

Annual Report 2003



THE DANISH INTERNATIONAL INVESTMENT FUNDS

THE INVESTMENT FUND FOR CENTRAL AND EASTERN EUROPE

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“The objective of Denmark’s support to Danish investments in Central and Eastern European countries is to assist the reformist forces in these countries in achieving increased economic growth and development of trade and industry as well as to foster closer economic cooperation between Denmark and Central and Eastern Europe for the benefit of the East-West relationship in general as well as of Danish business and employment”.

*The Act on Support to Danish Investments in Central and Eastern Europe,
The Danish Parliament, December 14, 1989.*

Statement by the Management on the Annual Report

We have today presented IØ's Annual Report for the year 2003.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act governing reporting class C enterprises (large). We consider the applied accounting policies appropriate for the Annual Report to provide a true and fair view of the Fund's assets, equity and liabilities, financial position, cash flow and the results.

Copenhagen, 26 February 2004.

The Executive Board:

Sven Riskær, Managing Director

Frank Norman Larsen, Deputy Managing Director

The Supervisory Board:

Johannes Poulsen, Chairman

Agnete Raaschou-Nielsen, Deputy Chairman

Lars Andersen

Sigurd Ø. Andersen

Elsebeth Budolfsen

Lars Kolte

Kjeld Ranum

Michael Rasmussen

Carsten Staur

Karen Wermuth



ZAO Mineral Wool Russia

Auditors' report

To the Supervisory Board of IØ

We have audited the Annual Report of IØ for the financial year ended 31 December 2003, pages 4-28 and 30-31.

The Annual Report is the responsibility of the Fund's Supervisory and Executive Boards. Our responsibility is to express an opinion on the Annual Report, pages 4-28 and 30-31, based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and dis-

closures in the Annual Report. An audit also includes assessing the accounting policies used and significant estimates made by the Supervisory and Executive Boards, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion. Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Fund's financial position at 31 December 2003 and of the results of its operations and its cash flows for the financial year then ended in accordance with the Danish Financial Statements Act.

Copenhagen, 26 February 2004

Ernst & Young

Statsautoriseret Revisionsaktieselskab

Svend Duelund Jensen
State Authorised Public Accountant

Henrik Barner Christiansen
State Authorised Public Accountant

Financial highlights

	2003 DKKm	2002 DKKm	2001 DKKm	2000 DKKm	1999 DKKm
INCOME STATEMENT					
Income from sale of shares and dividends	73	40	63	71	2
Share capital written off	(58)	(4)	(10)	(3)	(1)
Interest income and fees related to projects	47	59	57	34	31
Project loans written off	(2)	(4)	(10)	(1)	(0)
Value adjustments	44	(39)	(70)	(92)	(135)
Other expenses related to projects	(0)	(0)	(1)	(0)	(1)
Gross contribution from projects	104	52	29	9	(104)
Operating expenses, net	(32)	(32)	(30)	(29)	(29)
Financial income, net	33	58	41	35	26
Net income for the year	105	77	40	15	(107)
BALANCE SHEET 31 DECEMBER					
Share capital investments in projects at cost	814	857	882	846	728
Project loans at cost	714	695	686	581	570
Total investment in projects at cost	1,528	1,552	1,568	1,427	1,298
Accumulated value adjustments	(543)	(612)	(545)	(508)	(435)
Investments in projects, net ¹	985	940	1,023	919	863
Current assets	1,028	962	798	767	727
Total balance	2,013	1,903	1,821	1,686	1,590
Total equity capital	2,000	1,895	1,818	1,674	1,574
Capital paid in during the year	0	0	0	35	40
Funds committed to projects	755	454	252	239	360
CASH FLOW STATEMENT					
Operating activities	113	81	71	39	25
Investing activities	220	(150)	(191)	(126)	(353)
Financing activities	(1)	2	48	78	109
ADDITIONAL DATA					
New projects contracted (no.)	25	28	25	26	27
Exited projects (no.)	19	24	34	14	19
Portfolio of projects (no.)	181	175	171	180	168
Investments contracted	510	412	485	381	382
- hereof contracted in new projects	424	358	383	214	315

	2003	2002	2001	2000	1999
	DKKm	DKKm	DKKm	DKKm	DKKm

KEY RATIOS

Gross contribution from projects/ Investment in projects, net	10.58 %	5.48 %	2.80 %	0.96 %	(12.07)%
Net income for the year/ Average total equity capital	5.37 %	4.17 %	2.31 %	0.94 %	(6.82)%
Operating expenses, net/ Average investment in projects at cost	2.10 %	2.05 %	1.97 %	2.14 %	2.61 %
Total equity capital/Total assets	99.34 %	99.60 %	99.81 %	99.26 %	98.99 %
Accumulated value adjustments/ Investment in projects at cost	(35.54)%	(39.44)%	(34.75)%	(35.59)%	(33.51)%
Investments contracted in new projects/ New projects contracted (no.)	17.0	12.8	15.3	8.2	11.7
Total investment in projects at cost/ Portfolio of projects (no.)	8.4	8.9	9.2	7.9	7.7

¹⁾ The financial highlights have been restated for 2002 and 2001 as a consequence of the changes in accounting policies effected in 2002.

For 1999 - 2000, the reserves against losses have been booked against the project assets when calculating the total balance, and actual income from sale of shares has been reclassified to value adjustments in the income statement.



Moscow

The management's review:

Main activities

IØ was created by law in 1989 as an independent, self-governing fund with the legal mandate to give support to Danish investments in Central and Eastern European countries in order to assist the reformist forces in these countries in achieving increased economic growth and development of trade and industry as well as to foster closer economic cooperation between Denmark and Central and Eastern Europe for the benefit of the East-West relationship in general as well as of Danish business and employment. IØ is limited in its liability to the extent of its net worth. The Danish Minister of Foreign Affairs appoints the Supervisory Board and the Managing Director. The Fund operates in accordance with business principles with a strong commitment to good corporate governance, high environmental standards and social responsibility.

IØ provides advisory services combined with investments in the form of share capital participation, loans and guarantees on commercial terms to investments in production or service companies in Central and Eastern Europe. The Fund's revenues consist of interest on loans and liquid as-

sets as well as dividends and capital gains from the sale of shares. IØ has already since May 2003 ceased to make investments in new projects in the eight countries in Central and Eastern Europe who are becoming members of the EU on 1 May 2004.

A special facility for environmental projects (MIØ) established in 1995 has been managed as an integral part of IØ. The purpose of the facility is to contribute to environmental and occupational health and safety (OHS) improvements in commercially viable projects. From 1 January 2004, as part of the quest to enhance modernisation and efficiency of the Funds, MIØ is to be fully merged with IØ with respect to accounting and project administration.

By collaborating with IØ, the project partners, in addition to financing and risk sharing, gain access to IØ's sister Fund, IFU's knowledge accumulated through investments in more than 500 projects distributed among 72 countries during 36 years and to an extensive network of advisers and contacts. All figures stated in this report are inclusive of MIØ unless otherwise stated.

Main features at 31 December 2003

	NUMBER	DKKm	EURm*)
Net profit 2003		104.5	14.0
Total equity capital at 31.12.2003 (**)		1,999.7	268.6
Investments during 2003	37	510.4	68.6
Investments in new projects since the establishment (1989-2003)	360	3,117.6	418.8
Total disbursements (1989-2003)		3,056.0	410.5
Number of countries in which IØ has invested (1989-2003)	16		

*) Exchange rate: EUR 100 = DKK 744.46

**) The Danish government has decided to extract DKK 650 million from IØ in 2004.

Mission, Vision & Strategy

Mission:

To enhance global economic growth, development and more equitable income distribution through increased global flow of socially responsible, productive investments making optimal use of comparative advantages.

Vision:

To contribute through information and advice in connection with co-investments to enhancing Danish enterprises' active

participation in the global flow of productive investments towards developing and reform countries.

Strategy:

To become known, recognised and used by all relevant Danish enterprises as a competent provider of know-how, experience and external financing and to be their most preferred investment partner in developing and reform countries.

Development in IØ's area of activity



EDFI/Interact meeting in Copenhagen 2003

Global economic recovery under way – but slowly

At year-end 2003, the world economy had not yet recovered from the slowdown which began in 1997 and accelerated after 2001. However, the “world output” increased by 3.0 per cent in 2002, against 2.4 per cent in 2001, and growth is expected to reach 3.2 per cent in 2003 and 4.1 per cent in 2004, according to the IMF. Thus the global trend is modestly positive. For the most important area of IØ's future activities, the CIS – notably Russia, Ukraine and Belarus – an economic growth rate of 5.8 per cent is estimated for 2003, decreasing to 5.0 per cent in 2004, which is equal to the figure for 2002. Still, this is quite a high growth rate.

IØ expects that in 2004 and the following years, Danish companies will continue to direct a substantial and most likely increasing share of their investments towards the EU's new neighbouring countries to the east, notably Russia and Ukraine, but also the countries situated to the south, notably Romania, Bulgaria and the countries in the former Yugoslavia, partly to gain access to the fast growing market potential which they represent, partly to take advantage of low costs and other comparative advantages, which can be derived by outsourcing production and other activities to those countries.

Expected economic growth in Denmark - but a.o. subject to dollar value

The economic recovery is expected to reach Europe and Denmark during 2004, driven by increasing economic growth in the USA and Asia. The economic growth in Denmark is expected to increase from 0.3 per cent in 2003 to 2.2 per cent in 2004. The growth is further supported by

a less restrictive state budget policy for 2004. The economy is still fairly sound with a surplus on the balance of payments and on the public accounts in both 2003 and 2004. In 2004, the government is predicting that the unemployment rate will start to fall. On the negative side, however, a 30 per cent drop in the exchange rate on USD is putting severe pressure on Danish export. This factor, together with the relatively high wage level in Denmark, will increase competitive pressure on Danish enterprises and hence strengthen the already strong trend of outsourcing whole or part of the most labour intensive production to countries with a lower wage level. This trend will result in an increased demand from Danish companies for IØ's financial resources and country specific know-how.

Capital extraction - enhanced efficiency and modernisation

In connection with the approval of the Danish state budget for 2004, the Parliament approved the government's decision to extract DKK 650m from IØ as an income to the Danish State. This correspond to approx. 65 per cent of IØ's liquid funds at the end of 2003. With liquid funds being limited in the future, investment restraint is required, and tight cash management will be a major focus.

As a consequence of the capital extraction, IØ has introduced a new rigid cash management system in order to secure that the Fund can maintain positive liquidity. The Danish government has committed itself to providing a guarantee of DKK 300m as a possible overdraft facility jointly for IØ and IFU. But the board has decided that this overdraft facility will only be used to cover unavoidable, short term fluctuations in the liquid funds caused by unex-

pected, suddenly occurring shortfalls in cash flows. To enhance the leverage of the limited capital resources, more emphasis will furthermore be given to equity as opposed to loan investments. IØ's Board has furthermore introduced new, more restrictive investment criteria, which include a limitation of the maximum amount IØ can invest in a single project to DKK 50m as compared to more than double the amount before.

The reduction of IØ's capital base will also result in a significant decrease in the financial income of the Fund in the order of DKK 25-30m per year, and this again will have a substantial negative impact on the net result of the Fund. Consequently, significant savings in the administrative costs and staff reductions have been carried out in order to reduce the negative impact of the capital extraction.

IØ review

In 2003, Michael Wendelboe Hansen, assistant professor at Copenhagen Business School, carried out an assessment of the performance and effects of IØ and MIØ. It concludes that the projects in general have had a positive developmental impact in the host countries, as well as very positive effects on the internationalisation of Danish companies. The results of the assessment are presented in more detail on page 32.

EU enlargement changes IØ's geographical area of operation

As of 1 May 2003, IØ will no longer be able to make new investments in Estonia, Latvia, Lithuania, Poland, Hungary, the Czech Republic, Slovakia and Slovenia, due to their accession to the European Union. This will remove a substantial part of IØ's present geographical area of operation, and the Fund has thus been able to increase its efforts to follow the increased flow of Danish investors further east and south. Thus, new advisers have been employed in 2003 in Bulgaria and Ukraine.

Increased Danish investment activities in the so-called new neighbouring countries will be an important challenge for IØ, and the trend is highly welcomed by the countries in question and by their EU-neighbours. In Denmark there is a fast growing interest for investments in these countries, where costs are low and growth high.

EDFI and Interact meetings in Copenhagen

In 2003, IØ and IFU hosted the Annual General Meetings of the association of European Development Finance Institutions, EDFI, and Interact. Interact comprises the members of EDFI and in addition the European Investment Bank (EIB), Agence Française de Développement (Afd) and Kreditanstalt für Wiederaufbau (KfW). The meetings took place on 22-23 May. Guest speaker at the Interact meeting was Mr. Poul Nielson, European Commissioner for Development and Humanitarian Aid. One of the things he stressed in his speech is exactly the core activity of the Funds:

"I have a preference for equity partnerships. This does not mean that I am negative towards all other forms of investments, but the expression of partnership creates confidence, and here shareholders is a beautiful expression," Mr. Nielson said.

Cooperation with the Danish Institute for Human Rights

During 2003, IØ, jointly with the Confederation of Danish Industries, continued its collaboration with researchers at the Danish Institute for Human Rights to develop pragmatic and easy-to-use investment-related human rights indicators and tools for business, under the name "Human Rights Compliance Assessment" (HRCA). The intention of this tool is to help companies assess the impact of their operations abroad.

The results of the cooperation with the Danish Institute for Human Rights will be presented at a workshop in Copenhagen in May 2004.

Results for 2003

The number of investments in new projects in 2003 was 25, which was higher than expected. The total investments in new and existing projects in 2003 were DKK 510.4m. The investment in new projects went to 10 countries. The number of new projects in Russia increased to three from one in 2002. In Croatia, IØ invested in two new projects in 2003 against none in 2002.

IØ's average investment of share capital and loans in the new projects was DKK 17.0m, and equity investments (share capital plus equity loans) made up 55 per cent of IØ's 2003 investments. 43 per cent of the new projects were made in cooperation with Danish partners with less than 250 employees.

IØ's result for 2003 was a profit of DKK 104.6m compared to a profit of DKK 77.4m in 2002. The result for 2003 was better than anticipated a year ago, primarily due to a larger than foreseen amount of dividends from projects and a better than expected contribution from value adjustments on IØ's portfolio of share capital investments and project loans. In order to further accommodate to the principles of fair value in the Danish Financial Statements Act, IØ abandoned making general provisions for losses in 2003.

Previously, general provisions were automatically made at the time of disbursement of share capital or project loans at a rate which should match – on average - expected future losses. After three years, all general value adjustments were either credited back or replaced by specific value adjustments on a project by project basis. This change in accounting estimate has resulted in a net positive contribution to the net result for IØ for 2003 of DKK 16.5m.

Income from sale of shares relative to cost in 2003 was DKK 24.8m compared to DKK 39.6m in 2002, whereas realised losses relative to cost on divested share capital were DKK 58.5m in 2003, substantially higher than the figure for 2002, DKK 3.8m. The large amount of realised losses in 2003 was foreseen, and full provisions for these losses

had been made in previous years. Overall value adjustments on share capital investments, including reversal of value adjustments made prior to the start of the year on realised transactions, were DKK 79.5m in 2003 compared to DKK 7.0m in 2002.

Total contribution from share capital investments, including dividends, was DKK 93.8m in 2003 compared to DKK 43.4m in 2002.

Total realised losses and value adjustments on loan principals were DKK (16.0)m in 2003, a large improvement compared to DKK (77.8)m in 2002. Value adjustments on project loan principals were once again negatively impacted by the falling USD, however only to a small extent, as IØ has a relatively low amount of non-hedged USD-denominated loans outstanding. This positive development was, however, somewhat balanced by value adjustments on receivables and liabilities, which showed a negative contribution of DKK 20.6m in 2003, as compared to a positive contribution of DKK 26.5m in 2002, primarily due to large provisions for losses on accrued interest on certain distressed loans.

In 2003, IØ's operating expenses, net were DKK 32.4m compared to DKK 31.9m in 2002. Financial income, net was DKK 32.7m compared to DKK 57.8m in 2002. The lower financial income in 2003 reflects the lower interest rates during the year.

In some of the countries where IØ invest, political and economic conditions are uncertain. Further, IØ's investments take place in projects with a high commercial risk. This means that the fair value of the investments by nature is difficult to measure with accuracy, and that it is furthermore subject to significant fluctuations as reflected in IØ's results from year to year.

Other disturbing factors of importance for IØ's result are fluctuations in foreign currency exchange rates and fluctuations in interest rate on project loans and on liquid funds.

Number of investments in new projects	25		
Number of additional financing of existing projects	12		
New projects: IØ's investments	DKK 423.8m	EUR 56.9m	
Total investments	DKK 1,913.0m	EUR 257.0m	
IØ's investments in new and existing projects	DKK 510.4m	EUR 68.6m	
Disbursement of share capital and loans	DKK 255.2m	EUR 34.3m	
IØ's equity capital at year ending 31.12.03*)	DKK 1,999.7m	EUR 268.6m	
Net income for the year	DKK 104.5m	EUR 14.0m	
Estimated Danish export generated from the investments	DKK 157.8m	EUR 21.2m	
Estimated employment effect in DK of this export	320	man-years	
Estimated job creation in host countries	1,773	jobs	



Moscow

*) The Danish government has decided to extract DKK 650m from IØ in 2004.

Investments contracted in 2003

NEW PROJECTS			IØ's investment (million DKK)			Expected Employment (persons)
Project name	Country	Shares *	Loans**	Total		
1	Regent Esplanade Zagreb	Croatia		52.0	52.0	142
2	Starco Beli Manastir	Croatia		10.0	10.0	70
3	Merit Kinnisvara	Estonia		2.5	2.5	5
4	Saare Püünis AS	Estonia		3.0	3.0	100
5	IO Interactive Hungary	Hungary	6.0		6.0	100
6	Danteks	Latvia		3.0	3.0	100
7	Klagati	Latvia		0.5	0.5	3
8	Ozolaji Cukaudzetava	Latvia		5.0	5.0	15
9	Pumac Latvia	Latvia		5.2	5.2	75
10	Sia Locitech	Latvia		2.5	2.5	75
11	Danplastas	Lithuania		2.0	2.0	60
12	Demex Electric Polska	Poland	1.3	1.0	2.3	35
13	Fire-Eater Poland	Poland	0.4	1.0	1.4	40
14	Geotermia Stargard	Poland		2.3	2.3	5
15	Nykredit Bank Hipoteczny	Poland		74.3	74.3	100
16	DDCA Romania	Romania		1.5	1.5	80
17	Glulam Romania	Romania	5.8	12.6	18.4	170
18	Petro Pack	Russian Federation		3.3	3.3	25
19	Rezidor SAS Country Inn	Russian Federation	51.2		51.2	320
20	Rockwool Vyborg	Russian Federation	75.6	39.0	114.6	150
21	DKI Plast	Slovakia	2.5	3.8	6.3	25
22	JK Gabcikovo	Slovakia		20.0	20.0	40
23	Polnovakia Agrar	Slovakia	8.5	8.5	17.0	1
24	Slovakian Field Invest	Slovakia		17.8	17.8	15
25	Airline Tekstilt. Ukraine	Ukraine		1.6	1.6	22
Total			151.2	272.5	423.8	1,773

FURTHER FINANCING OF ON-GOING PROJECTS			IØ's investment (million DKK)			
Project name	Country	Shares *	Loans**	Total		
26	Danflax	Czech Republic		0.0	0.0	
27	Zivotice	Czech Republic	0.3		0.3	
28	Dan-Farm Hungary Kft.	Hungary		8.8	8.8	
29	Lietuvos Draudimas	Lithuania	11.0		11.0	
30	Randers Reb Production	Lithuania		10.0	10.0	
31	Saerimner	Lithuania		10.0	10.0	
32	Danish Farm. Consultants	Poland		4.5	4.5	
33	Fomar Roulunds	Poland	8.4		8.4	
34	Prime Food	Poland	8.4		8.4	
35	ZAO Mineral Wool	Russian Federation	4.2		4.2	
36	Eurostart	Slovakia	1.1		1.1	
37	Slovakian Farm Invest	Slovakia		20.0	20.0	
Total			33.3	53.3	86.6	
Grand total			184.6	325.8	510.4	

*) incl. Overrun commitments

**) incl. Guarantees

Co-financing by the Environmental Facility for Central and Eastern Europe

18 Projects were exited in 2003



Starco Croatia

Knowledge and human resources

Knowledge about countries, fund raising and project implementation is one of IØ's major assets. Emphasis has therefore been placed on maintaining and developing this resource. IØ's knowledge is closely linked to and interwoven with that of its sister funds, IFU and IFV. The knowledge is mostly embedded in the staff in Copenhagen, the offices abroad and within the network of advisers. It is important to maintain and continuously develop the staff and ensure that the acquired skills can be utilised in the best possible way in the day-to-day work to the benefit of the projects in which IØ participates.

Since the new management structure was implemented two years ago, expert teams related to specific tasks have been created on an ad hoc basis. This has significantly improved the efficiency and the exchange of experience among staff members – as well as with external advisers. 2003 was marked by continued, intensive activity within supplementary training, internally as well as externally. Since the beginning of the 1990s, a dozen trainees engaged abroad by IØ or its sister Funds (IFU and IFV) have completed an MBA Degree at the Scandinavian International Management Institute (SIMI) in Copenhagen.

Offices abroad and adviser network

The relationship between the head office in Denmark, the offices abroad and the advisers helps to strengthen the knowledge resource. The main task of the offices and the advisers is generally to promote and monitor the projects by assisting with their thorough knowledge of the local areas, authorities, legislation, businesses, etc.

IØ has offices in Warsaw, Poland and Moscow, Russia. While the main task in Moscow continues to be assisting and monitoring existing projects and promoting new ones, the staff at the office in Warsaw is facing new challenges. Because of the EU enlargement, the Danish government has decided that IØ can no longer support new projects in

the new member states from Central and Eastern Europe. In the years to come, the staff at the office in Warsaw will therefore concentrate on monitoring the existing projects and at the same time secure that IØ exits the project portfolio over time, in a way which is commercially justifiable. IØ makes a special effort to extend the network in the EU's new neighbouring countries. In addition to an adviser in Bucharest, Romania, the Fund employed a new adviser in Kiev, Ukraine in 2003. At year-end, 15 advisers in 10 countries were adding value to the work of the Fund.

Facts about the staff

IØ is administered by and in close combination with its sister Fund, IFU, which operates in developing countries. In addition, IFU administers IFV with investments in the emerging markets. The total number of permanent staff at the end of 2003 was 80, actively monitoring a portfolio of close to 400 projects with a total Fund investment of DKK 6.3bn. A significant staff reduction, mainly in Copenhagen

has taken place at the beginning of 2004 in order to adapt to the consequences of the capital extraction as described above.



Investments raise standards for social and human rights

In most countries where IØ and its Danish partners invest, there are other and often less restrictive rules and standards for the security, health and safety of the employees than in Denmark. Therefore, the Fund has prescribed in its Code of Conduct how the project companies should act in relation to human rights, social responsibility, occupational health and safety as well as environment and work environment. Together with its project partners, IØ shall constantly strive to raise the standards within all those areas. As guidelines, the Fund utilises the following international agreements and conventions:

- The United Nations Universal Declaration of Human Rights.
- The Council of Europe Convention for the Protection of Human Rights and Fundamental Freedoms.
- ILO's (The International Labour Organisation) conventions for abolition of forced labour, protection against child labour, non-discrimination concerning employment, equal remuneration for men and women and protection of freedom of association and the right to collective bargaining.
- The OECD Convention on combating bribery of foreign public officials in international business transactions.

Before IØ decides whether or not to enter into a project, the partners are made aware of the Fund's Code of Conduct,

and by their signature they confirm that they have been made aware of it, and that they concur and intend to work accordingly. IØ's Code of Conduct is based on voluntary and pragmatic cooperation between the Fund and its partners, but some requirements are mandatory:

- Using bribery is both a criminal offence and unacceptable.
- IØ's minimum requirement is that investments meet the standards adopted in the host country, and the conventions which the host country has ratified.
- IØ will not support nor accept forced labour or child labour. Under no circumstances may work be carried out by children under the age of 14. Older children may only be employed if it does not affect their school attendance, and if they do not carry out work which may be morally or physically harmful.
- In addition to this it is very important to IØ that the project does not expose the employees to discrimination of any kind. Everyone must be treated equally, regardless of gender, race, disability, political belief, religion or social origin.
- Furthermore, the employees' freedom of association must be protected.
- At the same time IØ endeavours to ensure that wages are equal to or higher than the legal minimum of the host country, and that large suppliers to the project companies also meet the same standards.

All projects are assessed once a year in relation to IØ's Code of Conduct, and many turn out to keep higher standards than what is customary in the country of operation.

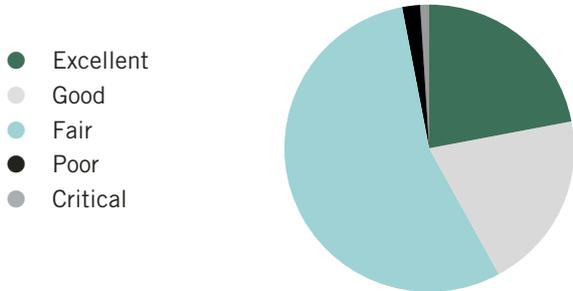
Sometimes moral dilemmas arise in relation to the ethical rules which have been adopted. In some countries, for instance, corruption is widespread, and it may be very difficult to ensure that large project suppliers do not take advantage of that, even though it is against IØ's Code of Conduct. The partners are nonetheless obligated to impose the same ethical requirements on the trading partners as they do on themselves.



ZAO Mineral Wool Russia

Mostly “acceptable” performance – corporate governance

Code of Conduct



As in previous years, 2003 showed that most of the projects live up to IØ’s Code of Conduct. In IØ’s annual assessment of the projects in relation to the Code of Conduct, 55 out of 129 projects evaluated were classified as “good” or “excellent”. 3 of the projects can be classified as “critical” or “poor” due to the fact that the projects still have no policy or practice of screening their major supplier but is aware of the need to gradually address this issue. IØ has expressed its concern to the management of the projects and to the partners, expecting that the problems will be solved as soon as possible.

Focus on the environment

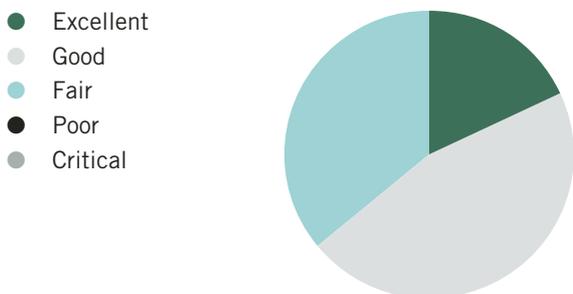
External environment



In 1996, IØ decided on a policy which will actively engage the project partners and managements in the ongoing process of ensuring a high environmental and occupational health and safety standard in the projects. In addition to the project company being obligated to comply with the rules and regulations of the host country, the Danish partner has to describe and gauge the extent to which the project meets the standards of the Danish environmental and occupational health and safety rules. Significant deviations must be described, and a plan to improve the deviant areas must be made and approved by IØ.

The projects are categorised as either A, B or C projects according to the World Bank environmental review procedure, under which the A projects have the potentially largest environmental effects. At the same time, the World Bank sector guidelines are applied, e.g. within tropical forestry, where Danish rules and regulations cannot be used as framework. The Fund’s current portfolio includes 7 A projects, 135 B projects and 28 C projects.

Occupational Health and Safety (OHS)



All project companies initiated after the approval of IØ’s environmental policy in 1996 must prepare an Annual Environmental Status Report (AESR) for the board of the company, in order for the board to continuously identify possible needs for improvement, and the same procedure has been adapted by most companies from before 1996, which are still in the portfolio. This report becomes part of IØ’s ongoing monitoring of the projects. Together with the in-depth knowledge of the project, which IØ’s representative possesses, the AESR forms the basis for an internal environmental classification of all IØ projects. Once a year, the projects are given marks from “critical” over “poor”, “fair” and “good” to “excellent”. In 2003, all projects evaluated except for two were classified as “fair” or better. For the two projects classified as poor measures are initiated to address the problems with a view to improving the situation.

Events after the balance sheet date

In 2004, as decided by Parliament, DKK 650m of IØ's equity capital will be withdrawn by the Danish State, and as a consequence, a significant staff reduction has taken place in January 2004.

Outlook for 2004

For IØ, 2004 will first and foremost be marked by the consequences of the Danish government's decision that the Fund must repay DKK 650m of its equity to the Danish State. The capital extraction has required the introduction of more restrictive investment criteria, and it will result in a substantial income reduction, which in spite of strong cost cutting and staff reduction measures will significantly impact the Fund's earning capacity in the years to come.

IØ's geographical area of activity has been reduced considerably, due to eight Central and Eastern European countries accessing the European Union on 1 May 2004. This inevitably will cause a temporary fall in the volume of investments, but the interest in the EU's new neighbouring countries where costs are low and growth high has increased strongly among Danish companies, who are increasingly forced to look for ways to ensure competitiveness and direct access to expanding markets. About 20 new investments are expected in 2004.

The capital extraction will induce IØ to be less risk-taking in order to secure a higher return on the projects to compensate for the decrease in income basis. In 2004, a slightly positive net result is expected.



ZAO Mineral Wool Russia

Accounting policies

This Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

Accounting policies in general

The accounting principles applied are the same as for the previous year, but accounting estimates have been changed in relation to measurement of fair value of IØ's outstanding share capital investments and project loans.

Share capital investments in and project loans to project companies are continuously measured at fair value, i.e. net of or including value adjustments relative to cost. Formerly this included, for projects established within three years before the balance sheet date, and where no value adjustment was provided as a specific provision for losses, a value adjustment in the form of a general provision for losses at a rate of 10 per cent of cost for loans and 15 per cent of cost for share capital. The general provisions for losses were reversed at the latest three years after establishment of the project.

The elimination of general provisions for losses has been decided in order to further accommodate to the principles of fair value in the Danish Financial Statements Act. This change in accounting estimate has resulted in a net positive contribution to the net result for IØ for 2003 of DKK 16.5m.

Presentation and Classification

IØ's income statement and balance sheet vary from the standard tables of the Danish Financial Statements Act, because they are presented on the basis of IØ's special character as an investment fund (long term investments), and with a view to the best possible clarity of the information to the reader of the accounts. The deviation is in concurrence with section 23 (4) of the Danish Financial Statements Act. In order to increase the information value of IØ's Annual Report, the presentation and classification of the individual

items on the income statement and the balance sheet have been modified compared to last year.

This year, the item "Value adjustments" has been divided, so that realised losses and capital gains from realised/terminated share capital investments and project loans are separated on the income statement.

Furthermore, value adjustments on share capital investments and project loans and on other receivables and liabilities are presented separately on the income statement. The individual value adjustments are further specified in the notes.

Contrary to last year, "Funds committed to projects" are only specified in the notes. So far, "Funds committed to projects" have been presented under fixed assets and not as part of the non-committed cash resources.

The comparative figures for 2002 as well as the financial highlights 1999-2003 have been adjusted to the modified classification of the items of the accounts.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Fund, and provided that the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Fund, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Adjustment subsequent to initial recognition is effected as described below for each item.

Information brought to IØ's attention before the time of

finalising the presentation of the annual report and which confirms or invalidates affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income other than value adjustments is recognised in the income statement when earned, just as costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as value adjustments.

Foreign currency adjustment

Foreign currency transactions are initially recognised in DKK using the exchange rate at the transaction date.

Loans, receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are adjusted into DKK using the exchange rate at the balance sheet date.

All exchange rate adjustments, including those that arise at the payment date are, dependent on their nature, recognised in the income statement as value adjustments, financial income or financial expenses.

Derivative financial instruments

IØ has established a set of criteria for entering into forward exchange contracts and cross currency swaps (derivative fi-

ancial instruments) to hedge future transactions concerning selected foreign currency loans and receivables from sale of shares (fair value hedge).

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently adjusted to fair value. Derivative financial instruments are recognised under other receivables or other payables. Changes in the fair value of derivative financial instruments are recognised in the income statement under value adjustments (receivables and liabilities).

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 utilised to finance new environmental projects. The financial statements for MIØ are included in the financial statement 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.

Income statement

Dividends from projects

Dividends from projects net of withholding taxes, if any, are recognised as income at the date of declaration.

Interest income and fees related to projects

Interest on loans to projects is recognised as income when accrued. Fees related to projects are recognised as income when earned.

Project loans written off

Write-offs on project loan principals in foreign currency are stated in DKK at a value corresponding to the exchange rate at the date of the write-off.

Value adjustments

All adjustments to fair value on share capital investments (shares), project loan principals and receivables and liabilities are recognised as value adjustments.

Value adjustments (shares) include reversal of value adjustments relative to cost in DKK made prior to the start of the year, if any, on divested share capital investments. Realised gains and losses relative to cost in DKK from divestitures of share capital investments are shown separately in the in-

come statement as income from sale of shares or share capital written off.

Value adjustments (loan principals) include exchange rate adjustments and reversal of value adjustments other than exchange rate adjustments made prior to the start of the year, if any, on realised transactions (repayments and losses). Realised losses on project loan principals are shown separately in the income statement.

Value adjustments (receivables and liabilities) include realised losses, exchange rate adjustments, and reversal of value adjustments other than exchange rate adjustments made prior to the start of the year, if any, on realised transactions (payments and losses).

Other expenses related to projects

Other expenses related to projects comprise interest expenses to syndicated capital, grants to projects and various expenses.

Operating expenses, net

The Industrialisation Fund for Developing Countries (IFU), manages the administration and accounting of altogether four funds/facilities. At present this includes IFU, The

Investment Fund for Central and Eastern Europe (IØ), The Environmental Investment Facility for Central and Eastern Europe (MIØ) and The Investment Fund for Emerging Markets (IFV). The total operating expenses, net of income related to operating activities, incurred by IØ are divided at year-end between IFU, IØ, MIØ and IFV according to an activity dependent distribution key.

Financial income and expenses

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



Starco Croatia

Balance sheet

Share capital investment in projects, net

Share capital investments in project companies are measured at fair value, i.e. net of or including value adjustments relative to cost in DKK.

Fair value for a specific share capital investment is defined as the estimated disposal value in DKK at the balance sheet date, taking into account such aspects as the latest known stock exchange price, if relevant, i.e. the company is listed and the market is deemed liquid, formal exit agreements, if applicable, relevant and exercisable, the book value in DKK of IØ's investment according to the latest accounts, past and expected future results of the project company and commercial and political risks involved.

Value adjustments on share capital are measured in steps of 25 percentage points relative to cost in DKK based on an assessment of each individual project.

Project loans, net

Fair value of project loans are measured net of or including value adjustments relative to cost in DKK. These adjustments take into account actual exchange rate, security, if any, the financial situation of the project and commercial and political risks involved.

Value adjustments other than exchange rate adjustments on project loans are measured in steps of 25 percentage points relative to the exchange rate adjusted value based on an assessment of each individual project.

Interest receivable related to projects and other receivables

Interest receivable related to projects and other receivables are measured at fair value, i.e. at actual exchange rates and after adjustments for risk of loss. Included in other receivables are prepayments of costs relating to subsequent financial years.

Cash and bonds

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

Provision for losses

Provision for losses comprises anticipated losses related to guarantee agreements. Adjustments of provision for losses related to guarantee agreements are recognised in the income statement as value adjustments (receivables and liabilities).

Syndicated capital

Syndicated capital is investment capital received from third parties and invested in projects, in principle on their account and risk. Syndicated capital is measured at fair value similar to share capital investments and loans invested directly by the Fund. Fair value adjustments on syndicated capital are recognised in the income statement as value adjustments (receivables and liabilities).

Current liabilities

Current liabilities include deferred income, which is comprised of received income for recognition in subsequent financial years. Current liabilities are measured at fair value.

Cash flow statement

The cash flow statement has been prepared in accordance with the direct method and shows IØ's cash flow from operating, investing and financing activities as well as IØ's cash position at the beginning and end of the year. Cash comprises cash at hand less short-term bank debt.

INCOME STATEMENT

		2003 DKK 1,000	2002 DKK 1,000
NOTE			
	Income from sale of shares (relative to cost)	24,802	39,590
	Share capital written off (relative to cost)	(58,451)	(3,746)
	Dividends from projects	47,946	607
1/	Interest income and fees related to projects	47,189	59,467
	Project loans written off	(2,299)	(3,861)
2/	Value adjustments (shares)	79,492	6,971
3/	Value adjustments (loan principals)	(13,666)	(73,950)
4/	Value adjustments (receivables and liabilities)	(20,604)	26,521
5/	Other expenses related to projects	(202)	(74)
	GROSS CONTRIBUTION FROM PROJECTS	104,207	51,525
	Operating expenses, net	(32,372)	(31,926)
	OPERATING INCOME (LOSS)	71,835	19,599
6/	Financial income	34,296	58,123
6/	Financial expenses	(1,582)	(315)
	NET INCOME FOR THE YEAR	104,549	77,407
	NET INCOME FOR THE YEAR, MIØ	113,072	(31,411)
	NET INCOME FOR THE YEAR, IØ, EXCLUSIVE MIØ	(8,523)	108,818

The net income for the year has been transferred to the equity and facility capital, respectively.

BALANCE SHEET 31 DECEMBER

ASSETS

		2003 DKK 1,000	2002 DKK 1,000
NOTE			
	FIXED ASSETS		
		<u>2003</u>	<u>2002</u>
	Share capital investment in projects at cost	813,931	857,389
	Value adjustments	(286,675)	(366,167)
7/	Share capital investment in projects, net	527,256	491,222
	Project loans at cost	714,446	695,305
	Value adjustments	(256,216)	(245,946)
8/	Project loans, net	458,230	449,359
	Total fixed assets	985,486	940,581
	CURRENT ASSETS		
	Interest receivable related to projects	7,929	10,354
9/	Other receivables	22,252	12,191
10/	Bonds	532,963	806,252
	Cash	464,431	133,292
	Total current assets	1,027,575	962,089
	TOTAL ASSETS	2,013,061	1,902,670

BALANCE SHEET 31 DECEMBER

LIABILITIES AND EQUITY CAPITAL

	2003 DKK 1,000	2002 DKK 1,000
NOTE		
EQUITY CAPITAL		
Paid-in capital	1,398,800	1,398,800
11/ Accumulated reserves	<u>65,739</u>	<u>74,262</u>
Total equity capital, exclusive MIØ	<u>1,464,539</u>	<u>1,473,062</u>
FACILITY CAPITAL		
Paid-in capital	499,000	499,000
12/ Accumulated reserves	<u>36,135</u>	<u>(76,937)</u>
FACILITY CAPITAL (MIØ)	<u>535,135</u>	<u>422,063</u>
Total equity and facility capital	<u>1,999,674</u>	<u>1,895,125</u>
PROVISION FOR LOSSES		
Guarantees	10,748	4,345
13/ SYNDICATED CAPITAL	<u>2,253</u>	<u>3,023</u>
Total provisions and syndicated capital	<u>13,001</u>	<u>7,368</u>
14/ CURRENT LIABILITIES	<u>386</u>	<u>177</u>
Total liabilities	<u>386</u>	<u>177</u>
TOTAL EQUITY CAPITAL AND LIABILITIES	<u><u>2,013,061</u></u>	<u><u>1,902,670</u></u>
15/ FUNDS COMMITTED TO PROJECTS		
16/ AVAILABLE EQUITY CAPITAL AND CLEARANCES IN PRINCIPLE		
17/ CONTINGENT LIABILITIES		
18/ RELATED PARTY DISCLOSURES		



Moscow

CASH FLOW STATEMENT

	2003 DKK 1,000	2002 DKK 1,000
NOTE		
CASH FLOW FROM OPERATING ACTIVITIES		
Dividends from projects received	47,817	612
Interest from projects received	24,013	74,808
Other project related payments	2,616	4,201
Operating expenses, paid	(32,360)	(33,229)
Financial income, net	<u>70,521</u>	<u>34,551</u>
Net cash from operating activities	<u>112,607</u>	<u>80,943</u>
CASH FLOW FROM (TO) INVESTING ACTIVITIES		
Received from sale of shares	83,469	187,593
Received from project loans	155,819	138,520
Paid-in share capital in projects	(74,379)	(81,466)
Disbursement of project loans	(180,774)	(152,016)
Received from (invested in) bonds	<u>235,431</u>	<u>(242,436)</u>
Net cash from (to) investing activities	<u>219,566</u>	<u>(149,805)</u>
CASH FLOW FROM (TO) FINANCING ACTIVITIES		
Proceeds from syndications related to projects	(392)	56
Repayment of syndications related to projects	<u>(642)</u>	<u>2,145</u>
Net cash from (to) financing activities	<u>(1,034)</u>	<u>2,201</u>
NET CHANGE IN CASH	331,139	(66,661)
CASH BEGINNING OF YEAR	<u>133,292</u>	<u>199,953</u>
CASH END OF YEAR	<u>464,431</u>	<u>133,292</u>

NOTES

	2003 DKK 1,000	2002 DKK 1,000
1	<u>Interest income and fees related to projects</u>	
	Paid in interest from project loans	42,017
	Interest from receivables	318
	Front end fees	4,763
	Guarantee commission	91
	Other fees	0
	<u>47,189</u>	<u>59,467</u>
2	<u>Value adjustments (shares)</u>	
	Reversed plus values (divested share capital investments)	(2,125)
	Reversed provision for losses (divested share capital investments)	84,175
	Changes in plus values	8,821
	Changes in provision for losses (shares)	(11,379)
	<u>79,492</u>	<u>6,971</u>
3	<u>Value adjustments (loan principals)</u>	
	Exchange rate adjustments (loans)	(15,198)
	Reversed provision for losses (loans written off)	2,181
	Changes in provision for losses (loans)	(649)
	<u>(13,666)</u>	<u>(73,950)</u>
4	<u>Value adjustments (receivables and liabilities)</u>	
	Exchange rate adjustments (derivatives)	7,094
	Value adjustments interest receivables	(20,747)
	Value adjustments guarantees	(6,403)
	Value adjustments syndicated capital	(384)
	Value adjustments other	(164)
	<u>(20,604)</u>	<u>26,521</u>
5	<u>Other expenses related to projects</u>	
	Interest expenses related to syndications	170
	Stamp and share sale duties	0
	Various expenses	32
	<u>202</u>	<u>74</u>
6	<u>Financial income and expenses</u>	
	<u>Financial income</u>	
	Interest income, cash and bonds	29,908
	Gain on bonds	4,388
	<u>34,296</u>	<u>58,123</u>
	<u>Financial expenses</u>	
	Interest expenses, bank charges and exchange rate adjustments	(1,582)
	<u>(1,582)</u>	<u>(315)</u>
	<u>32,714</u>	<u>57,808</u>

NOTES

	2003 DKK 1,000	2002 DKK 1,000	
7	<u>Share capital investment in projects, net</u>		
	857,389	882,365	
	Paid-in share capital in projects during the year	74,379	
	Cost of shares sold during the year	(59,386)	
	Write-offs during the year at cost	(58,451)	
	<u>813,931</u>	<u>857,389</u>	
	Share capital investment in projects end of year at cost		
	Accumulated value adjustment beginning of year	(366,167)	
	Value adjustments during the year (note 2)	79,492	
	<u>(286,675)</u>	<u>(366,167)</u>	
	Share capital investment in projects, net end of year		
	<u>527,256</u>	<u>491,222</u>	
8	<u>Project loans, net</u>		
	695,305	685,927	
	Project loans beginning of year at cost	180,774	
	Disbursements during the year	(155,819)	
	Repayments during the year	(3,515)	
	Exchange rate adjustments during the year relative to cost	0	
	Project loans transferred to other receivables during the year	(2,299)	
	Write-offs during the year	(2,299)	
	<u>714,446</u>	<u>695,305</u>	
	Project loans end of year at cost *)		
	Accumulated value adjustments beginning of year	(245,946)	
	Value adjustments during the year	(10,270)	
	<u>(256,216)</u>	<u>(245,946)</u>	
	Accumulated value adjustments end of year		
	Project loans, net end of year		
	<u>458,230</u>	<u>449,359</u>	
	Accumulated value adjustments end of year are comprised of:		
	Exchange rate adjustments relative to cost	(22,042)	
	Value adjustments excl. exchange rate adjustments	(234,174)	
	<u>(256,216)</u>	<u>(245,946)</u>	
	*) Project loans end of year at cost are comprised of:		
	Senior project loans	456,135	
	Subordinated loans	258,142	
	Feasibility study loans	169	
	<u>714,446</u>	<u>695,305</u>	
	*) Project loans end of year at cost in DKK distributed according to currency denomination:		
	<u>2003</u>	<u>2002</u>	
	Currency	Currency	
	DKK	286,696	224,062
	USD ¹⁾	10,037	77,515
	EUR	40,649	43,525
	Other currencies	47,878	61,744
		<u>714,446</u>	<u>695,305</u>

1) USD 6.0 million are hedged against DKK (USD 6.0 million in 2002)

NOTES

	2003 DKK 1,000	2002 DKK 1,000
9 <u>Other receivables</u>		
Dividends receivables	6	7
Receivables from sale of shares etc.	5,735	4,711
Receivables from sale of loan etc.	137	137
Receivable front end fees	3,595	1,522
Other project related receivables	<u>5</u>	<u>5</u>
	9,478	6,382
Value adjustments	<u>(2,356)</u>	<u>(2,355)</u>
	7,122	4,027
Derivatives *)	11,645	4,551
Administrative receivables	1,407	1,380
Current accounts	<u>2,078</u>	<u>2,233</u>
	<u>22,252</u>	<u>12,191</u>
*) Stated amount for 2003 concerns a hedged amount of USD 6.0 million with term from 2004 to 2010.		
10 <u>Bonds</u>		
Listed bonds	532,898	789,818
Accrued interest receivables from bonds	<u>65</u>	<u>16,434</u>
Bonds end of year	<u>532,963</u>	<u>806,252</u>
11 <u>Accumulated reserves, exclusive MIØ</u>		
Accumulated reserves beginning of year	74,262	(34,555)
Net income for the year	<u>(8,523)</u>	<u>108,817</u>
Accumulated reserves end of year, exclusive MIØ	<u>65,739</u>	<u>74,262</u>
12 <u>Accumulated reserves MIØ</u>		
Accumulated reserves beginning of year	(76,937)	(45,526)
Net income for the year	<u>113,072</u>	<u>(31,411)</u>
Accumulated reserves end of year MIØ	<u>36,135</u>	<u>(76,937)</u>
13 <u>Syndicated capital</u>		
Syndicated capital is investment capital received from third parties and invested in projects in principal on their account and risk.		
Joint Venture Programme (JOP)	7,597	8,626
Others	<u>2,147</u>	<u>2,279</u>
Syndicated capital in total	9,744	10,905
Value adjustments	<u>(7,491)</u>	<u>(7,882)</u>
Syndicated capital end of year *	<u>2,253</u>	<u>3,023</u>
*) Syndicated capital end of year are comprised of:		
Syndication of project loans	<u>9,744</u>	<u>10,905</u>
Syndicated capital in total	9,744	10,905
Value adjustments on syndication of project loans	<u>(7,491)</u>	<u>(7,882)</u>
Syndicated capital end of year	<u>2,253</u>	<u>3,023</u>

NOTES

14 Current liabilities

Syndicated interest payable	63	0
Other project related debt	315	168
Deferred income	8	9
	<u>386</u>	<u>177</u>

15 Funds committed to projects

Funds committed to projects are comprised of undisbursed contractual commitments allocated for investments.

Amounts payable on project agreements	559,766	312,665
Guarantees	51,489	51,629
Binding commitments	143,584	89,493
	<u>754,839</u>	<u>453,787</u>

16 Available equity capital and clearances in principle

The available equity capital is reached as follows

Total equity capital	1,999,674	1,895,126
Provision for losses	10,748	4,345
Syndicated capital	2,252	3,023
Project participation	(1,748,254)	(1,404,722)
	<u>264,420</u>	<u>497,772</u>
Available equity capital	<u>264,420</u>	<u>497,772</u>
Clearances in principle for new projects amount to	<u>698,961</u>	<u>474,459</u>

17 Contingent liabilities

The total lease and rental commitments amount to DKK 0.1 million (DKK 0.1 million in 2002)
- hereof due within the following year DKK 0.1 million (DKK 0.1 million in 2002).

18 Related Party Disclosures**IØ Project investments - Shares and loans**

IØ's percentage interests in project investments often exceed 20%, but always remain below 50%.

The project companies are not considered related parties, as no controlling or significant influence is exercised over them.

It should be noted that transactions conducted during the year with the project companies include dividends, interest income and fees and directors' fees from the companies in which IØ employees are board members.

Supervisory and Executive Boards

IØ's other related parties are the members of the Supervisory and Executive Boards.



Fire Eater Poland

The Management's review on MIØ

Since 1995 The Investment Fund for Central and Eastern Europe (IØ) has handled the administration of the investments of the Environmental Investment Facility for Central and Eastern Europe (MIØ).

The funds for MIØ have been allocated by the Ministry of the Environment. All MIØ investments have been reported to the Danish Environmental Protection Agency for approval. Altogether, MIØ has received a total of DKK 449m as capital injection from the Danish government.

The aim of MIØ is to contribute to improvements in external environment as well as occupational health and safety (OHS) in commercially viable projects in Central and Eastern Europe.

MIØ has invested in projects with share capital and/or loans in the same countries as IØ.

From 1 January 2004 accounting and project administration of MIØ will be fully merged with IØ. As a consequence, IØ will establish a separate accounting system for the environmental impact of all investments. The system will ensure that the aggregate environmental impact for new IØ projects as a whole is maintained at a high level.

In 2003, MIØ approved investments of a total of DKK 117.9m in three new projects: Two in Poland and one in Russia. The number of new projects was slightly below expectations, whereas the contracted amount was significantly higher than what was expected.

The three new projects in MIØ's portfolio could be classified under the following categories: fire equipment, geothermal

power production and stone wool production. Furthermore, MIØ approved additional investments of DKK 18.7m in 2003 in four existing projects, which already had MIØ financing.

By investing a total of DKK 803.6.5m in 47 projects since its inception in 1995 and adhering to high standards, MIØ has made a significant contribution to environmental improvements in Central and Eastern Europe. Furthermore, MIØ has contributed towards the transfer of Danish environmental technology. In most cases, the effect is not only local, but also cross-border, thus contributing to a better environment globally, as in the case of reduced emissions of greenhouse gases.

MIØ's net result for 2003 was DKK 113.1m compared to DKK (31.4)m in 2002. This substantial improvement was due to a combination of a larger realised income from sale of shares and large positive value adjustments on MIØ's portfolio of share capital investments and project loans. The accounting policies for MIØ are identical to those applicable for IØ. Environmental awareness will undoubtedly continue to increase, both at country level and at company level in Central and Eastern Europe. Especially, there will still be a great demand for environmental improvements in connection with Danish private investments in the so-called new neighbouring countries of the EU in Eastern Europe. As mentioned, the environmental efforts previously supported by MIØ financing will now be continued with undiminished commitment along the guidelines described above.

Main features at 31 December 2003

	NUMBER	DKKm	EURm ^{*)}
Net profit 2003		113.1	15.2
Total facility capital at 31.12.2003 ^{**)}		535.1	71.9
Investments during 2003	7	136.6	18.3
Investments in new projects since the establishment (1995-2003)	47	577.7	77.6
Total disbursements (1995-2003)		489.6	65.8
Number of countries in which MIØ has invested (1995-2003)	9		

^{*)} Exchange rate: EUR 100 = DKK 744.46

^{**)} The Danish government has decided to extract DKK 650 million from IØ (incl MIØ) in 2004.

INCOME STATEMENT

	2003 DKK 1,000	2002 DKK 1,000
Income from sale of shares (relative to cost)	18,927	4,266
Share capital written off (relative to cost)	0	(1,971)
Interest income and fees related to projects	12,228	10,521
Value adjustments (shares)	18,833	(11,642)
Value adjustments (loan principals)	54,284	(48,478)
Value adjustments (receivables and liabilities)	4,722	4,383
Other expenses related to projects	<u>(2)</u>	<u>0</u>
GROSS CONTRIBUTION FROM PROJECTS	<u>108,992</u>	<u>(42,921)</u>
Operating expenses, net	<u>(5,243)</u>	<u>(5,888)</u>
OPERATING INCOME (LOSS)	<u>103,749</u>	<u>(48,809)</u>
Financial income	9,687	17,634
Financial expenses	<u>(364)</u>	<u>(236)</u>
NET INCOME FOR THE YEAR	<u>113,072</u>	<u>(31,411)</u>

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

	2003	2002		
FIXED ASSETS				
Share capital investment in projects at cost	105,759	119,822		
Value adjustments	(53,185)	(72,018)		
Share capital investment in projects, net	<u>52,574</u>	<u>47,804</u>		
Project loans at cost	171,440	202,178		
Value adjustments	(31,809)	(86,098)		
Project loans, net	<u>139,631</u>	<u>116,080</u>		
Total fixed assets	<u>192,205</u>	<u>163,884</u>		
CURRENT ASSETS				
Interest receivable related to projects	1,842	929		
Other receivables	9,651	4,936		
Bonds	171,349	219,335		
Cash	<u>160,330</u>	<u>32,979</u>		
Total current assets	<u>343,172</u>	<u>258,179</u>		
TOTAL ASSETS	<u>535,377</u>	<u>422,063</u>		
FACILITY CAPITAL				
Paid-in capital	499,000	499,000		
Accumulated reserves	<u>36,135</u>	<u>(76,937)</u>		
Total facility capital	<u>535,135</u>	<u>422,063</u>		
CURRENT LIABILITIES				
Other payables	<u>242</u>	<u>0</u>		
Total liabilities	<u>242</u>	<u>0</u>		
TOTAL FACILITY CAPITAL AND LIABILITIES	<u>535,377</u>	<u>422,063</u>		

Criteria for MIØ financing

When allocating MIØ financing, most or all of the following environmental and occupational health and safety (OHS) requirements must be satisfied:

- Direct positive environmental effects of a new project (for instance water purification or hazardous waste treatment plants).
- Indirect positive effects e. g. establishing the production of environmental protection equipment (for instance emission filters or equipment for water treatment plants).
- Positive effects of the rehabilitation of an industrial plant that has hitherto had considerable negative

environmental consequences, but whose industrial process now becomes “cleaner”.

- Positive effects of transferring environmental expertise, e.g. by establishing a consulting company, or by investing in an existing one.
- A more efficient use of energy resources, energy saving methods or the use of less polluting energy.
- Improved standards of environmental performance with the aim of attaining EU standards.

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

Two examples of MIØ investments

Improving the environment

The purpose of projects supported by MIØ is always to improve the environment in the country in question. Here are two examples from 2003:

Natural heating

In March 2003, MIØ decided to invest in the establishment of a geothermal plant in the city of Stargard in north eastern Poland, together with the Danish company Scandinavian Energy Partners ApS (SEG). The plant intends to utilise the energy from hot geothermal water and is supposed to produce heating for the area, covering 30 per cent of the demand of a city with 75,000 inhabitants. In 2003, Geotermia Stargard Sp. z o.o. carried out the drilling for water which will form the basis for the plant, and the city's district heating system has already been prepared to receive the new form of energy. The above-ground plant is still to be built, but according to the plans it will be finished during the summer 2004.

Currently, the heating for the city of Stargard is supplied by coal-fired heating plants, which are effective, but far more polluting than a geothermal plant. Contrary to coal-based heating, water heating is one of the cleanest energy sources, because it utilises the natural resources of the earth. The future geothermal plant will thus reduce both air, soil and water pollution in a large part of the region, and will stand out as an example to be followed by other cities and regions in the country. In Poland, a lot of attention is directed towards environmental improvements, and this is why the project has been supported by local authorities and the Polish National Environmental Fund, among others. MIØ has granted a loan of DKK 2.3m to the project.

Environmentally safe fire extinguishing

Another new project, which MIØ has helped to finance in Poland in 2003, is based on environmentally friendly fire extinguishing equipment. The Danish company Fire Eater Holding A/S has assisted in developing an environmentally friendly mix of fire extinguishing gases, named Inergen, to which the company holds the exclusive rights in Central and Eastern Europe.

Halon, which has been the most widespread gas for fire extinguishing so far, has turned out to be extremely harmful to the ozone layer and is therefore prohibited in many countries around the world. Halon has not been used in Denmark since 1999, and in the rest of the EU the substance must be phased out during the next year. Contrary to Halon and other chemical substances applied, Inergen is made from natural substances and has no negative impact on the environment.

The project company, Fire Eater Poland Sp. z o.o., was established in March 2003 and is in the process of getting the final technical approvals into place. The project company plans to sell Inergen in Poland, but will also be in charge of design, development, sales training and service of fire extinguishing systems. Fire Eater Holding A/S already has a lot of experience within those areas. The company has established similar projects in Hungary and the Czech Republic, and has also come far with plans for Russia. In Poland, the company has already worked for ten years with marine equipment.

MIØ contributes to the project in Poland with granting a loan of DKK 1.0m.

The Supervisory Board

The Danish Minister of Foreign Affairs appoints the Chairman, the Deputy Chairman and the other members of the Supervisory Board for a three-year period. Each appointment is personal.

The Minister of Foreign Affairs also appoints the Managing Director.

The current Supervisory Board has been reappointed for another three-year period beginning August 2003.

The Board usually convenes on a monthly basis. On the recommendation of the management, it makes decisions about investments and key issues.

The rules of disqualification follow the provisions of the Public Administration Act (Act No. 571 of December 19, 1985, ss3–6).



Johannes Poulsen, Chairman (1942), member since 1997. M.Sc. (Economics and Business Administration). Director, BUUR INVEST A/S. Other board memberships: IFU**, IFV**, AXCEL IndustriInvestor A/S, AXCEL II A/S, AXCEL Management A/S, Bukkehave A/S, Dantherm Holding A/S, Eksport Kredit Finansiering A/S, FLS Industries A/S, Greentech Energy Systems A/S, Lyskilde Holding A/S, Frandsen-Lyskilde A/S, JP/Politikens Hus A/S, Investeringsforeningen BANCO**, Eksport Kredit Fonden, Extend Reach Corporation.



Agnete Raaschou-Nielsen, Deputy Chairman (1957), member since 2000. Ph.D. (Economics). Managing Director, Zacco Denmark A/S. Other board memberships: IFU*, IFV*, Höganäs AB, Danske Invest, BG Invest, Centre for Business History and Centre for Law, Economics and Financial Institutions (Copenhagen Business School).



Lars Andersen (1958), member since 1994. M.Sc. (Economics). Managing Director, The Economic Council of the Labour Movement. Other board memberships: IFU, IFV, DSB, Danish Trade Council (until 30 April 2004).

Sigurd Ø. Andersen (1951), member since 2000.

M.Sc. (Engineering). Managing Director, Burmeister & Wain Scandinavian Contractor A/S. Other board memberships: IFU, IFV, Pedregal S. de RL., BWSC A/S, BWSC Guam Inc., BWSC Mindanau Inc., BWSC Panama S.A., Brancheforeningen for Biogas.



Elsebeth Budolfson (1947), member since 2000.

M.Sc. (Pharm). Managing Director, T-cellic A/S. Other board memberships: IFU, IFV, Fertin Pharma A/S, Ferrosan A/S, Contura A/S, Idosan A/S, VækstFonden, NSGene A/S, Persona A/S.



The principle is that a member of the Board or an employee cannot participate in the discussion of a case involving a company in which the person in question has a special interest.

Board members may not buy or sell shares or other securities issued by companies of which they have obtained special knowledge through their board work. To prevent insider trading, the Board authorises an updated list at each meeting of the listed companies of which the Board believes it has inside information; however, the prohibition of utilising knowledge from Board work applies in general.

All information received by the Board members, orally or in writing, is being treated with full confidentiality.



Lars Kolte (1950), member since 1997.
Degrees in Economics (Universities of Århus, Wisconsin, Brügge). Managing Director, Eksport Kredit Fonden. Other board memberships: IFU, IFV, Nordic Investment Bank, IPSIS (London).



Kjeld Ranum (1938), member since 1994.
M.Sc. (Engineering). Director. Other board memberships: IFU, IFV, Svejsefabrikken Migatronic A/S**, Superfos A/S, Superfos Industries A/S, B.U.H.L.- Randers A/S**, Randers Reb A/S*, Aarhus United A/S**, HEMPEL A/S**, JP/Politikens Hus A/S, Danish Trade Council** (Until 30 April 2004).



Michael Rasmussen (1964), member since 2000. M.Sc. (Economics) and AMP (Insead). Member of the Executive Board, Nordea Bank Denmark A/S. Other board memberships: IFU, IFV, Nordea Kredit A/S*, Nordea Finance, Nordea Bank Poland, Danish Trade Council, LRF Kredit A/S, Council of Danish Ship Finance

Carsten Staur (1954), member since 2000.
MA. State Secretary, Ambassador, Ministry of Foreign Affairs. Other board memberships: IFU, IFV, Danish Center for International Studies and Human Rights, Danish Institute for International Studies.



Karen Wermuth (1954), member since 2000.
LLM. Under Secretary, Ambassador, Ministry of Foreign Affairs. Other board memberships: IFU, IFV.



** Chairman
* Deputy Chairman



ZAO Mineral Wool Russia

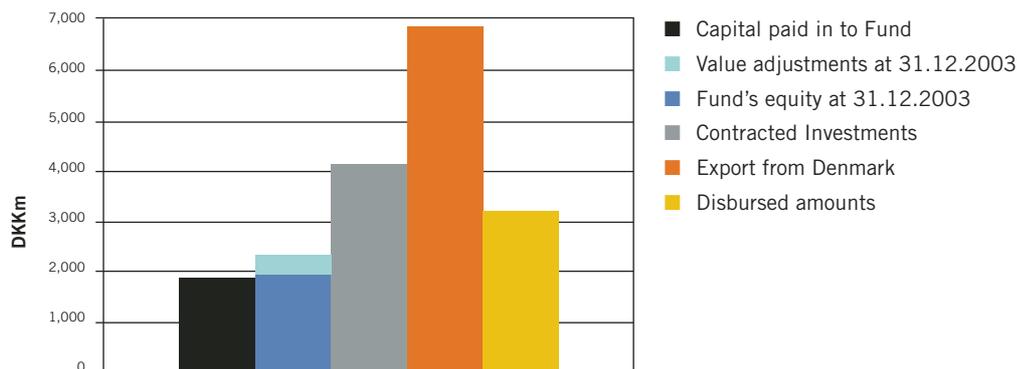
DKK 23 billion and 36,000 local jobs

Generation of investments worth DKK 23 billion in 335 projects, creation of 36,000 local jobs and introduction of modern technology and know-how to countries in Central and Eastern Europe (CEE). Those are some of the results which Danish enterprises have reached by investing together with IØ and its affiliated Environmental Investment Facility for Central and Eastern Europe (MIØ) since the establishment of IØ in 1990.

This can be read in an assessment of the performance and effects of IØ and MIØ, which Michael Wendelboe Hansen, assistant professor at Copenhagen Business School, car-

ried out for IØ in 2003. The assessment also concludes that IØ/MIØ investments have made a solid contribution to the internationalisation of Danish trade and industry, regardless of whether the investors were primarily market seeking, resource seeking or low cost seeking. Investing in CEE countries has consolidated Danish industry's access to the rapidly growing markets in this region and has been helpful in the structural transformation of Danish industry toward more cost effective production. The projects have also generated Danish exports of DKK 6.7bn, thereby generating a large number of jobs in Denmark.

Key figures IØ-MIØ 1990-2003



IØ moves its activities further east and south

Following their accession to the European Union, as of 2004 IØ will no longer be able to make new investments in the 8 accession countries, Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary and Slovenia. From 1990-2003, the Fund has co-financed 295 projects with a total investment of DKK 19,2bn in the eight above mentioned Central and Eastern European countries. Of this the Fund's contribution amounts to 3,2bn. The projects have created more than 31,000 jobs and provided the countries with capital as well as new know-how. In this way

they have contributed to the impressive reform development in the host countries, which has now led to the eight countries accessing the EU on 1 May, 2004.

As can be seen from the following interviews, ambassadors and diplomatic representatives from the new EU countries in Copenhagen are convinced that IØ's activities have been of great importance. Some regret that the Fund can no longer make new investments in their countries, but all agree that IØ also has a vital role to play - for everyone - in the EU's new neighbouring countries.

“Neglected sectors have developed faster”



“In the Czech Republic, many of the projects supported by the Fund have concentrated on infrastructure and other sectors where investments were needed. In the years of socialism our industry concentrated on heavy production. With the help of IØ we were able to develop and rebuild neglected sectors, as the environment and services, faster.”

“We know it will not be possible for IØ to continue the work in the Czech Republic, because we become a member of the European Union. But we still hope that the Fund, with its useful experience and know-how, will be able to advice Danish businessmen on investment opportunities in our country.”

“The Fund's activities in the EU's new neighbouring countries will be important as well. It is crucial to have stability in all parts of Central and Eastern Europe. Higher economic standards in Ukraine, for example, will help all the countries in the region.”

Marie Košťálová, Ambassador of the Czech Republic

IØ/MIØ project activities in the Czech Republic:

No. of projects	32
Total investments (DKK m)	1,895
IØ/MIØ contracted investments (DKK m)	522
Total expected employment	2,124
No. of active projects end 2003	13

Interest in the EU's new neighbouring countries increases

Danish companies are increasingly becoming aware of the great investment opportunities in the EU's new neighbouring countries. For some years, the annual number of new IØ investments in those countries has been stable and has attracted only about 20-25 per cent of the Fund's total investments, but an analysis of IØ's present pipeline of new project proposals shows an unprecedented interest in investing in the non-accession countries among Danish companies. The pipeline is an indication of the projects which are expected to be established within the next year or two. The current pipeline shows a particularly great interest in Russia, but also Romania, Ukraine, Croatia and Bulgaria seem to have become attractive to Danish investors. Against this background, IØ expects that investments after an initial drop in 2004 – the first year where accession countries have become off-limits – will resume and again

reach a high level in 2005 and thereafter. In the coming years, IØ sees clear signs that Danish enterprises will move new activities further east and south, and as a consequence the Fund will face a number of new challenges. In the short term this will require a targeted effort to become fully familiarised with the conditions in the new markets, but in the long run it is expected that this reorientation of Danish investments will mean a high level of activity for IØ. This is the conclusion of Michael Wendelboe Hansen, Assistant Professor at Copenhagen Business School, in a review of the future needs for the services of IØ, which he made in 2003. He concludes that there is great potential for investments in the non-accession countries, but also that Danish companies are still somewhat cautious, as they want to be certain that the positive development in the countries will last.

“Investments are beneficial for both parties”



“It is important to underline that the projects are beneficial for both parties. In the beginning of the 1990s, investors saw Poland as a very promising country, but there was also a lot of hesitance. The Danish companies had an interest in the Polish market, and the support of IØ made them more eager to invest and to find partners in Poland.”

“Denmark is one of Poland's biggest trading partners, but many private investors are small and would not have invested without the support of IØ. There are a lot of projects among the Danish investments which target environmental improvements. They are extremely important because environmental improvement is one of the most urgent issues in Poland today.”

“We think it is very important that IØ now aims to invest in the new neighbouring countries of the European Union. In Poland, we are extremely interested in the well being of Ukraine and want to see it stable and democratic. We would like to see Ukraine join the EU.”

Barbara Krystyna Tuge-Erecinska, Ambassador of Poland

IØ/MIØ project activities in Poland:

No. of projects	148
Total investments (DKKm)	6,959
IØ/MIØ contracted investments (DKKm)	1,278
Total expected employment	13,043
No. of active projects end 2003	66

“Of course we would like the Fund to continue”



“Denmark is the biggest single investor in Lithuania. There are around 300 Danish companies or joint ventures in the country, and they are one of the reasons that our economy is booming. The Fund has helped finance many respected companies with very good results.”

“IØ has done a great job, and we appreciate that. It has helped us in the difficult transformation after our independence. Now our economy is booming – our growth is the highest in Europe – but of course we would have liked the Fund to continue its work. We still have a relatively high unemployment rate, and we still want a higher standard of living.”

“We appreciate IØ’s approach to turn further east. Investments there are important from both an economic and a political point of view. We must not forget that the Lithuanian border is not the end of Europe, and I will urge the Fund to make an effort in Belarus.”

Deividas Matulionis, Ambassador of the Republic of Lithuania

IØ/MIØ project activities in Lithuania:

No. of projects	30
Total investments (DKKm)	1,474
IØ/MIØ contracted investments (DKKm)	381
Total expected employment	4,956
No. of active projects end 2003	14

Small Danish companies are now moving east

There are many indications that an important change has been taking place within the Danish business sector in the last couple of years. Contrary to before, many small companies no longer consider establishing business abroad an insurmountable problem.

Around the turn of the century, a number of large, Danish companies decided to move or to extend their production abroad, often in Central and Eastern Europe. IØ is now beginning to experience a tendency of small and medium sized companies following in their footsteps. If the large companies created the first wave, then the smaller ones have now started the second.

To some companies outsourcing is a question of survival, because the global competition has hit the home market and become too fierce. To others it is more a question of expanding and developing a growing business. In any case, several factors come into play when companies are to de-

cide whether to take the leap and establish business in new countries. Among those, the prospects of inexpensive labour and large growth markets are often of great importance. For small Danish sub-suppliers it may also be a question of following large customers, who have already moved out.

The Danish textile industry moved production abroad many years ago. Now there is a tendency of small companies within the iron, metal, plastics and wood industries following suit, and most often the unskilled labour is “moved” abroad. While the number of unskilled workers in the Danish industry is decreasing, the number of highly educated people has increased. The fact is that outsourcing creates a foundation for more knowledge intensive jobs in Denmark, and thereby secures future employment and income in Denmark.

“We do not want to build a new Berlin Wall”



“Denmark has supported Latvia from the beginning, politically as well as financially, and the Fund has played an extremely important role. Most of the Danish companies in Latvia cooperate with IØ, and I am convinced that we would not have seen so early and so many Danish investments in our country without the Fund’s support.”

“Generally speaking, the investments supported by the Fund are different from other foreign investments: They concentrate on production, and they are placed in rural areas where the unemployment rate is high. Those are very important projects.”

“We would really have liked you to continue your activities in Latvia when we join the European Union. Of course it will be easier for us than before, but there will be new challenges, and we will still need new investors.”

“It is also important that IØ will be making an effort in the so-called new neighbouring countries. Their development means a lot to us, and we do not want to build a new Berlin Wall when we join the EU.”

Indulis Bērziņš, Ambassador of Latvia

IØ/MIØ project activities in Latvia:

No. of projects	31
Total investments (DKKm)	899
IØ/MIØ contracted investments (DKKm)	234
Total expected employment	3,064
No. of active projects end 2003	18

“Important environmental projects”



“The Danish investments in Slovakia supported by IØ are very important.”

“In northern Slovakia where the unemployment rate is very high, Ecco, a Danish company, has created 1,500 jobs supported by IØ. In addition to this, the project has functioned as a flagship for foreign investments in Slovakia. But the smaller projects in the environmental field have been just as important. The environment is the most crucial issue we have to cope with, because the previous regime never took care of it. The Danish companies have a very high level of environmental conscience.”

“The Fund’s activities will definitely help the EU’s new neighbouring countries. As soon as the economy is going well, it will result in more stability. It is important not to isolate these countries.”

Roman Buzek, Ambassador of Slovakia

IØ/MIØ project activities in Slovakia:

No. of projects	17
Total investments (DKKm)	1,060
IØ/MIØ contracted investments (DKKm)	228
Total expected employment	2,270
No. of active projects end 2003	12

Two examples of IØ investments:

Wheel factory creates jobs in Croatia

One of the recent projects which IØ has co-financed is the establishment of a factory for the production of steel wheels in north eastern Croatia, an area where the 1991-95 war left its trace. You may still be stopped by soldiers removing landmines, unemployment numbers are huge, and the standard of living is low. Development has been very slow, but one of the bright spots is a new wheel factory, which the Danish company Starco Europe A/S with co-financing from IØ started in September 2003, and which already employs 40 people.

Close to the EU

For many years Starco did not have production outside Denmark, but during the 1990s the company expanded and started operating in Europe, and later on in countries such as Estonia, Latvia, Lithuania, Poland and Russia.

In 2002, the company decided to purchase a storage facility in Croatia with a view to starting wheel production there. “We chose Croatia because it is a stable country close to the EU, which furthermore has low cost and not least qualified labour”, says Starco’s owner and managing director, Peer Ejlersgaard. Earlier on, Croatia housed a number of factories, which produced parts for the car industry, but during the war years most of them went bankrupt and were closed.

Therefore, besides the qualified labour, Starco also found most of the machinery in Croatia. Many of the machines in the new factory have been bought from a previous factory in the area, which used to produce automotive parts for Renault.

IØ network an advantage

IØ has granted a loan of DKK 10.0m to the project company. Contrary to most commercial banks operating in Croatia, IØ offers medium- and long-term loans, solely se-

cured on the company’s assets, which made it easier for Starco to obtain additional financing from other sources. The loan, however, is not the only thing IØ has to offer. IØ does not possess any special knowledge about wheel production; however, the Fund has in-depth knowledge about Croatia and a well-functioning network in the area. It has been a positive experience working with IØ, says Peer Ejlersgaard: “IØ obviously has a network and knowledge about the administrative as well as the legal aspects of the country, which we do not possess. This means a lot”, he says.

Recycling wastewater

As in all projects which IØ supports, the Fund has collaborated with the Danish partner to ensure high standards for the environment and occupational health and safety as well as for the code of conduct of the company. However, Starco has not had difficulties meeting those standards. Since the beginning, the company has met the Danish environmental standards, even though potentially polluting materials such as metal, tyres and oil are used in wheel production. This is why Starco’s factory in Croatia holds the only – or so it is said – powder spraying system recycling wastewater.

As for the employees, the management is very focused on providing equal rights for all, and hence efforts have been made to ensure that the three population groups in the country, the Croats, the Hungarians and the Serbs, are all represented among the employees, and the employees are all paid somewhat above the country average. But Starco is also trying to create more effective production than what used to be traditional in Croatia.

“We have realised that things take time in Croatia. The cultural difference is significant”, says Peer Ejlersgaard, who among other things has arranged for large-scale exchange of employees between Starco’s factories in Croatia, England and Denmark.



Starco Croatia

Rockwool contributes to economic growth in Russia

Productivity has multiplied more than ten-fold in only five years. The Rockwool Group itself has named the activities in Russia its “growth machine”, and Rockwool’s factory near Moscow is indeed one of the largest projects IØ/MIØ has ever supported. When Rockwool International took over a stone wool factory near Moscow in 1999, IØ/MIØ supported the project company, ZAO Mineral Wool, by subscribing for shares in the amount of DKK 87.0m. Even though production start was delayed by the rouble crisis, the project has proved to be extremely successful. Today, the factory employs almost 500 people.

Improved environment

“Productivity has increased significantly since we took over the factory. This has only been possible due to a massive transfer of knowledge – technology wise, but also in the managerial area”, says Steen Ørnslund, divisional director of Rockwool’s North Division.

Concurrent with the considerable increase in productivity, the project has succeeded in improving the technology and not least reducing the negative environmental impact of the factory significantly.

The Rockwool companies have a common environmental policy. According to this, the companies have an environmental management system, which describes responsibility and control procedures. The companies must constantly make improvements to this system, and they have also acceded to the International Chamber of Commerce (ICC)’s Environmental Charter.

New factory in Russia

For 25 years Rockwool has sold stone wool insulation in Russia, which is a strong growth market. Even though Russian energy prices are kept down somewhat artificially and are only one third of the Danish prices, good insulation still means good savings, and the building activity of western companies and wealthy Russians has already created an annual growth rate of 12-15 per cent in the market for insulation. In the years to come, the market will grow even more, Steen Ørnslund predicts, because the Russian government plans to let energy prices reach market level prices in the course of the next seven years. Therefore the Rockwool Group plans to build another factory in Russia in 2004. IØ has been requested to co-finance this factory as well. In September 2003, IØ granted a loan of DKK 39.0m and subscribed for shares in the new project in the amount of DKK 75.9m.

Important local knowledge

Some might ask what a large, international group can gain from working with a fund like IØ over and above the risk sharing. Could it manage just as well without IØ? Steen Ørnslund does not think so. According to him, the group benefits a lot from the collaboration, which has also worked in other countries: “Even for a large, international company such as the Rockwool Group, it is of great importance to be able to draw on the expertise of the Fund’s employees, in a company board context for instance. They have important local knowledge of legal and political aspects and cultural distinctions, which means a lot in the start-up phase”, he says.

“We want our neighbour-countries to grow”



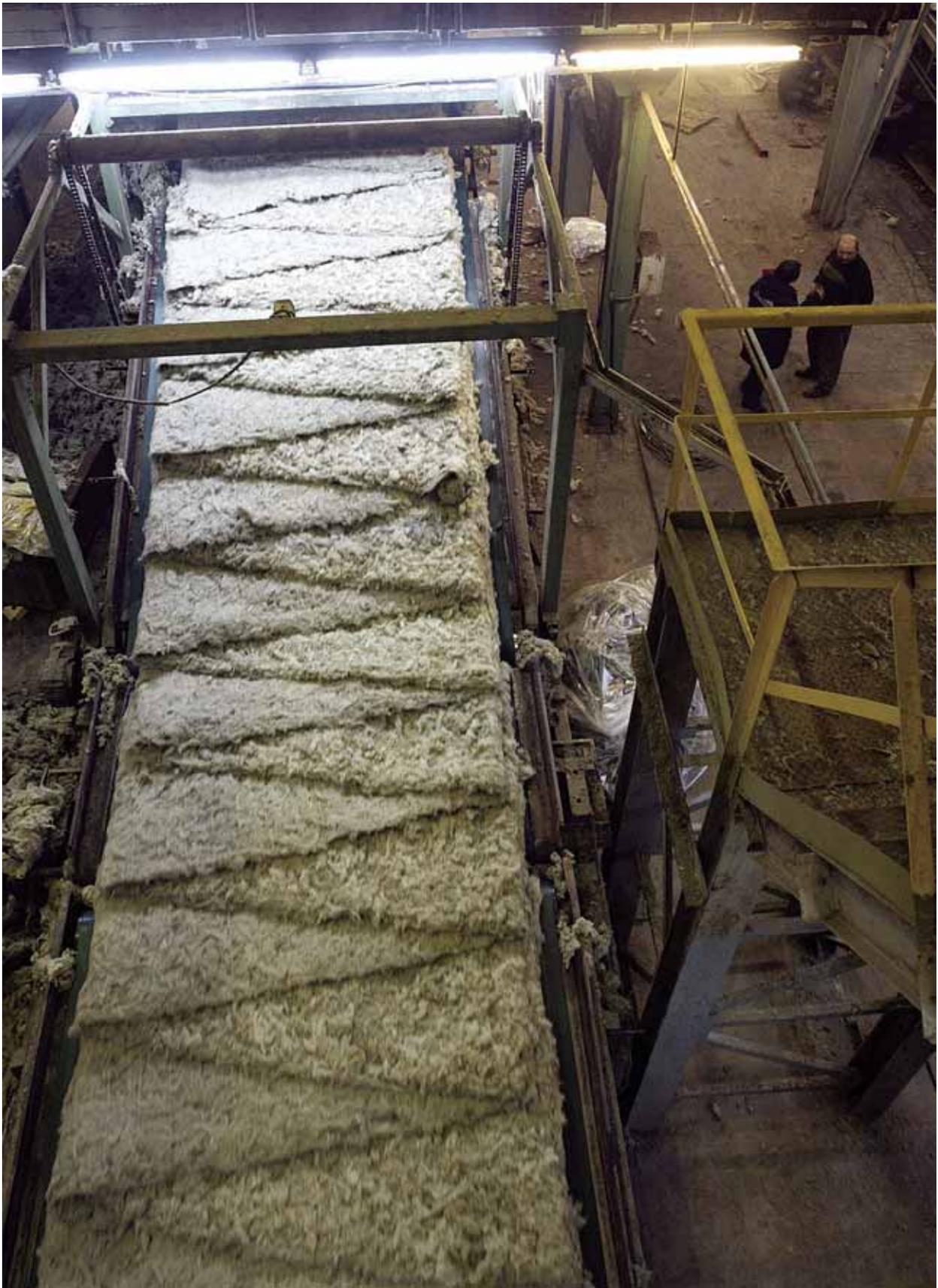
“It has been a big challenge to get foreign investors to our country. Right after we became independent in 1991, many inhabitants were very suspicious about letting foreigners into Slovenia. IØ has supported two projects in Slovenia, and they have shown people that there is no need to be suspicious of foreigners. One of the projects, Danfoss Compressors, has created 600 jobs and is working very well.”

“60 per cent of our export is going to the Western European market, but we are now also concentrating on our neighbours and on the region of Western Balkans. We know these countries, their culture and the mentality, and that makes it easier for us to do business with them. We want our neighbours to develop fast, their economies to grow, and I am convinced that IØ will contribute to making it a success.”

Natalija Raišp, Counsellor of Slovenia

IØ/MIØ project activities in Slovenia:

No. of projects	2
Total investments (DKKm)	349
IØ/MIØ contracted investments (DKKm)	55
Total expected employment	606
No. of active projects end 2003	1



ZAO Mineral Wool Russia

IØ as partner

Partners gain access to comprehensive knowledge, contacts and a wide network of advisers by collaborating with IØ.

- In addition to financing and risk sharing, of course!

Through the partnership with IØ, Danish companies will:

- Gain access to IØ's experience as a global investor and specifically from previous investments in the same sector or country.
- Have the opportunity to make use of IØ's global network of advisers and specifically in the geographic areas in question or within specific areas of expertise.
- Benefit from the respect which IØ enjoys in the host countries by a well-established track record combined with the fact that IØ has been established by the Danish state.

Investors in Central and Eastern Europe have good reasons to seek cooperation with Danish companies:

- Because the Danish business structure is characterised by small enterprises and a high number of entrepreneurs, entrepreneurs from Central and Eastern Europe find it easy to see eye to eye with Danish businessmen.
- Danish companies hold a strong technological and commercial position within many sectors.



Moscow

IØ's financing is also important:

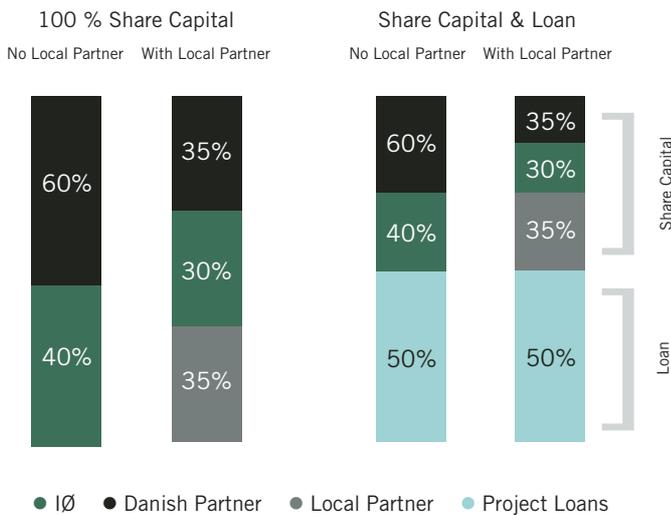
- The risk is spread among more parties, and the ability to withstand unforeseen problems and costs is enhanced.
- IØ is more willing to take risks than commercial banks.
- In certain cases, the partners can benefit from IØ's special facility to finance preparatory studies and first visits.

With money comes advice:

- With more than 350 investments in 16 countries in Central and Eastern Europe, IØ has a broad general experience from the region combined with an important specific country experience.
- In the same way IØ has gathered general valuable experience from most business sectors.
- IØ has unique knowledge when it comes to assessing and facilitating partner relations. Through the years IØ has gained considerable insight into enhancing the potential strengths of partnerships, and also their pitfalls.
- IØ normally takes a seat on the Supervisory Board of Directors of the project companies. In this way IØ's experience is available and ready to be shared with the other project partners and the management to the benefit of the project companies.

Co-financing

- Thanks to its extensive experience and network, IØ is capable of putting together complete financing solutions for projects. IØ cooperates with a number of international, European and Nordic sources of financing. Of these can be mentioned International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), Nordic Environmental Finance Corporation (NEFCO) and the other 12 members of the association of European Development Finance Institutions (EDFI).
- Based on IØ's knowledge of local financing conditions, IØ can help identify local sources for long and short term financing in the host countries.



IØ's part of the project financing

- IØ may subscribe for share capital, provide mezzanine financing, grant loans and issue guarantees for loans from other financial institutions.
- IØ can normally co-finance up to 30 per cent of the total project investment incl. working capital. For small projects IØ's co-financing may in exceptional cases go up to 50 per cent of the total investment.
- The maximum amount IØ may invest in a single project is under normal conditions DKK 50m.
- IØ's part of the equity capital shall always be smaller than that of the Danish partner.

Eligibility

Both large and small projects, including pilot projects, are eligible for financing, as long as they contribute to value-added and sustainable economic activity in the host country. This applies whether they are green-field projects, expansion of existing projects or privatisation of state run businesses.

The investment is conditional on IØ viewing the project as commercially viable and the active participation of a Danish private investor.

Potential host countries of investments are the group of former communist states in Central and Eastern Europe except those countries that will become EU members in 2004.

How IØ works



Moscow

IØ recommends that companies contact IØ early on during project planning or preparations. In this way they will be able to benefit fully from IØ's participation.

To initiate an investment process, IØ may issue a preliminary approval of the project – a so-called declaration of Clearance in Principle. This document can facilitate negotiations with authorities, project partners and lenders.

When preparations are drawing to a close, IØ will in most cases arrange for the partners to meet at a final meeting headed by an independent facilitator. The purpose of such a pre-investment meeting (PIM) is to ensure that all stakeholders share a full and clear understanding of each other's business motives and obligations prior to the final investment decision.

The signing of the shareholders' agreement and/or the loan agreement between IØ and the partners marks the conclusion of the project preparations. IØ usually takes a seat on the supervisory board of the project company, which allows the partners to benefit continuously from the Fund's knowledge.

Once a project company is consolidated and profitable – usually after 6–8 years – IØ withdraws. IØ's shares are sold with a first right of refusal to and at terms often agreed by the partners at the beginning of the project. The capital returned to IØ can then be used for new investments.

Sister Funds and international co-operation

Together with its sister Fund IFV (The Investment Fund for Emerging markets) that ends new investments in 2004, IØ is administered by IFU (The Industrialisation Fund for Developing Countries). The three Funds are collectively termed the Danish International Investment Funds.

The Funds are members of the association of the European Development Finance Institutions (EDFI). This is an organisation with the objective of furthering mutual cooperation between the 13 EU member institutions and safeguarding common interests in relation to the European Commission and its institutions, including the European Investment Bank (EIB).

“IØ’s support has helped small companies”



“We are very happy with IØ. The Fund has made small Danish companies capable of investing in Hungary, and many of them are very well-functioning.”

“I think, however, that IØ could be more visible in our region. An information campaign would generate more attention. But IØ’s expertise is wonderful. The investors are always extremely well-prepared when they start a project. We do not want this local knowledge to be wasted when the Fund moves its activities because of our EU membership. I hope IØ can still find a way to use its expertise in Hungary – maybe the Fund could establish contacts with commercial banks, so the expertise in IØ could be channelled into the finance sector.”

“All in all: We do not want IØ to disappear from the region, and I wish the Fund good luck with the challenges in the new neighbouring countries. It will be a tremendous task.”

Ottó Róna, Ambassador of Hungary

IØ/MIØ project activities in Hungary:

No. of projects	15
Total investments (DKKm)	3,353
IØ/MIØ contracted investments (DKKm)	239
Total expected employment	1,190
No. of active projects end 2003	7

“The projects have created new jobs”



“The business relations between Estonia and Denmark are very good: We have more than 150 Danish investments in our country. The 13 IØ projects have definitely played a role, although they are a relatively small part of the total investments. Many of the projects are very sustainable, exports are growing, and they have created new jobs – some of them are in the rural areas where we do not see so many investments, and where the unemployment rate is high. Investors are easily attracted to the centres, but the Fund has been good at focusing on the regions.”

“I hope IØ can play a positive role in the neighbouring countries and, like in Estonia, will be good at focusing on the regions, particularly on the areas bordering the EU. We have a vital interest in democratic development in those countries, and we are doing what we can to support it. I think IØ can play its part, too.”

Taavi Toom, Ambassador of Estonia

IØ/MIØ project activities in Estonia:

No. of projects	15
Total investments (DKKm)	549
IØ/MIØ contracted investments (DKKm)	86
Total expected employment	4,060
No. of active projects end 2003	8

The adviser network:

Special expertise and local knowledge

Companies entering into dialogue with IØ can draw directly on a global network of advisers who each has a special expertise or local knowledge of the area in which establishment of the project is contemplated.

At the end of 2003, IØ had 15 advisers related to Central and Eastern Europe.

The network is extended continuously with the purpose of offering the best possible guidance when it comes to choice of partners, preparation and implementation of the projects. Most of the advisers are senior businessmen with considerable commercial experience. Many have run their own business or have held a leading position in a company, and they have an in-depth knowledge of local business culture, investment authorities, local financing institutions, accountants, lawyers, etc.

Ukraine: Strong network

A native Ukrainian, Tamara Kravchenya has almost ten years of hands-on experience working with Danish and other Western European companies operating in the CIS.

This understanding of doing business is an unrivalled resource available to Danish companies considering entry into or expanding their presence in the Ukrainian market. The discrepancy between the legal framework and actual operations on the ground often baffles foreigners.

During eight years of working as deputy general manager for Jahn International A/S Tashkent, Tamara has witnessed and participated in the complex transition to market economy by preparing for, participating in and providing translation during all high-level negotiations. Tamara's record includes inti-



mate involvement in an extended management and finance training project run by Herning Business College and the Bologna University under TACIS sponsorship.

Taking this experience back to Kiev in early 2003, Tamara has acquired a comprehensive knowledge of the actual functioning of the Ukrainian economy as well as a strong network of contacts both within the government and the private business sector throughout the country.

Romania: Reliable inputs

During his career, Nicolae Cune has obtained a unique insight into foreign trade as well as a strong network within the government in Romania.

Since he graduated from Bucharest Economic Academy and Polytechnic Institute in Bucharest, Nicolae has worked for two Ministries: Ministry for Foreign Trade and Ministry of Foreign Affairs.

In addition to this, three years as commercial officer at the Romanian Embassy in Copenhagen has given Nicolae the opportunity to become familiar with Danish business and economy.

Since Nicolae joined IØ in September 2002, he has offered Danish companies assistance in operating in Romania. He believes that the main task for an adviser is to offer reliable inputs to reach fair and realistic contract commitments.

"Acting in a developing market, it is very important for any foreign investor to be in time as well as in line with daily changes. Thus I encourage Danish companies to address the Fund when they are looking for an experienced and reliable partner for investing in Romania," Nicolae Cune says.



Investment portfolio as at 31 December 2003

Activity/product	Danish Partner (s)	IØ Participation		Total Disbursed (DKK mill.)	Total Outstanding (DKK mill.)	Total Investment (DKK mill.)	Employment (Persons)	Period	
		Shares (DKK mill.)	Loans (DKK mill.)						
*BALTIC COUNTRIES (REGIONAL)									
Baltic Property Trust	Real estate	Baltic Property Trust	20.8		20.8	20.8	200.0	40	2002-
Incentive	Research and development	Incentive	0.1	0.4	0.5		1.2	5	1993-1995
Jysk Baltics	Retail shops	Skemman (Jysk)		12.5	12.5		50.0	220	2002-
TK Development Baltics	Development of real estate	TK Development	7.8	18.8			333.0	6	2002-
Total 4 Projects			28.7	31.6	33.8	33.3	584.2	271	
*CENTRAL EUROPE (REGIONAL)									
Euro Mall Holding	Real estate activities	TK Development	30.0	90.0	120.0	120.0	1,900.0	1	2001-
Total 1 Project			30.0	90.0	120.0	120.0	1,900.0	1	
BELARUS									
Beldandor	Consulting	Kampsax	0.1				0.6	2	1996-1997
Maersk Medical Belarus	Medical/precision instruments	Unomedical	0.2	3.6	3.7	0.1	7.8	25	1992-
Technology Science	Chemical industry	Three Stones Company	0.0	0.3			3.0	3	1995-1997
Total 3 Projects			0.2	3.9	3.7	0.1	11.4	30	
BOSNIA & HERZEGOVINA									
Horizonte BH Enterprise	Financial institution	No Danish partner	6.9		4.8	4.8	125.0	6	1997- #
Panonska pivovara Saraj.	Beer distribution	Tuborg International					3.8	2	1998-2001
Total 2 Projects			6.9		4.8	4.8	128.8	8	
BULGARIA									
Brunata	Energy consulting	Brunata	0.1		0.1		0.4	4	1992-1995
Bulrib NOWACO Ltd.	Storage/distrib. of food prod.	Nowaco	1.8	4.0	5.5	5.2	20.0	30	2000-
Porsaco	Fabricated metal products	Porsaco	0.1				0.3	2	1994-1996
Toptex	Textiles	B&C Textiles	0.3		0.3	0.3	2.0	50	1998-
UMS Tervel	Sunflower extraction	United Milling Systems	7.8				93.0	125	1995-1996
Total 5 Projects			10.1	4.0	5.9	5.5	115.7	211	
CROATIA									
Panonska Pivovara I	Brewery	Carlsberg Breweries	58.0		37.4	37.4	55.0	210	1994-
Panonska Pivovara II	Brewery	Tuborg International					320.0	130	1995-2003
Regent Esplanade Zagreb	Hotel with restaurant	SAS Hotels		52.0			286.8	142	2003-
Starco Beli Manastir	Production of iron car wheels	Starco		10.0	10.0	10.0	25.5	70	2003-
Total 4 Projects			58.0	62.0	47.4	47.4	687.3	552	
CZECH REPUBLIC									
Baltom	Road maintenance	Inreco		2.2	2.2	1.5	9.9	3	2001-
BHJ Garant	Wholesale and distribution	BHJ	5.8	11.0	16.1	14.2	89.3	180	2001-
Bohemian Waste	Sewage and refuse disposal	Marius Pedersen		0.9	0.9		4.0	5	1992-2001
Brno Shopping Center	Shopping center	TK Development						5	1999-2001 #
Cembrit CZ	Fibre cement products	Dansk Eternit Holding	42.8	69.9	91.6	57.9	201.0	259	1992-
Cembrit Moravia	Fibre cement products	Dansk Eternit Holding	20.6	25.5	46.1		126.5	230	1993-2003
Central Sticks	Wood products	Norwood	2.2	12.0	12.2		10.0	15	1995-2002
CRI (CZ)	Software / consultancy	Computer Resources Int.	2.0		2.0		12.0	40	1993-1999
CTT	Research and development	Dansk Eternit Holding		2.5	2.8		5.0	6	1992-1997
Dan-Moravia Agrar	Agricultural production	Moravia Invest		16.5	2.1	1.2	26.3	20	1998-
Dancoo Praha	PVC pipes	Naturgas Syd	12.9				60.0	115	1990-1992
Danflax	Textiles	Dansk Stålservice	0.6	1.2	1.7		4.5	6	1992-2003
DISA Industries	Machinery and equipment	DISA		61.5	61.9	40.5	168.7	220	1997-
EKO-Chlebicov	Sewage and refuse disposal	Marius Pedersen		3.6	3.6		18.5	8	1994-2001
Elio Slezsko	Sewage and refuse disposal	Marius Pedersen		1.8	1.8		7.0	5	1995-2001
Euro Mall Czech Holding	Real estate activities	TK Development						3	2001- #
Hydrotech International	Hydraulic systems	Svendborg Brakes		5.1	5.1	5.1	19.1	80	2001-
Ivesko	Ventilation equipment	IVS	0.1	0.7	0.7		2.9	6	1992-2003
Lifeline Bohemia	Retail textile company	United Textile Group					2.5	8	2000-
Lousa & Christensen	Auditing firm	Erik Nielsen & N.H Christensen		0.2	0.2		0.9	6	1993-1997
Maersk Agency s.r.o.	Warehousing/distribution	A. P. Møller-Mærsk		34.5	35.3	34.0	76.9	42	2001-
Maersk Sealand	Container terminal	Maersk Czech		59.4			122.6	84	2002-
Merfin Europe	Pulp and paper products	GEA Niro	24.6		19.6	0.6	255.4	60	1995-
Morabo a.s.	Roofing material	Dansk Eternit Holding		6.2	6.2		28.1	20	1996-2002
Moravska Skladkova	Sewage and refuse disposal	Marius Pedersen		2.0	2.0		6.7	10	1993-2001
nkt cables a.s.	Cables and conductors	No Danish partner	36.7		36.9	36.9	314.0	566	2002-
Nowaco	Food trading and cold stores	Nowaco		7.0	7.0		28.5	40	1994-2001
Regios	Sewage and refuse disposal	Danwaste		7.3	7.9		24.0	20	1994-2001
Sedba Baking	Food and beverages	Havnem_lerne	0.4		0.4		1.2	15	1992-1995
SSHL	Sewage and refuse disposal	Marius Pedersen		5.1	5.1		5.9	3	1993-2001
TK Development Czech H.	Real estate	TK Development	11.3	20.0	25.1		200.0	9	1997-2001 #
Zivotice	Agriculture and farming	DLF-T	1.8	4.2	6.2	4.6	73.8	35	1995-
Total 32 Projects			161.9	360.4	402.7	196.5	1,905.1	2,124	
ESTONIA									
Baltifalt	Construction	Colas Danmark	2.9	2.6	5.5	5.5	19.8	140	1997-
Bunim Welding	Production of metal components	Jern Holding	2.4		2.0		20.0	120	1998-2002
Falck Baltic	Safety services	Group 4 Falck	26.8		26.8	26.8	122.0	3,000	1998-
Flex-Heat	Energy production/distribution	Justsen Energi./Flexa Holding	0.5		0.5		1.5	2	1996-2000

Activity/product	Danish Partner (s)	IØ Participation		Total Disbursed (DKK mill.)	Total Outstanding (DKK mill.)	Total Investment (DKK mill.)	Employment (Persons)	Period	
		Shares (DKK mill.)	Loans (DKK mill.)						
Flexa Eesti	Wood products	Flexa Møbler	3.6	3.1	5.9		23.7	125	1994-1997
Hansa Graanul	Wood pellets	VE-Gruppen		6.0	6.0	5.3	25.2	14	2001-
Holsteinborg	Wood products	Holsteinborg	0.3		0.3		2.5	2	1994-1995
Merit Kinnisvara	Ecological milk product	I/S Estland		2.5			8.3	5	2003-
Nycomed SEFA	Chemical industry	Nycomed Danmark		8.0	5.0		21.5	32	1993-1999
Oü Notio Puit	Furniture	Notio Møbler	1.1	0.6	1.7	1.5	3.8	31	1997-
Radisson SAS Hotel	Hotels	SAS Hotels	13.4		13.4	13.4	240.7	220	1999-
Rationel Eesti	Wooden windows	Viking Window	2.3	2.0	3.8		12.0	60	1995-2002
Saare Püünis AS	Rope and fishing nets	Frydendahl		3.0	3.0	3.0	9.4	100	2003-
Treilor	Road pavement	Colas Danmark					7.6	60	1999-
Vest-Wood Eesti	Production of doors/furniture	Vest Wood		4.5	4.5		30.0	150	1999-2003
Total 15 Projects			53.2	32.3	78.3	55.5	548.0	4,061	
GEORGIA									
Georgian Egg	Production of egg	ScanBrid	4.1				21.2	213	2002-2003
Georgian Natural Products	Production of hazel nuts	Venndt	1.6	0.6	1.5	1.5	3.7	140	1999-
Total 2 Projects			5.7	0.6	1.5	1.5	24.9	353	
HUNGARY									
Capella	Food and beverages	Niels Buchholst		0.4			1.7	5	1993-1994
Dan-Farm Hungary Kft.	Pig production and farming	Dan-Farm Holding	1.5	8.8			41.7	20	2002-
Danagrigo Production	Pasteurised liquid eggs	Danæg Products	4.0				16.0	20	2001-
Danagricola	Egg products	Danæg Products	0.1				0.2	5	2001-
Hungarian Tel. and Cable	Telecommunications	TDC	62.4		62.2		1,285.9	380	1999-2002
Inreco Hungary	Road construction	Inreco	0.5	0.5	0.9	0.1	8.8	19	1995-
Intermag	Agriculture and farming	Frøkompagniet	1.2				14.6	9	1990-1992
IO Interactive Hungary	Computer games	IO Interactive	6.0		4.7	4.7	10.0	100	2003-
Kelet-Nórgrád-Com	Post and telecommunications	TDC	4.9	27.6	31.9		419.0	200	1994-1997
Kolos	Food and beverages	Kolding Gruppen	41.3	13.2	26.1	20.1	95.5	29	1993-
Mentor Informatika	Computer and rel. Activities	Mentor Informatik	0.1		0.1		2.2	13	1992-1994
Pannon GSM	Post and telecommunications	TDC		23.7	21.6		1,200.0	200	1994-1996
Raba-Com	Post and telecommunications	TDC	4.1	20.2	23.4		175.0	66	1994-1997
TOPP Group	Cold goods distribution	TOPP Group		3.5	3.5		20.0	20	1996-2000
Wavin Kft.	Rubber and plastic products	Nordisk Wavin	15.0		14.1		62.6	83	1992-
Total 15 Projects			141.2	97.8	188.6	24.9	3,353.1	1,169	
LATVIA									
Air Baltic Corporation	Air transport	SAS	15.9	18.4	36.8	1.2	130.0	300	1995-
Ballegaard	Wood products	Ballegaard Ejendomme		0.5	0.5		2.3	15	1994-1996
Balta	Insurance	Codan	82.3		69.2	69.2	238.0	1,000	2001-
Balta Insurance	Insurance and pension funds	Tryg-Baltica		2.9	2.8		7.4	12	1992-1993
Baltic Candles	Production of candles	P. Brøste/Langeland Design		0.5	0.5		1.4	25	1997-2000
Danlat Agro	Agriculture	Danlat Agro		1.2	1.2	0.9	5.2	8	1999-
Danlat Inform Whole Sale	Computer and rel. Activities	Bornholms Skibsradio	0.2	0.6	0.8		2.4	15	1991-1999
Danteks	Production of knitwear	First Factory		3.0	3.0	3.0	7.4	100	2003-
DLT-AUCE	Clothing	Godske Kjoler/Spectre/Power K.		0.6	0.6		1.2	125	1996-1997
DLT-Saiva	Clothing	Godske Kjoler/Spectre/Power K.		2.5	2.5		47.0	500	1993-1997
East Metal	Metal production	East Metal Trade		1.5	1.5	0.9	3.3	50	2000-
East Wood	Building materials	E Wood		1.8	1.8		7.0	85	1998-2003
Gaizeni	Pig breeding	Danlat Gruppen	0.3	3.8	4.0		15.0	20	2001-
Godske Latvian Textile	Textiles	Godske Kjoler		1.6	1.6		6.5	30	1997-2002
HoP Riga	Tobacco	House of Prince	6.4		7.2		117.6	360	1992-2001
Hotel Cesis	Hotel activity	Danlat Gruppen	0.8	0.8	1.7	0.9	6.0	30	1998-
Kaas Steel	Steel constructions	Kaas Stålkonstruktion	3.7		3.0	3.0	16.5	60	2000-
Kakenieki	Agriculture and farming	Dansk-Lettisk Kartoffelavl	0.2		0.2		1.5	12	1994-2002
Klagati	Land purchase and cultivation	Klagati DK		0.5	0.5	0.5	2.1	3	2003-
Labiba Un Kvalitate	Agriculture	P. Andresen Nygaard	1.3	0.6	1.6	1.4	5.1	6	1999-
Lanell Int.	Clothing	Kinell Fashion/Kirsten Lyngsø	0.2		0.1		0.5	21	1993-1996
Latvall	Wood pellets	Spanvall	1.9	3.5	5.0	4.2	17.3	13	1997-
Latvia Timber Int.	Wood products	Vejen Trælasthandel	6.3	5.6	11.1		16.5	30	1992-1996
Latvidan Agro	Production of slaughter pigs	Torpgaard Holding		12.0			33.6	17	2002-
Lauku Agro	Production of grain for feed	Torpgaard Holding		3.0			18.0	4	2002-
Let-Line	Water transport	Dan Transport Group	1.6	2.5	4.1		14.0	8	1994-1996
Ozolaji Cukaudzetava	Pig production	Lat-Agro		5.0	2.0	2.0	10.0	15	2003-
Pumac Latvia	Production of steel components	Pumac		5.2			20.2	75	2003-
Sia Locitech	Production of metal components	Haugaard		2.5	2.5	2.5	8.5	75	2003-
Stema Latvia	Processing of fish	Ideal Huse	1.5		1.4	1.4	12.1	35	2002-
TK Properties Baltics	Shopping center	Th. Kristensen Properties	12.7	19.0	11.2	7.5	145.5	15	2000- #
Total 31 Projects			135.2	99.1	178.4	98.5	919.2	3,064	
LITHUANIA									
ABB ELGA	Fabricated metal products	ABB Energi	0.7		0.5		3.0	5	1993-1995
ABB Tehnika	Construction	ABB	0.4				2.5	3	1994-1995
Azuolas	Furniture production	Bodilsen	2.3	2.0	3.8	3.6	10.0	150	2001-
Baltijos Kopia	Publishing and printing	Damgaard-Jensen/_rhus Neokopi	0.4		0.4		1.5	20	1994-2003
Bio Ekra	Waste water engineering	BioBalance	0.2		0.2		0.4	3	1996-2002
Bité GSM Baltic	Post and telecommunications	TDC		29.4	32.3		165.0	300	1996-2002
BlueTel Baltic	Telecommunications	BlueTel	3.0	1.5	2.4	2.4	10.0	45	2001-
Comliet	Post and telecommunications	TDC		10.3	8.9		30.7	33	1992-2001

	Activity/product	Danish Partner (s)	IØ Participation		Total Disbursed (DKK mill.)	Total Outstanding (DKK mill.)	Total Investment (DKK mill.)	Employment (Persons)	Period
			Shares (DKK mill.)	Loans (DKK mill.)					
DanBaltTrans	Land transport	Andreas Andresen	0.8	0.3	0.7	0.7	3.1	15	1994-
Danplastas	Glass fibre production	Bach Glasfiber		2.0	2.0	2.0	7.0	60	2003-
Dara Food	Agriculture and farming	IME	0.0	0.4	0.4		1.2	40	1992-1999
Engel-Dali	Clothing	F. Engel	0.4		0.3		1.4	60	1995-1999
Espersen Lietuva	Fish processing	Espersen		15.0	15.0	13.3	50.8	180	2002-
Gelezies Lauzas	Recycling	H.J. Hansen Genvindingsind.	1.9		1.7		8.0	40	1996-1999
Gitolita	Textiles	Gito		0.3			1.8	105	1995-1996
Jurbalita	Flower decorations	El-Flora		0.4	0.4	0.4	0.9	50	2002-
La-Nika	Textile production	United Textile Group		2.0	2.0	1.7	5.7	393	2002-
LA-NIKA Baltic	Clothing	United Textile Group		1.4	1.4		4.6	100	1994-2000
Lietuvos Draudimas	Insurance	Codan	98.9		102.2	102.2	618.0	2,000	2000-
Minijos Nafta	Extraction of oil and gas	DONG	0.1	22.9	8.5		30.0	8	1995-1999
Modematic	Electrical machinery/equipment	Relæmatic/Løsekraut	1.0		1.0		3.5	15	1995-2003
NCC Fegda UAB	Construction	NCC Danmark	18.1	3.4	18.1	14.6	89.0	50	1997-
Randers Reb Production	Production of rope	Randers Reb	7.5	20.0	17.5	17.5	40.0	73	2002-
Saerimner	Pigfarm	Danish Lithuanian Holding		17.5	17.5	14.1	65.9	90	2000- #
Svyturus Brewery	Brewery	Carlsberg Int.	70.6		69.0	69.0	330.0	292	1999-
Utzon	Production of fish nets/ropes	N.P. Utzon Holding		7.0	7.0		16.0	30	2001-
Vilniaus Margarino Gam.	Food and beverages	Dragsbæk Margarinefabrik	2.5	3.8	3.3		14.9	26	1997-2003
Vilniaus Taurus Brewery	Brewery	Bryggerigruppen		23.4	26.6		58.5	500	2000-
Wavin Baltic	Rubber and plastic products	Nordisk Wavin	3.9		4.4		18.0	100	1995-2002
Wood Team Production	Furniture	Wood Team Denmark	5.1	0.2	4.2		21.6	170	1997-2002
Total 30 Projects			217.7	163.1	351.5	241.5	1,613.0	4,956	
POLAND									
Aalborg Portland	Cement	Aalborg Portland	7.5				20.0	7	1995-1996
Aalborg Portland Polska	Trade company	Aalborg Portland	0.0		0.0	0.0	0.2	4	1996-
Agrocorm	Machinery and equipment	Cormall Agro Holding	1.1		1.1		8.3	18	1990-1995
Allerpasz	Wholesale of feeds	Brdr. Bylling		8.0	8.0	8.0	34.0	25	2001-
Alsybet	Concrete pipes	Sydbeton	1.4	2.1	3.4		6.8	18	1992-
Anonymous	Production of cables	Anonymous	7.5				118.8	426	1998-2000
BAAC	Auditing firm	Alsø & Breinholt/Christiansen	0.5	0.1	0.6		1.8	11	1990-1998
Bank Wlasnosci Procown.	Banking	Nordea	12.0		12.5		268.0	20	1999-2001
Bauma Unicon	Paving stones	Unicon Beton	2.2	1.9	3.9		94.3	37	1994-2000
Baxi Radan	Production of boilers	Baxi	4.9	8.8			36.5	140	1999-2001
BDO Polska	Auditing firm	RIR Revision	0.5		0.1		1.1	15	1991-1995
BelTiCa-Poland	Textiles	Belika Strikvarefabrik		1.2	1.2	0.9	5.6	275	1997-
Berendsen Poland	Laundry Services	Sophus Berendsen	11.1		8.5	8.5	82.1	390	1993- #
BL-Invest	Real estate activities	ABC Hansen/Skiold Holding		2.2	2.2	1.5	8.4	1	1998-
BL-Kutno	Agricultural machinery	Maskinfabrikken BL		0.6	0.6		2.8	40	1998-
Bording Polska	Production of envelopes	F.E. Bording	1.0	0.4	1.0		1.9	5	1996-2001
Budodana	Energy production/distribution	Smedana	0.1				0.7	20	1995-1996
Bytom Ren.Energy Gen.	Landfill gas extraction	ESCO International	4.7	3.1	0.0	0.0	15.0	3	2000-
C. H. Reduta	Shopping center	TK Development						5	1997-2001 #
C. H. Targówek	Shopping center	TK Development						5	1997-2001 #
C.H.Reduta II	Shopping center	TK Development						5	2000-2001 #
C.H.Targowek II	Shopping center	TK Development						5	2000-2001 #
C.J.International	Land transport	C.J. International	0.3		0.3		3.5	120	1991-1996
Carlsberg Okocim	Brewery	Carlsberg	77.0		76.6	66.4	830.3	1,173	1996-
Centrum Handl. Chorzow	Shopping center	TK Development						5	1998-2001 #
Centrum Handlowe Bytom	Shopping center	TK Development						5	1998-2001 #
Centrum Handlowe Sosnowie	Shopping center	Euro Mall (TKF) Holding						5	1999-2001 #
CET	Electrical machinery/equipment	NKT Holding	0.3		0.3		5.5	25	1993-1998
Chlodnice Nissens Polska	Radiators for vehicles	Nissens K_erfabrik	0.0	0.5			3.1	5	1998-2001
Credin Polska	Food and beverages	Palsgaard Industri	5.8		5.2	5.2	6.0	9	1994-
Cygate Polska	Computer and rel. Activities	Erik Westerberg		3.0	3.0		8.0	11	1996-2001
Danagri Invest	Real estate activities	Cormall Agro Holding		0.4			1.2	1	1998-2001
Danexport Polska	Whole sale and distribution	BHJ	8.0		6.7	6.7	41.6	35	2002-
Danipol	Textiles	Performance Group	2.0		2.0		15.3	500	1992-
Danish Farm. Consultants	Production of Slaughter Pigs	Pol-Dan	2.3	8.5	10.1	4.6	45.1	65	1995-
Danlux	Wood products	Dan-Imex		1.4	0.9		1.7	35	1993-2000
Danselbud	Real estate activities	Noratel Denmark					4.0	1	1996-1998
Demex Electric Polska	Manufacture of el. switches	Demex Electric	1.3	1.0	1.0	1.0	6.0	35	2003-
DISA	Air pollution control equip.	DISA		59.6	29.8	14.9	62.2	140	2000-
DLH Finér	Wood products	Dalhoff Larsen & Hornemann		3.5	3.5		14.3	30	1995-1999
DLH Nordisk	Wood products	Dalhoff Larsen & Hornemann		27.6	17.4		28.9	16	1994-1999
DP Batteries	Batteries	Alkaline Batteries	2.0	7.7	6.7		17.3	72	1991-1995
Druk X-Press	Publishing and printing	Power Print Polen	0.1	0.5	0.6		2.3	10	1991-1994
Dyrup Polska	Chemical industry	Dyrup & Co.		4.8	4.8		61.9	66	1994-2002
EIEE	Education	EIEE	0.3		0.2		0.7	4	1994-1996
Elda	Electrical machinery/equipment	LK	33.0		21.7		154.4	1,200	1994-1999 #
Elopak	Pulp and paper products	Schouw Packing	15.9	8.4	22.6		40.0	11	1993-2002
Elopak Finance	Financial institution	Schouw Packing	7.8				28.8	1	1995-1996
Elsamprojekt Polska	Consultancy	Elsam	0.4		0.2		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	2000-2001
Energó-Asekuracja	Non-life insurance	Tryg-Baltica	45.4		44.5		335.6	320	1999-2001
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	14.4		14.2	75	1994-2003

	Activity/product	Danish Partner (s)	IØ Participation		Total Disbursed (DKK mill.)	Total Outstanding (DKK mill.)	Total Investment (DKK mill.)	Employment (Persons)	Period
			Shares (DKK mill.)	Loans (DKK mill.)					
Euro Mall Holding	Real estate activities	TK Development/Steen & Strøm	6.0	60.6	70.9		304.3	2	1997-2001 #
Euro Mall Poland Holding	Real estate activities	TK Development						25	2001- #
Exbud-Nova	Road material	Novejfa	1.0	2.7	3.6		23.0	185	1995-2001
Expol	Building products	Dras		3.0			12.0	60	1993-1996
Fabryka Wafli MIRAN	Food and beverages	Frima Vaffer	1.7	0.7	2.2		4.0	10	1994-
Famacorm	Real estate activities	Kongskilde	0.1		0.1		3.7	1	1994-1999
FARO Szczecin	Whole sale and distribution	BHJ					1.0	22	2002-2003
Fire-Eater Poland	Fire equipment	Fire Eater	0.4	1.0			3.0	40	2003-
FishinSea	Processing of fish products	FishinSea	0.8	1.6	2.2	1.0	5.7	56	1992-
Fiskars Slupsk	Fabricated metal products	Fiskars Danmark	3.0	0.4	2.5		9.5	44	1991-1999
Fiskars Warsaw	Trade company	Fiskars Danmark	0.0				0.1	5	1996-1996
Fomar Roulunds	Friction materials	Roulunds Braking	41.6	8.4	50.7	42.4	144.4	850	1996-
Gedsted Auto	Vehicle spare parts	Gedsted Auto	1.3		1.0		5.7	10	1994-2001
Geotermia Stargard	Geothermal power production	Scandinavian Energy Group		2.3			75.8	5	2003-
GMT-Poland	Food and beverages	Globe Meat Technology		12.4	12.7	12.7	44.6	450	1996- *
GP Batteries	Whole sale of batteries	Alkaline Batteries		1.0			4.0	11	1993-1995
Greensam	Consulting engineers	Hørning Maskinfabrik	0.3				0.8	0	1992-1995
Grene	Agricultural machinery	P. Grene	16.5		16.3	16.3	89.2	250	1998-
Hercules Poland	Fabricated metal products	Hercules	1.5				7.3	15	1994-1996
HTH ekspert w Kuchni	Kitchen furniture	HTH Køkkener	3.0	1.1	3.0	2.5	14.5	120	1999-
InfoCenter	Directory service provider	Yellow Tel		5.7	5.7		11.6	3	2000-
Inreco Polska	Road renovation	Inreco	0.8	1.9	2.7		5.0	20	1994-
Inreco-Emulsja	Asphalt emulsion	Inreco		1.4	1.4		5.2	1	1999-2003
ISOwent	Machinery and equipment	JKF Industri	0.9		0.7	0.7	4.9	9	1996-
Karwice	Farming	Karsten Birkedal Jensen		2.1	2.1	0.3	26.8	10	1998-
Katowice Ren.Energy Gen.	Landfill gas extraction	ESCO International	4.7	2.8	3.8	3.8	15.0	3	2000-
Kongskilde Polska I	Machinery and equipment	Kongskilde	0.0	0.7	0.7		3.3	73	1994-2003
Kongskilde Polska II	Machinery & equipment	Kongskilde		6.0	6.0	2.0	12.0	150	1998-
Kongskilde Polska III	Machinery & equipment	Kongskilde		20.0	19.9	19.9	50.0	250	2001-
KVF Poland	Clothing	Vestergaard Frandsen Group	0.4	0.3	0.7	0.4	1.9	90	1995- *
Legajne Energy Gen.	Landfill gas extraction	ESCO International	2.7	0.2	2.9	2.7	11.7	2	1997- #
Logstor-Pol	Heating pipes	Løgstør Rør	0.1				0.2	0	1991-1996
Lubna Energy Gen.	Landfill gas extraction	ESCO International	3.7				12.0	2	1997-
Maersk Polska	Warehousing and distribution	Maersk Holding Poland		34.5	34.6	21.3	103.1	100	1999- #
Malarska H_berg	Sale of paints	Malerfirmaet H_berg	0.3	0.3	0.2	0.2	2.0	3	1992- *
Marburg	Fast food	Slagteriregion SYD		1.3	1.3		2.5	70	1991-1993
Max Derby	Refrigeration	Maskinfabrikken Derby	7.9		1.6		67.7	260	1993-2001
MBL Poland	Production of spare parts	MBL		10.0	7.0	7.0	54.3	225	2002-
ME-FA International	Fabricated metal products	Me-Fa		1.0	1.0		3.6	10	1995-1998
Mira Polska	Non-metallic mineral products	Mira	1.2				8.3	50	1998-2002
Multiram	Fabricated metal products	Melstrup & Lomholt		0.3	0.3		0.7	5	1995-2000
nkt cables Warsowice	Production of wires and cables	NKT Holding		19.3	19.3	10.5	275.6	25	1999-
Noratel	Electrical machinery/equipment	Noratel Denmark	1.3	1.9	2.7	0.1	4.5	95	1992-
Nykredit Bank Hipoteczny	Mortgage bank	Nykredit		74.3			232.6	100	2003-
OSM Krotoszyn	Food and beverages	GEA Niro		3.8	5.0		51.0	210	1995-2002
P. Nielsen & Partners	Firm of lawyers	P. Nielsen & Partners	0.2		0.2		0.7	7	1990-1997
Palsgaard Poland	Sale of emulsifiers	Palsgaard Industri	0.2				1.5	4	2002-
Pantom Poland	Food and beverages	Pantom	0.3	0.5	0.8		1.9	5	1993-2000
Podan-Pfeiffer	Slaughterhouse machinery	Pfeiffer	0.9		0.4		2.2	5	1992-1996
Pol-Sun	Wholesale of solariums	Dan-Sun		0.5			2.5	4	2000-2002
Polconsul	Construction	ISC Holding	0.3				1.3	3	1990-1994
Poldanor	Agriculture and farming	Polen Invest	7.9	28.6	36.0	1.2	82.0	135	1994-
Policon	Production of 3D labels	Jørgen Clemmensen Holding	1.1	0.7	1.5	1.4	4.7	6	2001-
Polline	Fishing equipment	Hvalpsund Net		1.3			3.9	10	1997-2002
Polrubber	Rubber products	Danrubber	0.5		0.5		1.8	0	1991-1995
Pomrol Agro	Agriculture and farming	Polen Invest	2.4	2.0	2.3		14.3	75	1996-2001
Prime Food	Food and beverages	Polen Invest	31.9	19.1	35.0	28.8	206.0	440	1993-
Print Partner	Manufacture of plastic packing	J. & R. Frydenberg		0.4	0.4	0.3	1.6	3	1999-
Radiowo Ren.Energy Gen.	Landfill gas extraction	Hedeselskabet	3.4	4.8	4.8	4.8	26.5	3	2000-
Radisson SAS Krakow	Hotel	SAS Hotels		17.9	18.0	18.0	220.8	134	2001-
Radisson SAS Wroclaw	Hotel	SAS Hotels		14.9	15.9	15.9	171.3	120	2000-
Remek	Car starters and alternators	Elstock		9.9	6.2	5.8	29.6	120	2001-
Rockwool Malkinia	Insulating material	Rockwool International		35.0			140.0	150	1995-1996
Rockwool Polska	Insulating material	Rockwool International	21.1	34.7	53.9		98.0	554	1993-2002
Rol-Dan	Growing of crops	Dangro Invest		4.4	3.6	1.4	12.2	20	1999-
Rosti (Polska)	Prod. of plastic components	Rosti		25.0	21.3	3.4	91.3	150	1999-
Scandic Food	Food and beverages	DDG Holding		4.8	4.8	0.5	100.0	50	1997-
SFK	Electrical machinery/equipment	NKT Holding	7.5		20.0		118.8	470	1993-1997
SGS Poland	Distribution & transportation	Scandinavian Garment Service	1.0		0.8		8.0	11	1997-2000
Siltec	Electrical equipment	Silcon		9.5	9.5		37.8	70	1998-2003
Skandinavian Transformer	Transformer production	TransElectro		2.3	2.3	2.3	5.7	25	2002-
Sonion Polska	Medical/precision	Microtronic	3.0	2.0	5.0	3.4	18.0	50	1997-
Sopot Bank	Bank	DiskontoBanken	1.0	5.4	6.4		7.4	40	1993-1996
Sosnowiec Ren.Energy Gen.	Landfill gas extraction	ESCO International	4.7	2.8	3.8	3.8	15.0	3	2000-
Sotofte Polska	Real estate development	Søtøftgård	2.8	6.7	8.8	8.8	20.0	6	2001- *
Stok Emballering	Pulp and paper products	Stok Emballering		1.5	1.1		5.0	28	1995-2001
Synoptik Polska	Optical retail chain	Synoptik	3.8		3.0		30.0	80	2000-2003
Tarco Vej	Construction	Tarco Vej	0.1				0.3	0	1992-1996
TK Development Polska	Real estate	TK Development	5.0	20.0	25.0		158.0	16	1996-2001
TopWasa	Insurance	TopWasa	8.4				30.0	2	1992-1995

Activity/product	Danish Partner (s)	IØ Participation		Total Disbursed (DKK mill.)	Total Outstanding (DKK mill.)	Total Investment (DKK mill.)	Employment (Persons)	Period	
		Shares (DKK mill.)	Loans (DKK mill.)						
Unicon Beton	Ready-mix concrete	Unicon Beton	22.1	8.5	24.1	0.9	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	Vallø Saft	4.7	18.0	18.0		190.0	25	1996-
Voigt Promotion	Production of flags	Klaus Voigt		2.0	2.0	1.4	4.9	30	2000-
Wavin Metalplast-Buk	PVC pipes	Nordisk Wavin	9.9		9.4		93.5	425	1991-1997
Woody	Sale of building material	Dalhoff Larsen & Hornemann		8.5	5.5		17.4	40	1996-1999
X-Press Couriers	Courier services	ViaBaltic/Budstikken	0.3	0.5	0.7	0.0	1.5	40	1996-
Zelmech	Electric domestic appliances	Metro Therm	3.6		1.6	1.6	17.4	105	1999-
Zylber König	Food and beverages	Danpol Copenhagen		2.0			9.8	22	1996-1998
Total 148 Projects			521.3	752.4	952.2	364.9	6,977.7	13,043	
ROMANIA									
Agraria Majeco	Agriculture and farming	Manfred Johannesen	0.0				0.1	1	1992-1994
Agrileasing	Leasing activity	Agriholding	1.6		1.5	1.5	16.5	5	2000- #
APM Terminals Romania	Container terminal	A. P. Møller-Mærsk		29.8	29.8	26.1	59.4	30	2001-
BlueTel	Telecommunication equipment	BlueTel		1.1	1.1	1.1	2.7	10	1999-
Carlsrom Beverage	Beer distribution	Carlsberg Int.					0.1	10	1995- #
DDCA Romania	saw mill and pallet production	Tipsgården		1.5			4.9	80	2003-
Glulam Romania	Production of woodproducts	Limtræ Danmark	5.8	12.6	17.3	17.3	30.0	170	2003-
HITROM	Insulating material	Rockwool International	12.0		9.1		14.5	800	1998-2002
Kuma Romania	Marble basin production	Kuma Produkter		1.2	0.8	0.3	1.8	27	1999-
Richter Romania	Leather furniture upholstery	Richter		0.5	0.5		2.1	22	2000-
United Romanian Breweries	Brewery	Carlsberg Int.	9.5	9.8	8.0	8.0	260.0	160	1995- #
Villa Bona Terra	Production of wine	Chris-Wine	3.7	5.9	5.9	5.9	22.5	100	2002-
Total 12 Projects			32.6	62.5	74.0	60.3	414.6	1,415	
RUSSIAN FEDERATION									
Belsoe Russia	Production of cereals	Nutana Holding	3.3		2.6	2.6	8.0	50	2001- #
Broen - ADL	Production of gas valves	BROEN		4.0	4.0	4.0	59.0	40	2002- #
Danfoss	Machinery and equipment	Danfoss	24.3		21.6	21.6	70.0	50	1993
DRTG	Telecommunication	GN Store Nord/TDC		20.0	20.0		80.0	60	1993-1996
DRTG R-J-K	Telecommunication	GN Store Nord/TDC		20.0	20.0		370.0	1	1995-1998
EBI Suppliers	Machinery and equipment	EBI Suppliers	6.2	1.2	7.7		21.2	40	1992-1995
Harry's Russia	Food production	Dan Cake	4.6	10.1	24.0	14.9	40.6	200	1998- #
Iceberg	Ice cream	Scan System Group	0.3	1.0	1.2		4.8	35	1994-2002
KAR-KO RUS	Agriculture and farming	Kar-Ko	0.5		0.5		1.7	5	1993-1995
Neda Paging	Telecommunication	GN Store Nord		2.0	1.7		7.5	48	1993-1998
PEH/PBCM	Metal packaging products	PLM Holding	51.6		53.6		947.2	229	1997-2003 #
Petro Pack	Forest berries packaging	Berrifine		3.3			17.1	25	2003-
Rezidor SAS Country Inn	3-star hotel chain	SAS Hotels	51.2				540.0	320	2003-
Rockwool Vyborg	Production of stone wool	Rockwool International	75.6	39.0			385.0	150	2003-
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	0.9		10.0	10	1992-1999
Sadolin Garments	Production of garments	Sadolin Trade		0.5	0.5	0.5	2.4	300	1998-
Sadolin Properties	Renting of real estate	Kalinka Trade	0.2	1.2	1.4	1.4	3.5	1	1999- #
Sadolin Sestroretsk	Production of garments	Kalinka Trade	0.9		0.9	0.9	3.5	300	1999-
Scanbech	Rubber and plastic products	Scanbech	2.8	0.8	2.6	2.6	9.7	16	1996- *
Shawood	Wood products	Velux		8.0	8.0	7.9	41.0	50	1991-
SISL	Fishing	Ørskov Værft/Royal Greenland	30.0		30.0	20.3	530.0	180	1997- #
St. Petersburg Taxophones	Payphone operators	GN Store Nord	6.5	11.5	18.8		50.0	90	1994-2001
Stimorol Chewing Gum	Chewing gum (packaging)	Dandy Holding	20.8		19.4		57.8	58	1995-1999
Sunny Cake	Food products	Dan Cake	9.8				91.8	3	1997-1999
TK Development Pushkin	Construction	TK Development	1.4	15.0	16.4	16.4	65.0	1	1995- #
Vladimir of Scandinavia	Textiles retail trade	Danko Trade		2.6			10.3	15	1998-1999
ZAO Dirol	Chewing gum	Dandy Holding	74.2	68.2	71.0		665.0	304	1997-2002 #
ZAO Mineral Wool	Insulating material	Rockwool International	52.1	48.8	97.7	44.9	167.5	500	1998-
ZMI St.Petersborg	Machinery and equipment	EBI Suppliers	0.2				1.0	80	1995-1996
Total 30 Projects			419.7	257.1	424.5	138.0	4,281.4	3,211	
SLOVAKIA									
CRI (SK)	Computer and rel. Activities	Computer Resources Int.	0.0	0.3			0.4	5	1996-1999
Dan-Slovakia	Production of Slaughter Pigs	Slovakia Invest		35.0			127.0	85	2002-
DKI Plast	Prod. of plastic components	DKI Plast	2.5	3.8			19.8	25	2003-
Dusan Rajcan	Kiln drying of sawed wood	Danish Hardwood Sjælland		1.6	1.6		2.1	24	2000-
Ecco Slovakia	Shoe production	Ecco Sko	20.0	25.0	45.0	45.0	165.2	1,500	2002-
Euro Mall Slovakia Hold.	Real estate activities	TK Development						3	2001- #
Eurostart	Car starters and alternators	Dansk Renoverings Industri	1.1	9.2	10.0	10.0	28.3	280	2002-
JK Gabcikovo	Pig and milk production	Hospoda Invest		20.0			80.8	40	2003-
Lifeline	Textiles retail trade	La-Nika	1.0				3.0	40	1995-1996
Lifeline Slovakia	Retail textile company	United Textile Group		2.0	2.0	1.1	5.4	12	2000-
Pohronie	Sewage and refuse disposal	Marius Pedersen		1.8	1.8		6.8	30	1996-2002
Polnovakia Agrar	Production of slaughterpigs	Agrovakia	8.5	8.5			57.3	1	2003-
Povazie	Sewage and refuse disposal	Marius Pedersen		1.6	1.6		6.3	30	1996-2002
Radisson SAS Carlton	Hotel complex	Tractebel/SAS Hotels		35.1	35.2	35.2	351.6	130	1999-
Saris	Sewage and refuse disposal	Marius Pedersen		1.5	1.5		5.7	30	1996-2002

	Activity/product	Danish Partner (s)	IØ Participation		Total	Total	Total	Employment (Persons)	Period
			Shares (DKK mill.)	Loans (DKK mill.)	Disbursed (DKK mill.)	Outstanding (DKK mill.)	Investment (DKK mill.)		
Slovakian Farm Invest	Production of Slaughter Pigs	Christian Nors Holding		31.9	23.4	23.4	139.8	20	2002-
Slovakian Field Invest	Cultivation of plants	Christian Nors Holding		17.8			60.0	15	2003-
Total	17 Projects		33.1	194.9	122.0	114.7	1,059.5	2,270	
SLOVENIA									
Danfoss Compressors	Compressors	Danfoss		54.0	53.4	8.2	342.5	600	1996-
Wilhelm Slovenia	Drying of wood	Wilhelm	1.1				6.1	6	1999-2000
Total	2 Projects		1.1	54.0	53.4	8.2	348.6	606	
UKRAINE									
3J Holding	Distribution centre	P. Jahn		4.6	4.6	4.4	5.6	3	2002-
Airline Tekstilt. Ukraine	Textile print	Airline Textiletryk		1.6			5.5	22	2003-
Danam Farms	Farming and pig breeding	ABC Hansen		2.5	2.6	2.6	8.0	10	2000-
Danish Textiles	Prod. of velour fabrics	PVN Holding		1.5	1.5	1.5	30.7	500	2002-
Dronningborg Ukraine	Machinery and equipment	Dronningborg Industries	0.6		0.5		82.4	2	1996-2000
Novokasa	Real estate/sewing operation	Novotex		3.0			11.6	5	2001-2003
Sokalska Hosiery Factory	Real estate	PVN Holding		4.2	4.2	4.2	17.8	3	2002-
Total	7 Projects		0.6	17.5	13.4	12.7	161.6	545	
Grand total	360 Projects		1,857.2	2,283.3	3,056.0	1,528.2	25,034.1	37,890	

IØ participation is the accumulated sum in DKK of IØ's contracted investments in all project companies since project start. Investments governed in foreign currency are stated at the exchange rate prevailing at the time of signing. The list includes active projects as well as projects where IØ's participation has been terminated. Consequently, the figures for IØ's participation cannot be related to the figures in the balance sheet at year-end.

Figures for contracted investments in shares include overrun commitments, and investment in loans includes guarantees.

Total disbursements are the total sum in DKK of share capital and loans disbursed to projects as per end of 2003. Disbursements in foreign currencies are stated at the exchange rate prevailing at the time of disbursement, and disbursement figures can therefore be larger than the stated, contracted investment amount due to fluctuations in the exchange rate.

Outstanding amounts are stated in DKK at cost and can be reconciled to the figures in notes 11 and 12 in the annual accounts for 2003. Not included in the list are outstanding feasibility study loans in the amount of DKK 0.2m.

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

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

* Operation discontinued

Investment through holding company

Co-financing by the Investment facility for Central and Eastern Europe (MIØ)

EXECUTIVE BOARD



Sven Riskær
Managing Director



Frank Norman Larsen
Deputy Managing Director

PROJECT DEVELOPMENT DEPARTMENT (PDD)



Torben Huss
Department Director



Ib Albertsen
Senior Investment Officer



Brian M. Andersen
Investment Officer



Jens Bayer
Senior Investment Officer



Torben Kjær
Investment Officer



Malene K. Kristensen
Investment Officer



Martin M. Kristensen
Senior Investment Officer



Hans-Jørgen Nyegaard
Investment Officer



Martin Rømer
Investment Officer



Natalia Sveigaard
Investment Officer

INVESTMENT MANAGEMENT DEPARTMENT (IMD)



Morten Christensen
Department Director



Rena Chen
Investment Officer



Peer Munkholt
Senior Investment Officer

Lisbeth Erlands
Senior Investment Officer
(As of 1 July 2004)

Niels Eventd
Investment Officer
(As of 1 July 2004)

SPECIAL OPERATIONS DEPARTMENT (SOD)



Svend J. Heineke
Department Director



Max Kruse
Senior Investment Officer



Jørn Fredsgaard Sørensen
Senior Investment Officer

CORPORATE ADMINISTRATION DEPARTMENT (CAD)



Henrik Jepsen
Department Director

ARCHIVES



Birgitte Christensen
Chief Archivist

SECRETARIAT



Bjørn Jakobsen
Head of Secretariat

LEGAL UNIT



Jens Rixen
Senior Legal Adviser

ENVIRONMENTAL UNIT



Michael Wedel Sørensen
Environmental Adviser

IT UNIT



Søren Heilmann
System Administrator (IT)

IT UNIT



Kenneth Kristiansen
System Administrator (IT)

FINANCE DEPARTMENT (FIN)



Niels Gravgaard Laursen
Department Director



Lone Bjørn Hansen
Chief Accountant



Morten K. Jensen
Finance Officer

IØ OFFICES (Referring to IMD)

WARSAW, POLAND



Lisbeth Erlands
Resident Representative
(until 30 June 2004).
As of 1 July 2004, Senior
Investment Officer in IMD



Agnieszka Grous
Investment Officer



Piotr Lemieszek
Investment Officer

MOSCOW, RUSSIA



Zbigniew Gluchowski
Resident Representative



Irena Zatssepina
Investment Officer

ADVISERS



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Nicolae Cune
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Vilnius, Lithuania



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Moscow, Russia

Danish International Investment Funds

Danish International Investment Funds is the umbrella term for IØ, IFU, and IFV. Each of the Funds operates within its specific geographical sphere and in accordance with its specific legal mandate:

- IØ in Central and Eastern Europe and in the Asian part of the former Soviet Union.
- IFU in developing countries with a per capita income below the World Bank's upper limit for new loans (USD 5,115 in the year 2004).
- IFV in developing countries with a per capita income above the IFU limit (IFV has stopped all new investments).

European co-operation

IØ, IFU and IFV are members of the association of European Development Finance Institutions (EDFI). Besides the Danish Funds, there are 12 other members. They are all bilateral finance institutions offering capital for the development of the private sector in developing countries and countries that are in a transition process towards market economy. The objective of EDFI is to further co-operation and to ensure a common platform in relation to the European Commission and its institutions, including the European Investment Bank (EIB).

EDFI Internet Site: www.edfi.be

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- ◆ OFFICES: Beijing Johannesburg Moscow New Delhi Warsaw
- ▲ ADVISER OFFICES: Lomé São Paulo
- ADVISERS: Bangkok Beijing Bucharest Budapest Buenos Aires Cairo Chengdu Chennai Copenhagen Costa Rica Hanoi Kiev Kuala Lumpur Lahore London Luxemburg Mexico City Montevideo Moscow Mumbai Nairobi New Delhi Plovdiv Pretoria Saint Petersburg Santiago São Paulo Singapore Suzhou Tallinn Vilnius Washington D.C.



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