		0.3	0	1992-1996
TK Development Polska	Real estate	TK Byggehølding	5.0	20.0	158.0	16	1996-
TopWasa	Insurance	TopWasa	8.4		30.0	2	1992-1995
Unicon Beton	Ready-mix concrete	Unicon Beton	22.1	8.5	172.4	38	1995-
Unicon Beton Gdansk	Ready-mix concrete	Unicon Beton			21.6	20	1997-
Unicon Beton Gdynia	Ready-mix concrete	Unicon Beton			6.2	16	1998-
Unicon Beton Myslowice	Ready-mix concrete	Unicon Beton			13.6	18	1998-
Unicon Beton Warsaw II	Ready-mix concrete	Unicon Beton			22.5	20	1997-
Unicon Beton Warsaw III	Ready-mix concrete	Unicon Beton			9.5	14	1998-
Vallo Holding	Food and beverages	Vallo Saft	4.7	8.0	22.0	25	1996-
Voigt Promotion	Production of flags	Klaus Voigt		1.4	4.3	25	2000-
Wavin Metalplast-Buk	PVC pipes	Nordisk Wavin	9.9		93.5	425	1991-1997
Woody	Sale of building material	Dalhoff Larsen & Hornemann		8.5	17.4	40	1996-1999
X-Press Bikers	Courier services	ViaBaltic/Source	0.3	0.5	1.5	40	1996-
Zelmech	Electric domestic appliances	Metro Therm	3.6		19.3	105	1999-
Zylber König	Food and beverages	Danpol Copenhagen		2.0	9.8	22	1996-1998
Aalborg Polska	Trade company	Aalborg Portland	0.0		0.2	4	1996-
Aalborg Portland	Cement	Aalborg Portland	7.5		20.0	7	1995-1996
Total:			490.5	508.5	5,866.3	11,425	

ROMANIA: 8 PROJECTS

Agraria Majeco	Agriculture and farming	Manfred Johannesen	0.0		0.1	1	1992-1994
Agrileasing	Leasing activity	Agrileasing	0.5		8.0	3	2000- #
BlueTel	Telecommunication equipment	BlueTel		1.1	2.7	10	1999-
Carlsrom Beverage	Beer distribution	Carlsberg International			0.1	10	1995-
HITROM	Insulating material	Rockwool International	12.0		14.5	800	1998-
Kuma Romania	Marble basin production	Kuma Produkter		0.8	1.8	27	1999-

Activity/product		Danish Partner(s)	IØ Participation Shares (DKK million)	Loans	Total Investment (DKK million)	Employment (Persons)	Period	
Richter Romania	Leather furniture upholstery	Richter		0.5	2.1	22	2000-	#
United Romanian Breweries	Brewery	Carlsberg International	9.5	9.8	260.0	160	1995-	#
Total:			22.0	12.2	289.3	1.033		
RUSSIA: 25 PROJECTS								
Danfoss	Machinery and equipment	Danfoss	24.3		70.0	50	1993-	
DRTG	Telecommunication	GN Store Nord/Tele Danmark		20.0	80.0	60	1993-1996	
DRTG R-J-K	Telecommunication	GN Store Nord/Tele Danmark		20.0	370.0	1	1995-1998	
EBI Suppliers	Machinery and equipment	EBI Suppliers	6.2	1.2	21.2	40	1992-1995	
Harry's Russia	Renting of real estate	Dan Cake	14.4	10.1	40.6	3	1998-	#
Iceberg	Ice cream	Scan System Group	0.3	1.0	4.8	35	1994-	
KAR-KO RUS	Agriculture and farming	Kar-Ko	0.5		1.7	5	1993-1995	
Neda Paging	Telecommunication	GN Store Nord		2.0	7.5	48	1993-1998	
PEH/PBCM	Metal packaging products	PLM Holding	51.6		947.2	229	1997-	#
Roulunds Rus	Production of V-belts etc.	Roulunds Fabriker	2.5		20.7	50	1998-2000	
Sabroe Russ	Machinery and equipment	York Refrigeration	0.9	0.0	10.0	10	1992-1999	
Sadolin Garments	Production of garments	Sadolin Trade		0.5	2.4	300	1998-	
Sadolin Properties	Renting of real estate	Kalinka Trade	0.2	1.2	3.5	1	1999-	#
Sadolin Sestoretstsk	Production of garments	Kalinka Trade	0.9		3.5	300	1999-	
Scanbech	Rubber and plastic products	Scanbech	2.8		13.1	16	1996-	*
Shawood	Wood products	Velux International		8.0	41.0	50	1991-	
SISL	Fishing	Ørskov Værft/Royal Greenland	30.0		530.0	180	1997-	#
St. Petersburg Taxophones	Payphone operators	GN Store Nord/Ascom Nordic	6.5	11.5	50.0	90	1994-	
Stimorol Chewing Gum	Chewing gum (packaging)	Dandy	20.8		57.8	58	1995-1999	
Sunny Cake	Food products	Dan Cake			91.8	200	1997-1999	
TK Development Pushkin	Construction	TK Development	1.4	15.0	65.0	1	1995-	#
Vladimir of Scandinavia	Textiles retail trade	Danko Trade		2.6	10.3	15	1998-1999	
ZAO Dirol	Chewing gum	Dandy	3.1	68.2	665.0	304	1997-	#
ZAO Mineral Wool	Insulating material	Rockwool International	38.2	48.8	296.8	500	1998-	
ZMI St.Petersborg	Machinery and equipment	EBI Suppliers	0.2		1.0	80	1995-1996	
Total:			204.8	210.1	3,404.9	2,626		
SLOVAKIA: 8 PROJECTS								
CRI (SK)	Computer and rel. activities	Computer Resources Int.	0.0		0.4	5	1996-1999	
Dusan Rajcan	Kiln drying of sawed wood	Ferritslev Savværk		1.6	2.1	24	2000-	
Lifeline	Textiles retail trade	René Møller	1.0		3.0	40	1995-1996	
Lifeline Slovakia	Retail textile company	United Textile Group		2.0	5.4	12	2000-	
Pohronie	Sewage and refuse disposal	Marius Pedersen		1.8	6.8	30	1996-	
Povazie	Sewage and refuse disposal	Marius Pedersen		1.6	6.3	30	1996-	
Radisson-SAS	Hotel complex	Tractebel/SAS Hotels		35.1	353.0	130	1999-	
Saris	Sewage and refuse disposal	Marius Pedersen		1.5	5.7	30	1996-	
Total:			1.0	43.6	382.7	301		
SLOVENIA: 2 PROJECTS								
Danfoss Compressors	Compressors	Danfoss		54.0	342.5	600	1996-	
Wilhelm Slovenia	Drying of wood	Wilhelm	1.1		6.1	6	1999-2000	
Total:			1.1	54.0	348.6	606		
UKRAINE: 2 PROJECTS								
Danam Farms	Farming and pig breeding	ABC Hansen		2.5	7.9	10	2000-	
Dronningborg Ukraine	Machinery and equipment	Dronningborg Industries	0.6		82.4	2	1996-2000	
Total:			0.6	2.5	90.3	12		
GRAND TOTAL:	282 PROJECTS		1,264.4	1,237.8	17,906.9	28,074		

IØ participation is the accumulated sum in DKK of IØ's contracted investments in all project companies since project start. The list includes active projects as well as projects where IØ's participation has been terminated. Consequently, the figures cannot be related to the figures in the balance sheet at year end.

Investment in shares includes overrun commitments, and investment in loans includes guarantees.

Total investment is the total investment in all project companies in DKK as originally foreseen at the appraisal stage.

The number of employees is the number expected to be employed at the appraisal stage.

*) Operation discontinued

#) IØ investment through a holding company

Co-financed by the Environmental Investment Facility for Central and Eastern Europe (MIØ)

Board of Directors

Chairman



Johannes Poulsen
Managing Director
Vestas Wind Systems A/S

Deputy Chairman



Agnete Raaschou-Nielsen
Director



Lars Andersen
Managing Director
The Economic Council of
the Labour Movement



Sigurd Ø. Andersen
Managing Director
Burmeister & Wain
Scandinavian Contractor A/S



Elsebeth Budolfson
Managing Director
Torsana Oncology Systems



Lars Kolte
Managing Director
Eksport Kredit Fonden



Kjeld Ranum
Director



Michael Rasmussen
Member of
the Executive Board
Unibank A/S



Carsten Staur
Ambassador
Under Secretary
Ministry of Foreign Affairs



Karen Wermuth
Head of Department
Ministry of Foreign Affairs

Department for projects in Central Europe



Torben Huss
Department Director



Jens Bayer
Investment Officer



Lisbeth Erlands
Investment Officer



Natalia Svejgaard
Economist

Regional office in Warsaw



Max Kruse
Resident Representative



Zbigniew Gluchowski
Investment Officer



Agnieszka Grzelewska
Investment Officer



Robert Lech
Investment Officer

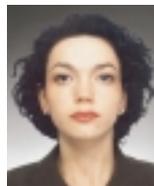
Department for projects in CIS, the Baltic States, Bulgaria and Romania



Svend J. Heineke
Department Director



Steen Larsen
Investment Officer



Tatiana M. Manzon
Investment Officer



Peer Munkholt
Investment Officer



Martin Römer
Investment Officer

Board of Manag



Sven Riskær
Managing Director

IØ Advisers



Vytenis Aleskaitis
Vilnius, Lithuania (Facilitator)



Alina Dudele
Riga, Latvia



Endre Kovacs
Tata, Hungary



Indrek Orav
Tallinn, Estonia

gement



Jørgen Dan Jensen
Deputy Managing Director



Frank Norman Larsen
Deputy Managing Director

Finance Department



Niels Gravgaard Laursen
Department Director



Lone Bjørn Hansen
Chief Accountant

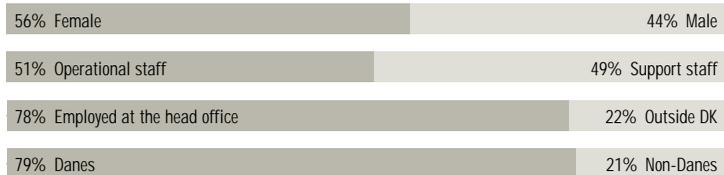


Birthe Mikkelsen
Chief Cashier



Søren Juel Andersen
Finance Officer

Staff of Danish International Investment Funds, December 31 2000



Total no. of staff: 86

Corporate Affairs Department



Uffe Bundgaard-Jørgensen
Denmark (Facilitator)



Jan E. Ditlevsen
Denmark (Facilitator)



Bjørn Jakobsen
Department Director



Jens Rixen
Legal Adviser



Henrik de Jonquières
Denmark (Facilitator)



Hemming Jørgensen
Luxembourg (Facilitator)

IT Department



Niels Evendt
Department Director



Søren Heilmann
IT Officer (Systems)



Henning Wong
IT Officer



Vladimir Krakhmalev
Moscow, Russia



Mikael Olufsen
Denmark (Facilitator)

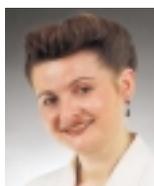
Environmental Unit



Michael Wedel Sørensen
Environmental Adviser



José M. Ruisánchez
Washington D.C., USA



Olga Smirnova
Moscow, Russia

Service Unit



Bente Larsen
Librarian



FishinSea, Poland

OBJECTIVE	IØ's aim is to invest in financially viable projects in co-operation with Danish companies and partners in the host countries.
INVESTMENT LIMIT	IØ provides financing through share capital and/or by granting loans up to 25% of the total investment including working capital.
SHARE CAPITAL	IØ may finance up to 30% of the share capital. As a general rule, IØ's part of the share capital may not exceed that of the Danish partner.
LOANS AND GUARANTEES	Loans are typically granted for a period of up to 5 years, often with a grace period depending on e.g. the projected cash flow requirement. The loans are offered on commercial terms. Equity loans and guarantees for loans from other sources may also be offered.
PROJECT FINANCING	Due to its close contacts with Nordic, European, international and local financing institutions, IØ often recommends supplementary financing proposals which would help secure the optimal financing for the project.
ON EQUAL TERMS WITH ITS PARTNERS	IØ prefers to consider each project proposal on its own merits in direct dialogue with the potential partner companies. IØ strives to work on equal terms with its private partners. In its recruitment of staff, preference is given to those with work experience from the private sector. Flexibility and minimal bureaucracy are watchwords that IØ strives to live up to.
EXPERIENCE	During the preparatory work, IØ's partners can benefit from IØ's investment experience. More often than not, IØ has prior experience of and contacts to the financial, public and private sectors of the host country.
CONTINUED SUPPORT	IØ takes a seat on the board of the project company.
TERMINATION	Once the project company is consolidated, IØ withdraws from the project, generally after 5-7 years.



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