KLIMAINVESTERINGSFONDEN
(KIF)

ANNUAL REPORT 2017

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Statement by the management on the annual report

The executive management and the board of directors have today considered and approved the annual report of Klimainvesteringsfonden (KIF) for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual report gives a true and fair view of KIF's financial position as per 31 December 2017 and of the results of KIF's operations and cash flows for 2017.

Further, it is our opinion that business procedures and internal controls have been set up to ensure that the transactions covered by the financial statements comply with the appropriations granted, legislation and other regulations and with agreements entered into and usual practice; and that due financial consideration has been taken of the management of funds and operations covered by the financial statements.

In addition, it is our opinion that systems and processes have been established to support economy, productivity and efficiency.

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

Copenhagen, 5 April 2018

Executive management:

Tommy Thomsen, CEO

Torben Huss, Executive Vice President

Board of directors:

Michael Rasmussen, Chairman

Lars Andersen, Deputy Chairman

Jens Jørgen Kollerup

Bjarne H. Sørensen

Dorrit Vanglo

Mads Kjær

Charlotte Jepsen

Independent auditors' report

To the board of directors of Klimainvesteringsfonden (KIF)

Opinion

We have audited the financial statements of KIF for the financial year 1 January – 31 December 2017, which comprise an income statement, balance sheet, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of KIF's financial position at 31 December 2017 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. In addition, the audit was performed in accordance with generally accepted public auditing standards and the agreement regarding the audit of KIF between the Ministry of Foreign Affairs and the Auditor General. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of KIF in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the KIF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KIF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on KIF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause KIF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the management's review.

Copenhagen, 5 April 2018

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Rhod Søndergaard	Henrik Barner Christiansen
State Authorised Public Accountant	State Authorised Public Accountant
MNE no: mne28632	MNE no: mne10778

Financial highlights

Financial highlights 2013 - 2017

	2017 DKKm	2016 DKKm	2015 DKKm	2014 DKKm	2013 DKKm
INCOME STATEMENT					
Gross contribution from projects[1]	5	(1)	(7)	(5)	0
Operating income[2]	5	(1)	(7)	(5)	(6)
Net income for the year	5	(0)	(6)	(3)	(5)
BALANCE SHEET AT 31 DECEMBER					
Share capital investment in projects at cost	138	77	55	6	1
Total investment in projects at cost	138	77	55	6	1
Accumulated value adjustments	(7)	(12)	(12)	(5)	0
Investments in projects, net[1]	131	65	44	1	1
Cash and bonds, net	183	244	264	312	144
Total equity capital	315	310	310	316	320
Total balance	315	310	310	316	320
CASH FLOW STATEMENT					
Investments disbursed	62	23	49	5	0
Paid-in capital during the year	0	0	0	0	200
ADDITIONAL DATA					
New projects contracted (no.)	0	0	0	1	1
Portfolio of projects (no.)	1	1	1	1	2
Investments contracted	0	0	0	315	15
Undisbursed contracted investments incl. guarantees	174	236	260	309	24
Binding commitments not yet contracted	0	0	0	0	315
KEY RATIOS					
Gross yield from share capital investments[3]	5,6%	-1,3%	-28,9%	-	-
Gross yield from project loans and guarantees[3]	-	-	-	-	-
Gross yield from projects (total)[3]	5,6%	(1,3%)	(28,9%)	-	-
Net income for the year/Average total equity capital	1,5%	(0,0%)	(1,9%)	(1,1%)	(2,4%)
Solidity ratio	100,0%	100,0%	100,0%	100,0%	99,9%

[1] Information about composition of the contribution from projects including value adjustments can be found in "Financial review 2017" on page 12.
Investments are valued at fair market value in accordance with the Danish Financial Statemants Act.

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

[3] Gross contribution from projects/Average investment in projects - value adjusted
Gross contribution from share capital investments/Average share capital in projects - value adjusted
Gross contribution from project loans and guarantees/Average project loans - value adjusted

Management's review

Legal mandate

Klimainvesteringsfonden (KIF) was established in 2012 for the purpose of promoting climate investments in developing countries and emerging markets to help reduce global warming and promote transfer of Danish climate technology.

KIF is part of the commitment made by the developed countries at COP 15 in 2009 to mobilise USD 100bn in private and public funds to finance climate investments in developing countries. KIF is managed by IFU.

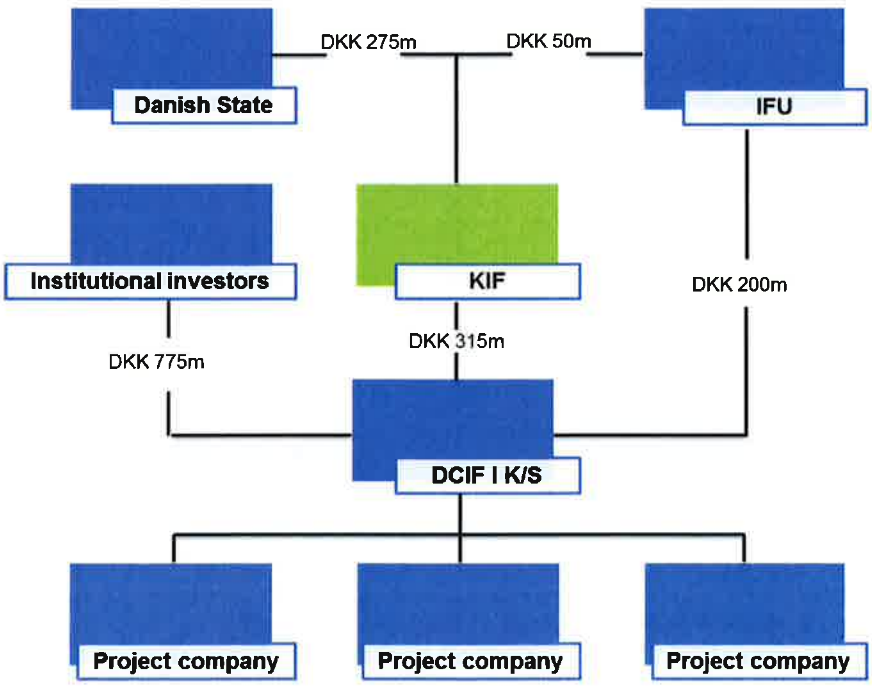
In 2012 and 2013, total capital of DKK 275m was allocated to KIF from the Danish State, and IFU added a further DKK 50m. This brings total commitments to DKK 325m.

KIF is legally a part of IFU but is treated as a facility separate from IFU's funds.

Public-private partnership

To further increase the capital base, the goal of KIF was to raise additional capital from private investors. This was achieved with success in January 2014 with the first close of the Danish Climate Investment Fund I K/S (DCIF). Including a subsequent second close, total capital committed to DCIF reached DKK 1,290m. Five institutional investors and private investors committed DKK 775m, KIF itself committed the major part of its funds or DKK 315m, and IFU committed DKK 200m.

DCIF can invest in a broad range of climate projects, e.g. wind and solar parks, biogas plants, energy efficiency projects, renovation and upgrading of power and industrial plants. Irrigation systems and climate-friendly agricultural crops are also within the investment scope.



The relation between KIF and DCIF

Experienced investment team appointed

DCIF is managed by IFU, which has set up an experienced investment team to identify investment opportunities and link up with Danish companies supplying relevant technologies. All investments within DCIF above DKK 25m are decided by an external investment committee.

Five investments in 2017

In 2017, DCIF made four new investments at a total of DKK 298m and provided DKK 50m in additional financing for one ongoing project. Total investments in 2017 was DKK 348m.

Investment contracted in 2017 by DCIF

PROJECT name	Country	SHARES*	LOANS**	TOTAL	EXPECTED DIRECT EMPLOYMENT (PERSONS)
DCIF investments contracted in 2017					
NPP Coremas I-III	Brazil		119.4	119.4	15
Roserve International	India	19.6		19.6	5
Akuo Kita Solar	Mali	2.4	39.7	42.1	80
Sainshand Windfarm	Mongolia	117.2		117.2	12
Total new projects		**139.3**	**159.1**	**298.4**	**112**
DCIF additional investments for ongoing projects					**Actual direct employment**
Nordic Power Partners	DAC Dev. Countries	50.0		50.0	14
Total additional financing		**50.0**		**50.0**	**14**
Grand Total DCIF		**189.3**	**159.1**	**348.4**	

Totals may not add up due to rounded figures.

*) including overrun commitments

**) Including guarantees

Including open commitments not yet contracted and investments contracted in prior years, DCIF has at year-end 2017 committed DKK 999m corresponding to 77 per cent of the total fund.

Sustainability reporting

KIF (and DCIF) is applying IFU's sustainability policy and offering advice to project companies on how to implement it.

IFU's Sustainability Policy provides the framework for the environmental, social and governance (ESG) requirements in the companies in which IFU invests. IFU is committed to ensuring that the project companies reduce sustainability risks, contribute to sustainable development and in general achieve high sustainability standards, which IFU believes adds value to the project company and enhances business opportunities.

IFU is a signatory to the UN Global Compact and promotes the Global Compact principles through its investments, thereby striving to create shared value by:

- respecting and promoting all basic human rights, including labour rights and occupational health and safety, and addressing adverse human rights impacts that the investment may cause or contribute to as outlined in e.g. the UN Guiding Principles on Business and Human Rights;

- enhancing positive development effects, including the creation of jobs and income, payment of taxes, contribution to government revenue, transfer of know-how and cleaner technologies, training and education, gender equality, community health and food security and other corporate social responsibility-related activities;
- securing corporate governance and business ethics, including anti-corruption, anti-fraud, transparency and stakeholder engagement;
- improving environmental performance through a preventative and precautionary approach that addresses environmental challenges, including climate change, loss of biodiversity and land use changes; and
- ensuring good animal welfare, including proper treatment of animals used for food production and for other commercial purposes and testing.

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

Sustainability throughout the investment process
Identifying and handling sustainability impacts is an integral part of IFU's investment process. During the due diligence phase, risks are identified and projects are categorised in terms of environmental and social risk. This includes labour rights and working condition issues, anti-corruption, prevention of pollution, management systems, biodiversity, etc.

During active ownership, project companies are required to prepare an annual sustainability status report to be submitted to their own board of directors for internal review and approval. For all investee companies, IFU also receives a copy, even if IFU is not a board member.

If a project has negative impacts, the project promoter must introduce and implement mitigation measures that can reduce the adverse effects. These are normally based on the IFC Performance Standards or on other international standards applicable to the sector and include development and implementation of an environmental and social management system.

Further specification of IFU's sustainability requirements can be found in IFU's sustainability policy and sustainability handbook.

Assessment of sustainability performance
The annual classification of project companies is based on an assessment of their sustainability performance. The classification is a combination of four separate areas within sustainability: 1) environment, 2) occupational health and safety (OHS), 3) human rights and labour practices and 4) anti-corruption. Each project company is classified into one of five categories as follows: Excellent, Good, Fair, Poor and Critical.

Project companies with the classification Good are in compliance with local legislation and relevant international standards in terms of applicable and relevant significant sustainability issues. Project companies with the classification Excellent go beyond that and are active in local community, have high quality reports and certified management systems. Project companies with the classification Fair, Poor or Critical are given extra attention, and IFU will engage in discussions with the partners on how a project company can improve its performance.

In 2017, internal assessments were carried out for 14 DCIF projects. The exercise did not include two projects, which were not yet disbursed. For further information, see IFU's annual report.

Annual assessment of sustainability performance

Sustainability classification	Total Score (%)	Environment (%)	OHS (%)	Human Rights and labour practices (%)	Anti-corruption (%)
Excellent	38	36	43	36	36
Good	52	57	50	57	43
Fair	11	7	7	7	21
Poor	0	0	0	0	0
Critical	0	0	0	0	0

Totals may not add up due to rounded figures.

DCIF climate change contribution

IFU has established a methodology for assessing the GHG emissions from its investments based on internationally recognised methodologies. All GHG in the Kyoto Protocol are taken into account as applicable, and the scope of the assessment will be based on the principles in the GHG Protocol. GHG emissions avoided by a project will be calculated as the difference between baseline emissions and project emissions.

The baseline emissions refer to the emissions that would probably occur in a reference scenario if the project was not implemented. The reference scenario is chosen on a case-by-case basis using the most appropriate methodology for each project which can be justified.

In 2017, the assessment is made for three new investments, which over their lifetime are expected to represent GHG savings of approximately 6,300,000 tCO2e.

The fund has not invested in any adaptation projects.

DCIF is using UK based consultant Trucost to set up the methodology and to make the specific assessment of GHG emission avoidance at project level.

Development impact

To internally rate the development effects created by different project companies, IFU has developed a Development Impact Model (DIM). The model consists of 38 indicators like for example on employment, training, technology, tax, climate change mitigation, renewable energy, agribusiness and microfinance. The contracted investments in 2017 are rated and included in IFU's annual report 2017.

Expected direct employment in the new investments contracted in 2017 is 112.

The total installed renewable energy capacity in the new projects is 195MW, and they are expected to produce 437GWh annually when operational.

Operational framework

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

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

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

KIF's revenues will consist of interest, dividends and profit from sale of shares distributed from DCIF.

Financial review

KIF recorded net income of DKK 5m in 2017 compared to net income of DKK (0)m in 2016. KIF's result is mainly made up of the contribution from KIF's investment in DCIF, and the improvement reflects a solid result for DCIF in 2017 with an almost tripling of the gross contribution from the portfolio, providing a 11.3 per cent gross yield.

Operating expenses (management fee) at KIF level were DKK 0.3m in 2017 similar to 2016.

Financial income, net of financial expenses, was DKK (1)m in 2017 compared to DKK 1 in 2016.

In preparing the financial statements, management makes a number of estimates and assumptions of future events that will affect the carrying amount of assets and liabilities. The area where estimates and assumptions are most critical to the financial statements is the fair value measurement of the investment in DCIF. The note on accounting policies provides more details.

Cash flow and balance sheet items
KIF ended 2017 with liquidity of DKK 183m in cash and bonds compared to DKK 244m at the end of 2016.

Undisbursed commitments were DKK 174m at year-end 2017.

KIF's equity at the end of 2017 was DKK 315m compared to DKK 310 in 2016.

Events after the balance sheet date

No events have occurred after the balance sheet date, which have materially affected KIF's financial position.

Outlook for 2018

DCIF ended its investment period early in 2018 being almost 80 per cent committed. A reserve will be maintained for possible follow-up investments. KIF expects to record a higher income in 2018.

INCOME STATEMENT

NOTE		2017 DKK 1.000	2016 DKK 1.000
2/	Contribution from share capital investments	5.488	(729)
	GROSS CONTRIBUTION FROM PROJECTS	**5.488**	**(729)**
	Operating expenses, net	(250)	(250)
	OPERATING INCOME	**5.238**	**(979)**
3/	Financial income, net	(560)	958
	NET INCOME FOR THE YEAR	**4.678**	**(21)**

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

BALANCE SHEET AT 31 DECEMBER

ASSETS

NOTE		2017 DKK 1,000	2016 DKK 1,000
	LONG TERM ASSETS		
	Share capital investment in projects at cost	137.822	77.372
	Value adjustments	(6.892)	(12.380)
4/	Share capital investment in projects	130.930	64.992
	Total long term assets	**130.930**	**64.992**
	CURRENT ASSETS		
5/	Other receivables	507	1.237
	Bonds	90.265	165.631
	Cash	93.063	78.145
	Total current assets	**183.835**	**245.013**
	TOTAL ASSETS	**314.765**	**310.005**

BALANCE SHEET AT 31 DECEMBER

LIABILITIES AND EQUITY CAPITAL

NOTE		2017 DKK 1,000	2016 DKK 1,000
	EQUITY		
	Paid-in capital	325.000	325.000
	Retained earnings	(10.317)	(14.995)
6/	**Total equity**	**314.683**	**310.005**
	CURRENT LIABILITIES	82	-
7/	**Total liabilities**	**82**	**-**
	TOTAL EQUITY, PROVISION FOR LOSSES AND LIABILITIES	**314.765**	**310.005**

1/ ACCOUNTING POLICIES
8/ UNDISBURSED COMMITMENTS TO PROJECTS
9/ FINANCIAL HIGHLIGHTS

CASH FLOW STATEMENT

	2017 DKK 1.000	2016 DKK 1.000
CASH FLOW FROM OPERATING ACTIVITIES		
Operating expenses, net	(253)	(254)
Net payments related to financial income and expenses	1.895	3.543
Net cash from operating activities	**1.642**	**3.289**
CASH FLOW FROM (TO) INVESTING ACTIVITIES		
Received from sale of shares	1.988	1.378
Paid-in share capital in projects	(62.438)	(23.271)
Received from (invested in) bonds	73.726	53.277
Net cash from (to) investing activities	**13.276**	**31.384**
CASH FLOW FROM (TO) FINANCING ACTIVITIES		
Net cash from (to) financing activities	**-**	**-**
NET CHANGE IN CASH	14.918	34.673
CASH BEGINNING OF YEAR	**78.145**	**43.472**
CASH END OF YEAR	**93.063**	**78.145**

Note 1

Accounting policies

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

The accounting principles applied remain unchanged from previous year.

Presentation and classification
To better reflect KIF's activities the presentation of the income statement and balance sheet as well as the order of the line items in the income statement deviate from the standard tables in the Danish Financial Statements Act. By presenting the primary statements on the basis of KIF's special character as an investment fund (long-term investments) the financial statements hereby provide the reader with the best possible clarity of KIF's activities. The deviation is in concurrence with section 23 (4) of the Danish Financial Statements Act.

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

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

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

Information brought to KIF's attention before the time of finalising the presentation of the Annual Report and which confirms or invalidates affairs and conditions existing at the balance sheet date, is considered at recognition and measurement.

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

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Foreign currency adjustment
Foreign currency transactions are initially recognised in DKK using the exchange rate at the transaction date. Loans, receivables, payables and other monetary items denominated in foreign currencies, which have not been settled at the balance sheet date, are converted into DKK using the exchange rate prevailing at the balance sheet date. All exchange rate adjustments, including those that arise at the payment date, are recognised in the income statement as value adjustments, financial income or financial expenses, depending on their nature.

Non-monetary items

Monetary balance sheet items are translated at the exchange rates prevailing at the balance sheet date, whereas non-monetary items are translated at transaction date rates.

Income statement

Contribution from share capital investments – DCIF I K/S
Contribution from share capital investments is KIF's share of net result of DCIF I K/S.

Other contributions from projects
Other contributions from projects include value adjustments, including exchange rate adjustments in relation to receivables, the effect of derivatives and interest from receivables.

Operating expenses, net
The Investment Fund for Developing Countries (IFU) manages the administration and accounting of the fund.

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

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

Balance sheet

Share capital investment in projects
Share capital investments in projects consist of investments in associates.

Investments in associates are recognised when they are disbursed and are measured according to the equity method.

Investments in associates are measured at the proportionate share of the entities' net asset value.

Net revaluation of investments in associates is recognised in the reserve for net revaluation according to the equity method in equity where the carrying amount exceeds cost.

Investments in associates – DCIF I K/S
As stated above, KIF will measure its participation in DCIF I K/S at net assets value. DCIF I K/S values its portfolio investments at fair value.

More information can be found in the publicly available annual report for DCIF I K/S.

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

Cash and bonds

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

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

Cash flow statement

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

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

NOTES

	2017 DKK 1,000	2016 DKK 1,000
2 Contribution from share capital investments		
Value adjustments, portfolio	5,488	(729)
Contribution from share capital investments	**5,488**	**(729)**
3 Financial income, net		
Financial income		
Interest income, cash and bonds	1,398	2,538
Financial income	**1,398**	**2,538**
Financial expenses		
Interest expenses, bank charges and exchange rate adjustments	(319)	(150)
Loss on bonds	(1,639)	(1,430)
Financial expenses	**(1,958)**	**(1,580)**
Financial income, net	**(560)**	**958**

		2017 DKK 1,000	2016 DKK 1,000
4	**Share capital investment in projects, net**		
	Share capital investment in projects beginning of year at cost	77,372	55,479
	Paid-in share capital in projects during the year	62,438	23,271
	Proceeds from divestment of shares	(1,988)	(1,378)
	Share capital investment in projects end of year at cost	**137,822**	**77,372**
	Accumulated value adjustments beginning of year	(12,380)	(11,651)
	Value adjustments, portfolio during the year (note 1)	5,488	(729)
	Accumulated value adjustments end of year	**(6,892)**	**(12,380)**
	Share capital investment in projects, net end of year	**130,930**	**64,992**
	Herof associated companies:		
	Share capital investment in projects end of year at cost	137,822	77,372
	Accumulated value adjustments end of year	(6,892)	(12,380)
		130,930	**64,992**

Name / Domicile:	Form of company:	KIF's ownership interest: (%)	According to the latest approved annual report *	
			Result	Equity
Danish Climate Investment Fund I K/S *Denmark*	K/S	20%	(2,409)	266,287

*) As per 31-12-2016

		2017	2016
5	**Other receivables**		
	Accrued interest receivables from bonds	507	1,237
		507	**1,237**

		2017	2016
		DKK 1,000	DKK 1,000
6	Total equity		
	Paid-in capital beginning of year	325,000	325,000
	Paid-in capital end of year *	**325,000**	**325,000**
	Retained earnings beginning of year	(14,995)	(14,974)
	Net income for the year	4,678	(21)
	Retained earnings end of year	**(10,317)**	**(14,995)**
	Total equity end of year	**314,683**	**310,005**
*)	The paid-in capital end of year has been provided as follows:		
	Danida Business Partnerships	50,000	50,000
	Climate Investment Fund - State Budget	50,000	50,000
	Climate Envelope	175,000	175,000
	IFU	50,000	50,000
		325,000	**325,000**
7	Current liabilities		
	Administrative debt	82	-
		82	**-**

8 Undisbursed commitments to projects

Undisbursed commitments to projects are comprised of undisbursed contractual commitments and binding commitments not yet contracted. The stated amount of guarantees is net of provision for losses, if any.

	2017	2016
Amounts payable on share capital and loan agreements	173,912	236,250
Undisbursed commitments to projects	**173,912**	**236,250**

9 Financial highlights

Financial highlights (table) - see page 7

Management

Board of directors
The Danish Minister for Development Cooperation appoints the chairman, the deputy chairman and the other members of the board of directors for three-year terms. Each appointment is personal.

The board of directors and executive management of IFU and KIF are identical.

According to Section 9 of the Danish Act on International Development Cooperation, IFU's board is appointed for a three-year period. The current three-year term ends on 31 July 2018.

Since 1 January 2013, an observer from the Ministry of Foreign Affairs has been appointed to IFU's board of directors.

The board of directors usually convenes six to eight times a year. On the recommendation of the executive management, it makes decisions about investments and key issues.

It is noted that the chairman and deputy chairman have both been members of the board for more than 12 years and as such cannot be considered independent in accordance with the recommendations by the Danish Committee on Corporate Governance.

Further it is noted that IFU in 2017 had business transactions with Nykredit Bank A/S (part of the Nykredit group, in which the chairman is CEO), with Kjaer Group A/S, which is majority owned by board member Mads Kjær, and with Royal Danish Fish Group A/S, in which board member Jens Jørgen Kollerup is a board member.

The rules of procedure for the board contain detailed rules regarding conflicts of interest – as well as a reference to the conflict of interest rules in the Danish Public Administrations Act, which the board is subject to – and the above-mentioned circumstances are not considered to be of a nature as to impair the independence of the board members.

Michael Rasmussen, Chairman, board member since 2000
MSc (Economics). CEO, Nykredit.
Other board memberships: Nykredit Bank A/S (chairman), Totalkredit A/S (chairman), Finance Denmark (chairman), Copenhagen Business School.

Lars Andersen, Deputy Chairman, board member since 1994
MSc (Economics). Managing Director, The Economic Council of the Labour Movement.
Other board memberships: Industripension Holding A/S, Industriens Pensionsforsikring A/S, Arbejdernes Landsbank A/S.

Jens Jørgen Kollerup, board member since 2009
MSc (Dairy Science). Managing Director, Ormholt A/S.
Other board memberships: Arctic Group A/S, Vermund Larsen A/S (chairman), Royal Danish Fish Group A/S.

Bjarne H. Sørensen, board member since 2012
MSc (Civil Engineering). Ambassador (retired).
Other board memberships: Care Danmark.

Dorrit Vanglo, board member since 2012
MSc (Economics). CEO, Lønmodtagernes Dyrtidsfond.
Other board memberships: Kapitalforeningen LD (chairman), EKF - Danmarks Eksportkredit (vice chairman), Eksportkreditfinansiering A/S, Investeringsforeningen Lægernes Invest, Kapitalforeningen Lægernes Invest, Det Danske Hedeselskab, Dalgas Group A/S, Komiteen for god Fondsledelse.

Mads Kjær, board member since 2015
Managing Director, Kjaer Group A/S
Other board memberships: Kjaer Group A/S, Udsyn A/S, Ejendomsselskabet Svendborg ApS

Charlotte Jepsen, board member since 2017
MSc (Social Sciences). Managing Director, FSR – Danish Auditors
Other board memberships: Plan Danmark, Pantebrevselskabet Boligkredit A/S.

Ole Thonke, board observer since 2017
Ambassador, Head of Department, Ministry of Foreign Affairs

Executive management

The Danish Minister for Development Cooperation appoints the CEO.

Tommy Thomsen, CEO
Management/shipping trainee education, A.P. Moller – Maersk Group.
Harvard Business School, International Senior Management Program.
Board memberships: Port of Singapore International, Panama Canal Advisory Board, Danish Maritime Fund (chairman), Lauritzen Foundation, C.W. Obel, SDG Accelerator Advisory Board.

Torben Huss, Executive Vice President
MSc (Political Science and Public Administration), Copenhagen University, PhD (Business Economics), Copenhagen Business School.
Board memberships: JØP.