ADC AFRICAN DEVELOPMENT CORPORATION

ANNUAL REPORT 2010

CURRENT PORTFOLIO

Equatorial Guinea
BANGE – leading local commercial bank

Rwanda
SIMTEL – national payment switch

South Africa
iVeri – payment solutions provider

Zimbabwe
Ecobank Zimbabwe – corporate and private banking institution

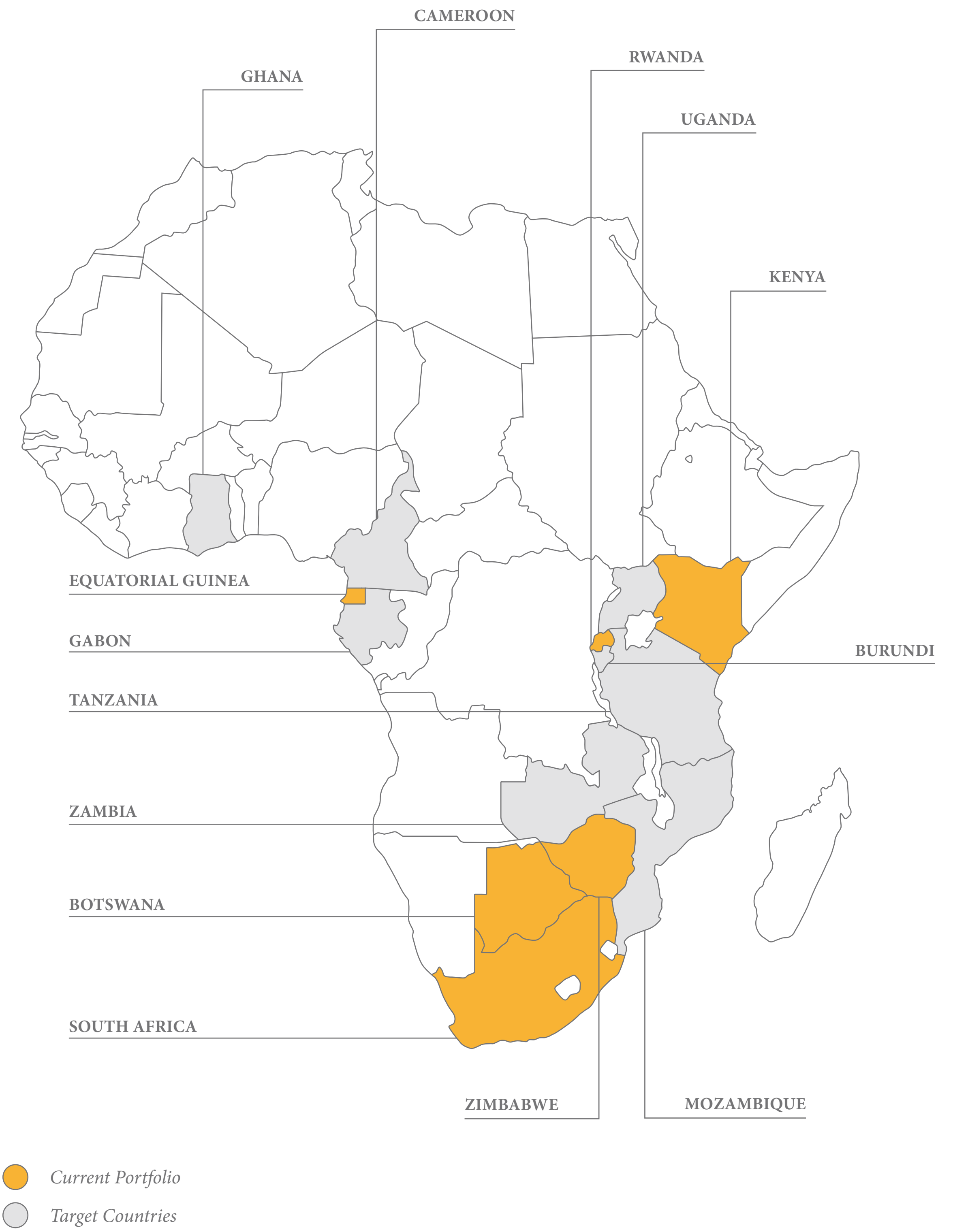
Kenya
RHEAL – medical insurance provider

Botswana
BancABC – commercial bank

TARGET COUNTRIES

Burundi
Cameroon
Gabon
Ghana
Mozambique
Tanzania
Uganda
Zambia

CURRENT PORTFOLIO LOCATIONS



FINANCIALS 2010

IN EURk	2010	2009	2008
Revenue	2,037	2,186	368
EBIT	6,143	430	-2,438
Net income	6,591	1,005	-1,771
Non-current assets	25,390	12,072	9,099
Investment in portfolio companies	18,552	9,839	7,578
Current assets	45,565	8,983	10,767
Total assets	70,955	21,055	19,866
Equity	66,132	20,059	19,077
Non-current liabilities	105	5	0
Current liabilities	4,718	990	788
Total liabilities	4,823	995	1,577
Average number of shares (basic/diluted)[1]	12,603,016	14,429,167	12,079,248
Earnings per share in EUR (basic/diluted)	0.58	0.10	-0.11
Equity ratio	93%	95%	96%
Return on average equity	15%	5%	-12%

1 Share decrease 5:1 in 2010

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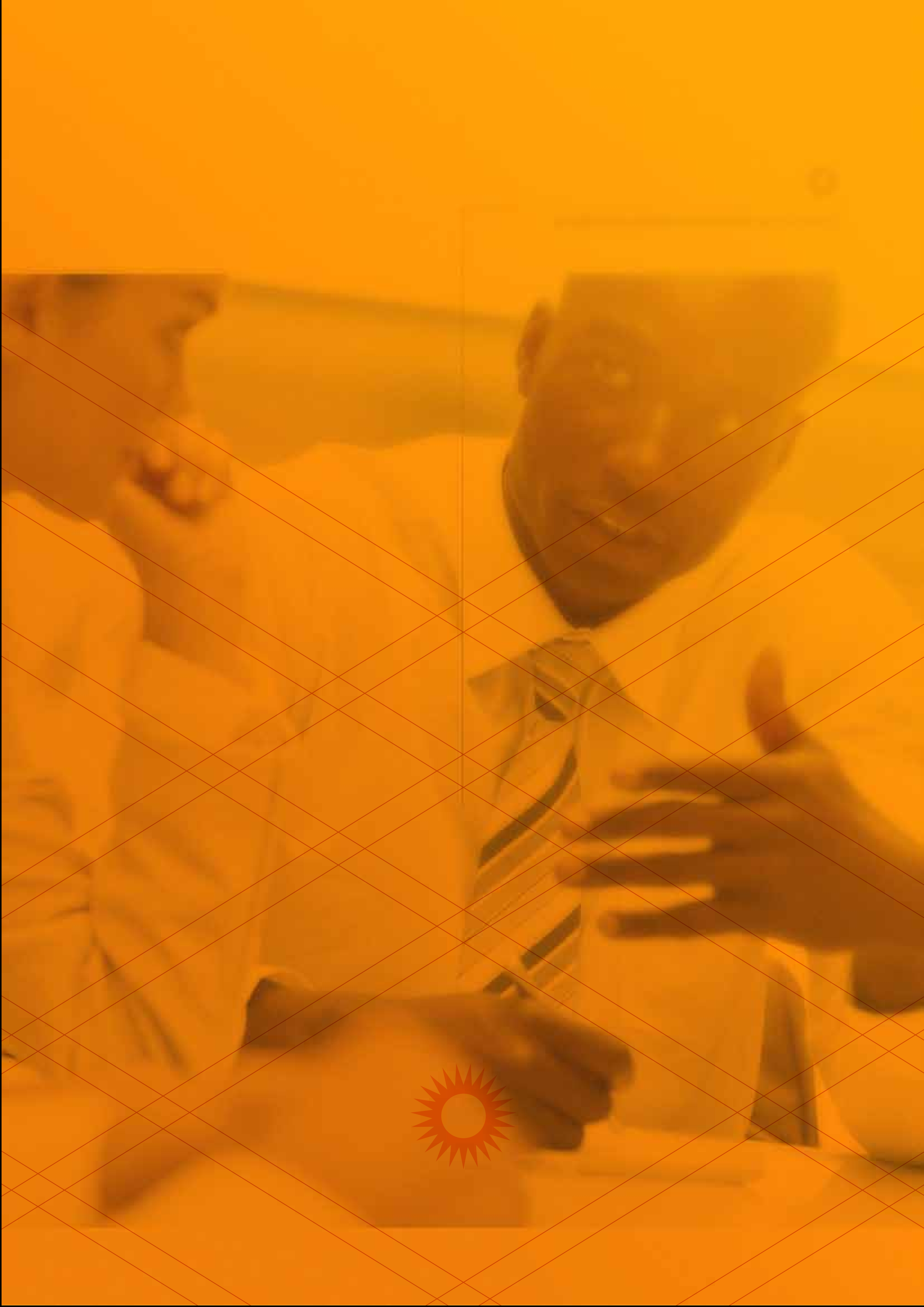
VISION

OUR VISION IS TO BECOME THE LEADING FINANCIAL SERVICES INVESTOR IN SUB-SAHARAN AFRICA.



OUR VISION IS TO BECOME THE LEADING FINANCIAL SERVICES INVESTOR IN SUB-SAHARAN AFRICA.

LEADING INVESTMENTS IN FRONTIER MARKETS

MISSION

OUR MISSION IS TO REALIZE ABOVE-AVERAGE YIELDS

for investors and the development of the local private sector through the provision of growth capital and expertise in selected frontier markets in SSA.

OUR MISSION IS TO REALIZE ABOVE-AVERAGE YIELDS

[illegible] development of the local private sector through the provision of [illegible] selected frontier markets in SSA.

UNLOCKING POTENTIAL THROUGH EXPERTISE IN MARKETS

STRATEGY

OUR STRATEGY

Focus on growth capital for financial services companies in selected frontier markets in SSA

Active management of portfolio companies creating operational value add through the transfer of international expertise, network and know-how

Acquisition of majority stakes or minority stakes with managerial impact in order to be able to actively implement and steer any necessary business adjustments

Leveraging of synergies between ADC portfolio companies

Risk diversification through systematic market approach

Risk management through minimization of political risks through MIGA portfolio insurance coverage and strategic business and political relationship

OUR STRATEGY

Make key growth oriented investments in companies in selected markets [illegible]

Active management of portfolio companies creating operational value add through the transfer of international expertise, network and know-how

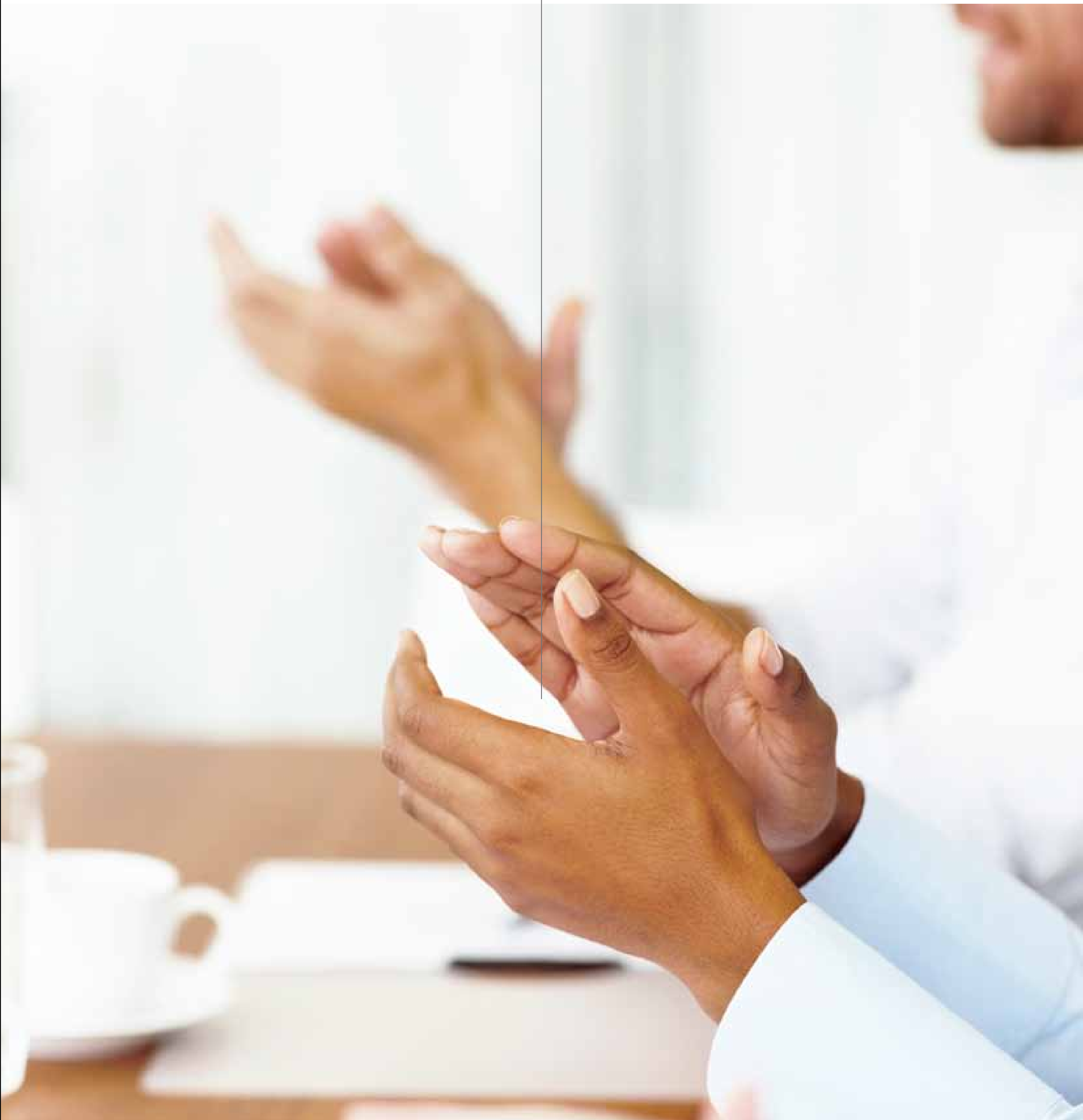
Acquisition of majority stakes or minority stakes with managerial impact in order to be able to actively implement and steer any necessary business improvements

Leveraging of synergies between APC portfolio companies

Risk diversification through systematic market approach

Risk management through minimization of political risks through MIGA portfolio insurance coverage and strategic business and political relationship

GROWING INVESTMENTS THROUGH ACTIVE MANAGEMENT



HIGHLIGHTS IN 2010

ADC's successful IPO with first trading date 14 December 2010 in line with raising EUR 43 million for new investments in sub-Saharan Africa

International shareholders' base increased

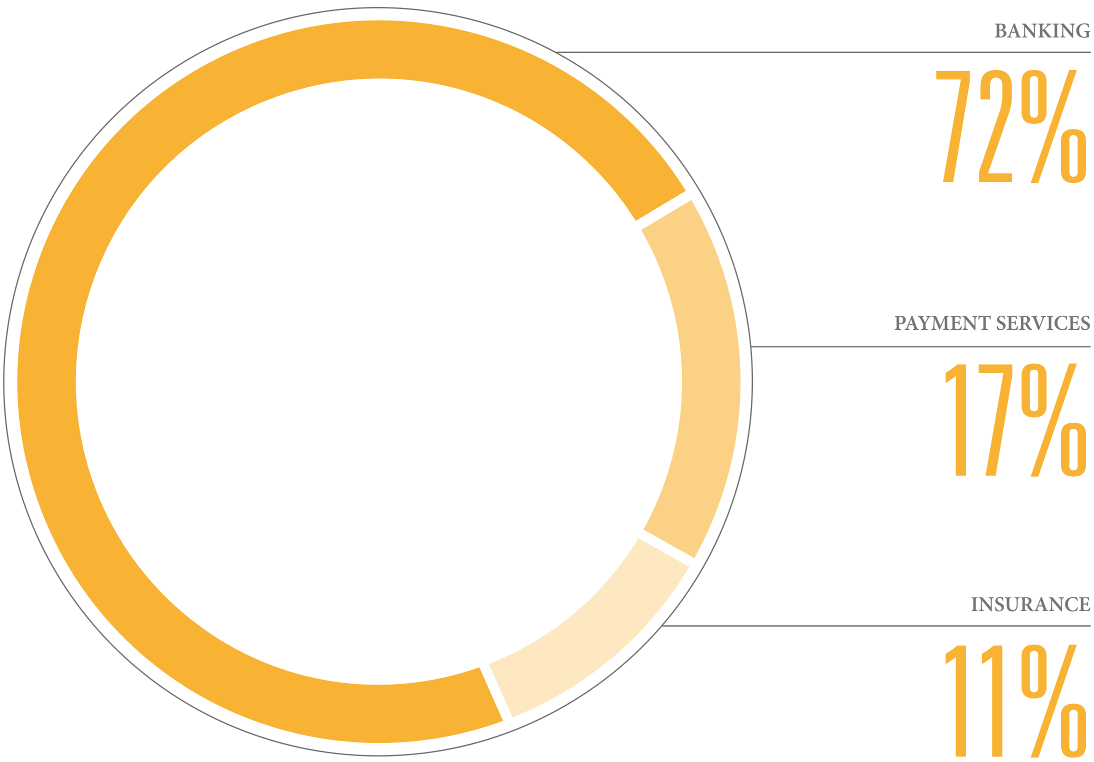
Full-year net profit at EUR 6.6 million

New investment in Eastern African medical insurance company based in Kenya

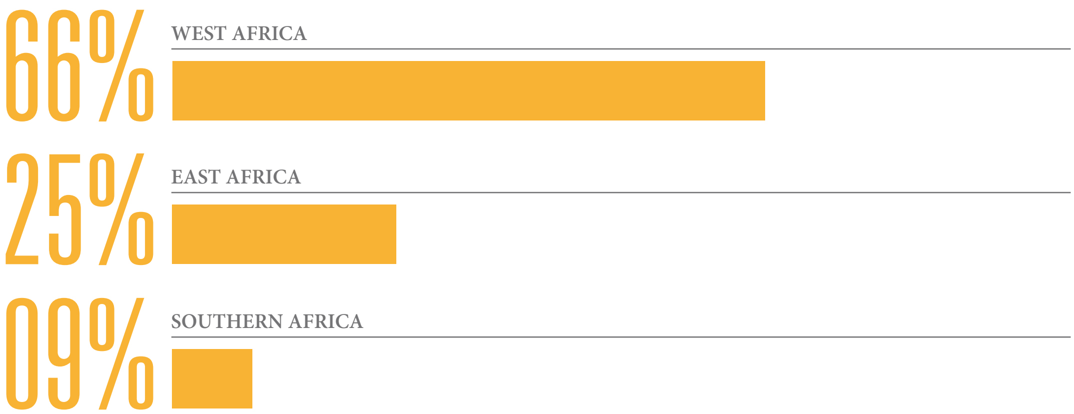
Expansion of team: New Chief Operating Officer, new Chief Development Officer and new Chief Executive Officer ADC Insurance

INVESTMENT ALLOCATION

PORTFOLIO ALLOCATION IN FINANCIAL SERVICES SECTOR



PORTFOLIO ALLOCATION BY REGION



ADC & AFRICA IN THE PRESS

"On IMF forecasts, Africa will grab seven of the top ten places over the next five years."

THE ECONOMIST

A More Hopeful Continent: The Lion Kings? Africa is Now One of the World's Fastest-growing Regions, 6 January 2011

"If the West hasn't noticed this big change, China has. With relatively little fanfare, it has made a huge foray into Africa."

BARRON'S COVER

31 July 2010

"The rate of return on foreign investment is higher in Africa than in any other developing region. Global executives and investors must pay heed."

MCKINSEY

What's Driving Africa's Growth, 28 May 2010

"An important shift appears to be underway in sub-Saharan Africa. After decades of poor growth, stagnant living conditions and endemic instability, Africa has shown clear signs of progress in recent years."

GOLDMAN SACHS, GLOBAL ECONOMICS WEEKLY

Fulfilling Africa's Potential, 19 January 2011

"Stock exchange listing beyond the in-transparent African markets makes investors' access easier."

REUTERS
14 December 2010

"It can't be more direct – African Development Corporation creates possibilities for investors to take part in the African boom."

GOING PUBLIC
20 December 2010

"An interesting share: like a fund, but more focused and closer."

GOING PUBLIC
20 December. 2010

"ADC is likely at present creating a successful symbiosis between investments in Africa on the one hand and German-based entrepreneurial engagement on the other hand."

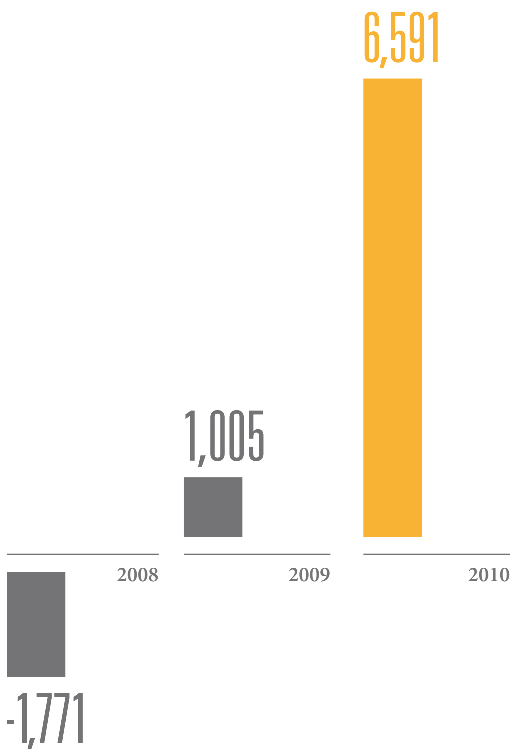
SMART INVESTOR
02 February 2011

"ADC is playing the balancing act between the rapid growth and the political imponderables in developing countries."

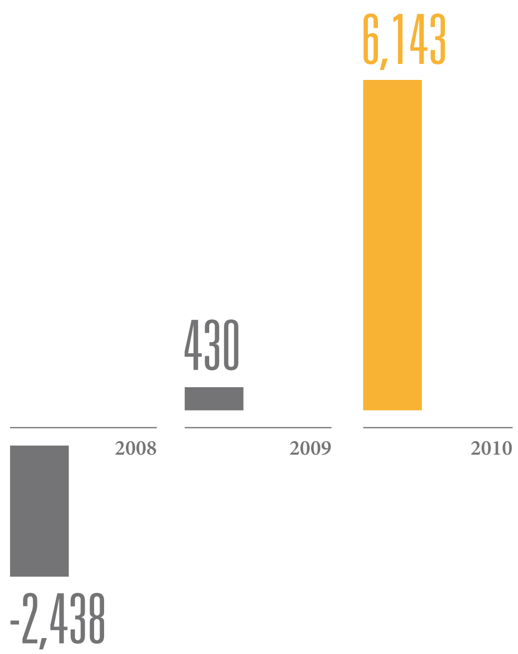
REUTERS
14 December 2010

KEY FINANCIAL FIGURES

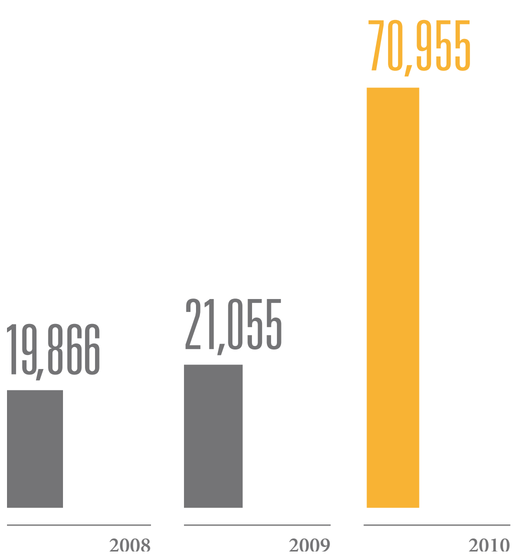
NET INCOME EURk



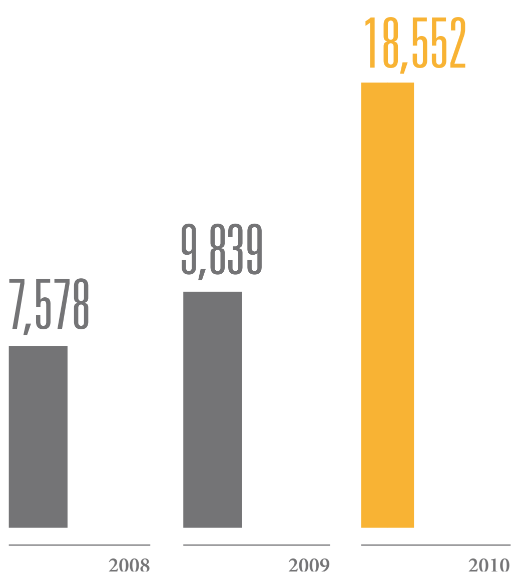
EBIT EURk



TOTAL ASSETS EURk



INVESTMENTS IN PORTFOLIO COMPANIES EURk



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LETTER FROM THE CEO

DEAR SHAREHOLDERS AND FRIENDS OF ADC,

The 2010 financial year saw a resurgence of investor confidence in the sub-Saharan African region. GDP growth returned to pre-downturn levels of 4.7% in 2010 and is expected to reach 5.9% in 2011 and 5.8% in 2012.[1] Growth in the region has been supported by increasing domestic demand on the one hand, while a recovery in commodity prices and an increase in inflows of foreign direct investment have helped to boost external demand. These factors are expected to continue and strengthen over the next couple of years, making sub-Saharan Africa one of the fastest growing regions in the world.

2010 represents the third full year of operations for ADC and we are pleased to report that the company achieved profitability on a consolidated basis for the second time this fiscal year.

In 2010, ADC earned consolidated revenues and investment income of EUR 2.0 million versus EUR 2.2 million in 2009. The company recognized a EUR 11.3 million in fair valuation gains in 2010, up from EUR 3.4 million in 2009. The overall net profit for ADC in 2010 was EUR 6.6 million and net cash flows from financing activities amount to EUR 39.5 million due to capital increases. With these capital increases, the company's total common stock and capital contributions reached EUR 66.2 million and equity increased significantly by EUR 46.1 million. At year end, ADC held total assets of EUR 71.0 million, up from EUR 21.1 million. Overall, ADC is in a strong financial position to fund future growth and will continue to focus on developing both the Company and its subsidiaries.

We took a three pronged approach to the year by ensuring that our existing portfolio companies strengthened their operational performance and financial bottom line, by successfully placing the Company on the Frankfurt Stock Exchange and by growing the team to meet our expansion plans.

1 International Monetary Fund, World Economic Outlook, April 2011

ADC's operational team worked throughout the year with BANGE, SIMTEL, Premier Finance Group and iVeri to consolidate gains made in previous years and to lay the path for future growth. BANGE management opened two new branches in 2010 and increased deposits and loans by 143% to EUR 72.6 million, and by 243% to EUR 161.4 million respectively. SIMTEL doubled its card production unit in 2010, signed on three new customers and has renewed commitment from both the Government and Commercial Banks in the country to dramatically increase the number of customers using electronic payment services. Premier Finance Group's management spent the year with the support of ADC, restructuring the bank and preparing for the entry of Ecobank Transnational. Ecobank is a pan-African bank, which recapitalized PFG in late 2010 and will spend 2011 expanding the corporate and retail banking side of the business and rebranding the bank to its present name – Ecobank Zimbabwe.

iVeri had a busy year working on projects in Kenya, Ethiopia, Nigeria, Zimbabwe and South Africa with further development leads across the region. TouchPoint Systems, iVeri's new subsidiary company, has hit the ground running with several contracts initiating from iVeri's current customers and past marketing efforts. Both companies are gearing up for significant international growth as the financial services industry continues to boom on the continent.

In 2010, ADC entered new geographical markets as well as expanding into the vibrant insurance sector. We are in the process of setting up an insurance business to invest in the continent's undermanaged and fragmented insurance industry. ADC is accessing this market by investing in small-and-medium-sized insurance businesses in growth markets. To this end, at the end of 2010, ADC finalized an investment into Resolution Health East Africa Limited (RHEAL), a medical insurance company in Kenya with a subsidiary in Tanzania. RHEAL has a strong market position in Kenya and shows solid growth rates and has potential to become an industry leader in the medium term.

On 14 December, ADC successfully placed 4,000,000 new shares in an IPO on the Frankfurt Stock Exchange raising EUR 43.0 million in new funds for pipeline opportunities. We would like to welcome the new shareholders to the company and thank them for the trust that they have put into ADC. As a result of the new capital derived from the successful IPO, we have been able to close a number of deals in our pipeline in early 2011 and will continue to build our portfolio and ADC's overall value.

In order to meet the extraordinary range of investment opportunities throughout the region, ADC expanded its operational team by hiring Mark Schneiders as Chief Development Officer and Andrew Lee as the CEO of ADC Insurance. Mark and Andrew come to ADC with more than 40 years of cumulative experience in the financial services industry with solid contacts and experience on the ground. We welcome them both to the team as well as Sascha Beljuli as ADC's new COO, who brings his experience as a banking executive in retail, corporate and micro-finance banks in sub-Saharan Africa.

Our former COO, Sonja Rossteuscher, left the team at the beginning of September 2010 to pursue other opportunities after successfully implementing financial and investment company reporting and controlling processes across the group over the almost two years she spent with the company. We would like to thank Sonja for her overwhelming support, effort and achievements in growing ADC and wish her the best in her future endeavors.

We also would like to thank the whole ADC team for their hard work and commitment during the year as well as the team from Silvia Quandt & Cie. AG for its valuable support during the IPO.

In the following Annual Report, we would like to inform you in detail about the activities of development of ADC, including the performance of its key financial figures, investments and subsidiaries as well as giving you an overview of the current market climate.

Sincerely,

Dirk Harbecke
CEO

ADC STOCK

From inception, ADC has aimed to provide liquidity to its investors, which includes institutional investors from the equity capital markets as well as investors from European Family Offices seeking exposure to Frontier Markets in sub-Saharan Africa. On 14 December, ADC successfully placed 4,000,000 new shares in an Initial Public Offering (IPO) at the Entry Standard of the Frankfurt Stock Exchange and raised EUR 43.0 million in new funds. With the IPO, the company realized one of its key goals for the 2010 financial year and has provided liquidity and transparency to its shareholders along with German Corporate Governance and the high upside of assets on the ground.

In the book building process, ADC's strategy and positioning were very well received by the capital markets community. On the one side, investors saw an opportunity to participate in the enormous growth potential of unexplored markets with ADC's ability to limit downside risk through its adherence to international business practices and international accounting regulations under the standards of Germany's Stock Exchange.

On the other side, investors were attracted to ADC's ability to provide access to investment opportunities in SSA with a level of liquidity that is not available in smaller African stock markets. Some stock markets are emerging in frontier markets though many countries have yet to establish a capital market and those that have been launched are characterized by low market capitalization and trading volumes. ADC's listing on the Frankfurt Stock Exchange gives investors access to frontier markets in SSA with the assurance of trading on a regulated market with daily liquidity.

During the IPO period, ADC management held more than 100 investor meetings in three weeks and was present in twelve cities on three continents. During the book building, new investors subscribed to 2,821,781 shares in the pricing range of EUR 10.00 to EUR 12.00. The price corridor was based on conservative valuations of the portfolio companies at a 60% discount compared to the high banking multiples in SSA markets.[1] Due to high demand, allocation was made at EUR 11.00.

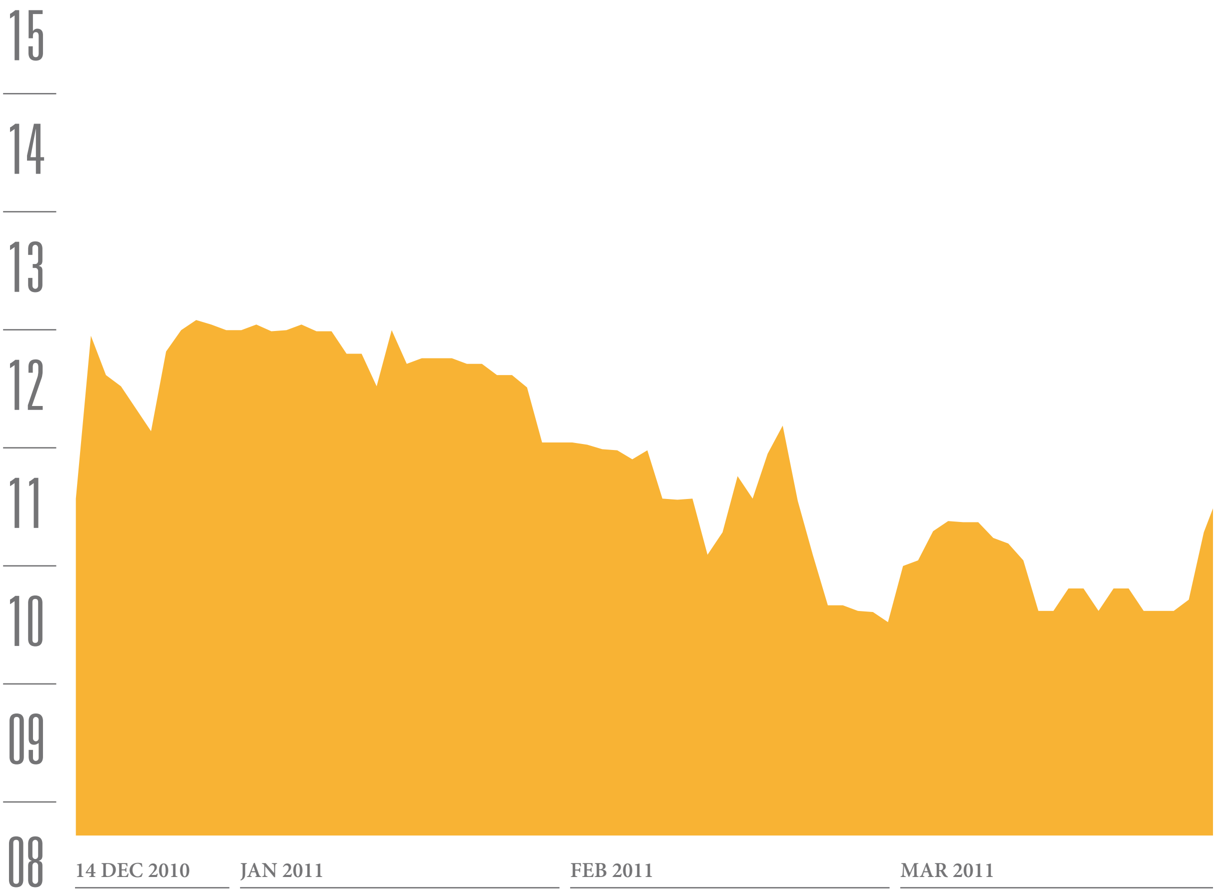
Existing shareholders exercised their pre-emption rights to subscribe to 1,178,219 of the shares at a fixed price of EUR 10.00. This reflects 30% of the entire capital increase. In total, ADC has 7,646,150 shares outstanding. Based on the first-trade at EUR 12.10, the market capitalization of ADC was at EUR 92.5 million and reached its peak in the reporting period on 23 December 2010 with a market capitalization of EUR 96.3 million based on a price of EUR 12.59. The share closed the year on 30 December 2010 at EUR 12.55.[2]

1 ADC research on average banking multiples in SSA

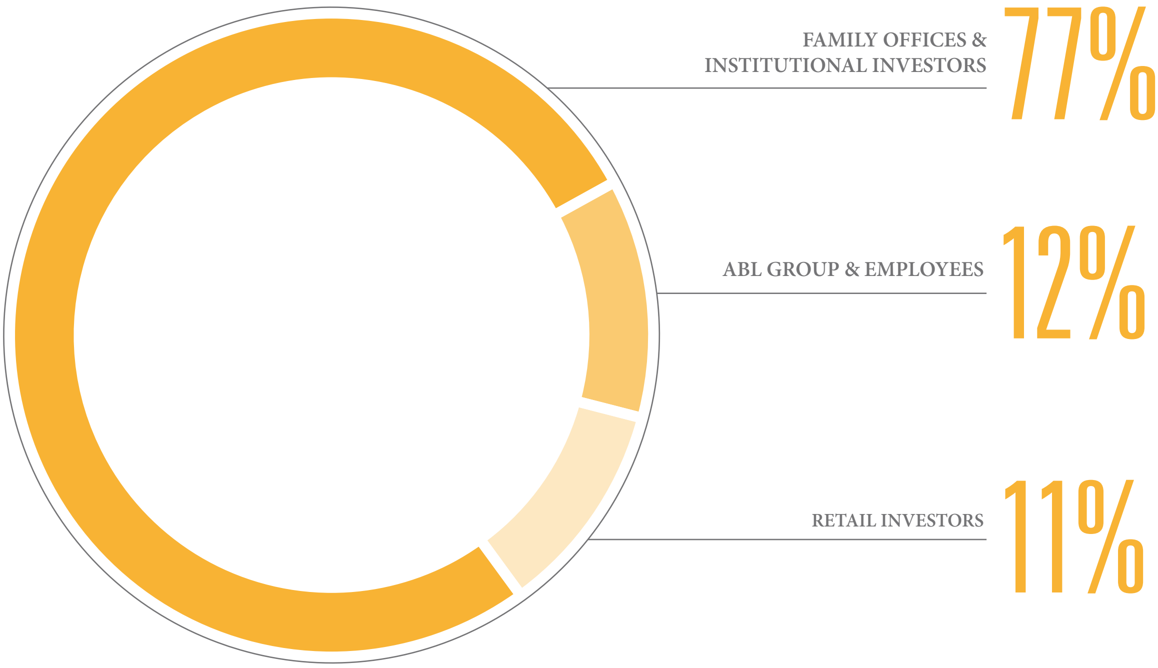
2 Source: Bloomberg, share information based on daily closing prices.

To accompany ADC's growth plans, a changeover to the Deutsche Boerse Prime Standard segment is planned for the first half of 2011 to further increase market transparency and attract new investor groups. ADC will continue to focus on investor communication in 2011 in order to attract more strategic investors as well as retail investors. First independent research studies by Silvia Quandt Research GmbH (November 2010) and DZ Bank AG (March 2011) have given the stock a BUY rating and see the price target for the ADC share at around EUR 16-18. Further research coverage is expected to follow shortly as brokers analyze the companies 2010 financials and provide an independent assessment of the SSA financial services sector.

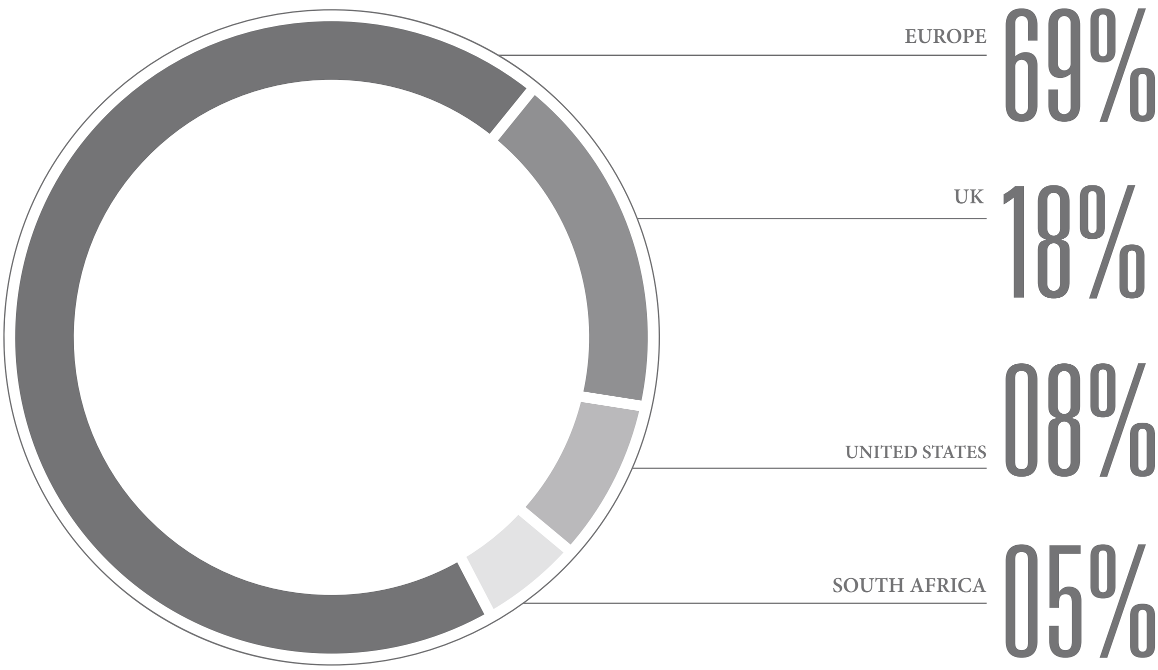
STOCK CHART **price per stock, in Euros**



SHAREHOLDER STRUCTURE



SHAREHOLDER STRUCTURE BY REGION



SHARE INFORMATION

Legal Domicile
Frankfurt, Germany

Legal Form
Partnership limited by shares

Shares Outstanding
7,646,150

Listing
Frankfurt Stock Exchange

Market Segment
Deutsche Boerse / Entry Standard (Regulated Market)

Market Capitalization
EUR 96 million (30 December 2010)

Ticker Symbol
AZC.GR

ISIN
DE000A1E8NW9

Designated Sponsor (Liquidity Provider)
biw Bank für Investments & Wertpapiere AG in cooperation with
Silvia Quandt & Cie. AG

AN INTERVIEW WITH ADC'S CEO AND CFO

DIRK HARBECKE, CEO, ON ADC'S STRATEGY

Q MR. HARBECKE, WHEN WAS ADC FOUNDED AND WHY DID YOU DECIDE TO FOCUS ON FINANCIAL SERVICES IN SUB-SAHARAN AFRICA?

DIRK HARBECKE: ADC was founded in September 2007 and has grown steadily over the last three and a half years. ADC's strategy is to identify the most promising growth opportunities available in the market and to invest in high growth sectors. The Company focuses on frontier markets in SSA, which held 6 of the 10 fastest growing economies in the World in 2010.

ADC has chosen to invest in the financial services sector as it consistently drives successful macroeconomic development across the globe and has, in SSA, averaged an 8% annual growth between 2002 and 2008. Only 20% of the population of SSA currently has access to the formal financial sector, but all studies suggest that this number will significantly increase over the next decade, which offers a huge investment opportunity.

Q WHAT MAKES YOU OPTIMISTIC THAT CURRENT POSITIVE ECONOMIC TRENDS IN SSA WILL CONTINUE IN THE FUTURE?

DIRK HARBECKE: Over the last decade, we have seen dramatic changes in the economic and political environment supported by favorable demographic and socio-economic trends. Countries such as Angola, Ethiopia, Chad, Mozambique and Rwanda all posted annual growth rates of around 8% between 2001 and 2011. In the last ten years, there have been significant improvements in political stability, coupled with economic liberalization that has helped to lower inflation and spur business reforms across the continent, helping to create a thriving private sector that is producing cutting edge technology, such as M-PESA in Kenya and iVeri's NPay in South Africa.

Urbanization and rising incomes of the growing middle class have created a thriving domestic market. There have been broad improvements in economic conditions and state revenues over the last few years have been supported by high commodities prices and rapid growth. This money has increasingly been invested in the development of industries outside the commodities sector and is raising future competitiveness.

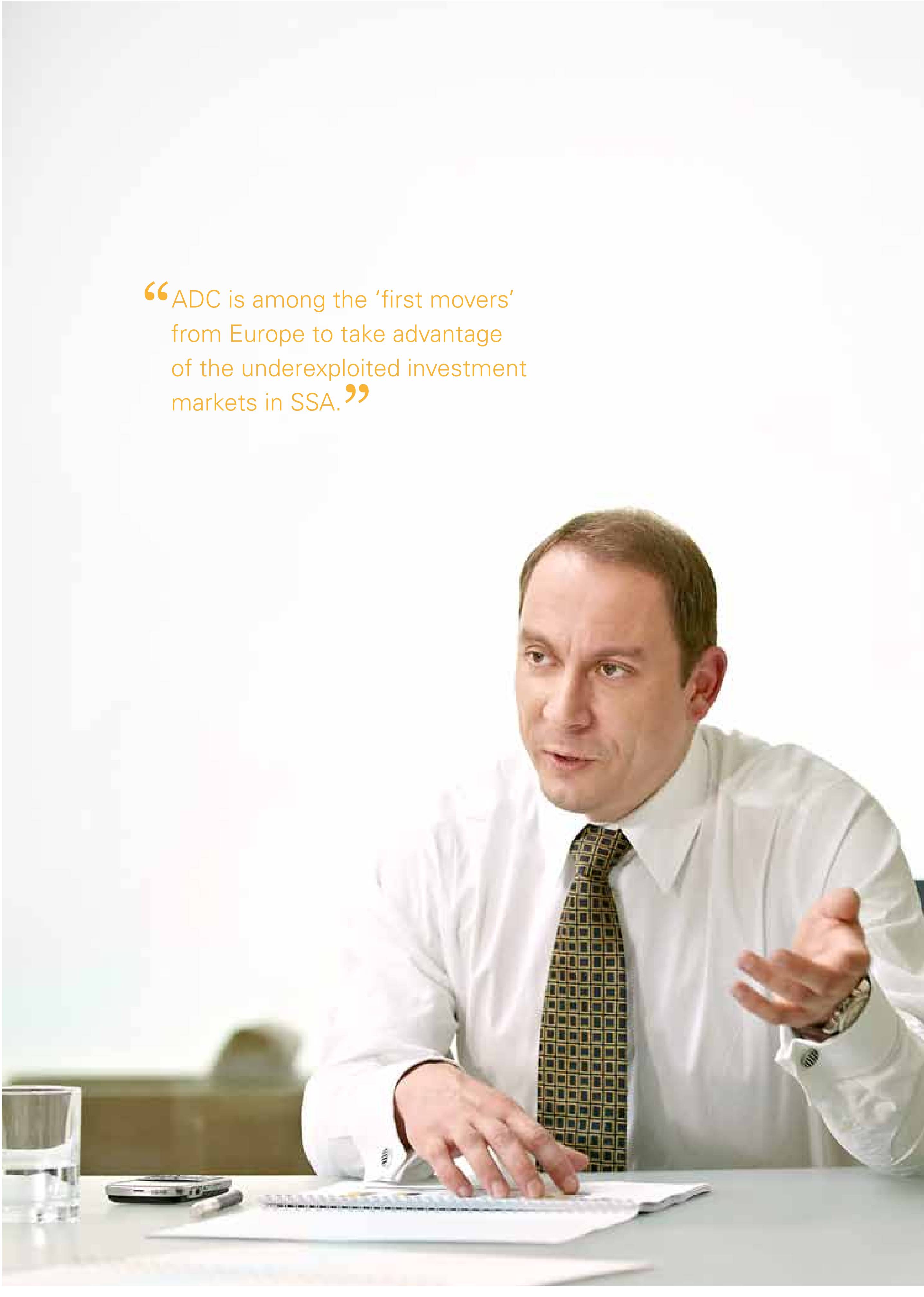
Q MR. HARBECKE, WHAT IS UNIQUE ABOUT ADC AND ITS STRATEGY. WHAT DIFFERENTIATES ADC FROM OTHER EQUITY INVESTORS IN THE REGION?

DIRK HARBECKE: Investors want to exploit the enormous possibilities offered by investing in SSA, but also strive to keep their overall risk exposure as low as possible. Our partnership with the World Bank subsidiary MIGA insures ADC's portfolio investments against political risk and expropriation as well as stipulating strict corporate governance guidelines on each of the investments it insures. Furthermore, ADC is a listed company and subject to German corporate governance guidelines and stringent transparency requirements governed by stock exchange regulations.

ADC delivers direct value-add to its investments and applies an active management approach with highly qualified investment and operations teams located on the continent. Through this set up, ADC is able to steer operations, transfer financial sector and management expertise and implement internationally recognized corporate governance standards in each of ADC's portfolio companies. In a nutshell, with ADC, you are getting the "real" Africa combined with German thoroughness and solidity.

Q WHAT LIES AHEAD FOR YOU AND YOUR INVESTORS?

DIRK HARBECKE: We have a concrete investment pipeline of around EUR 60 million. With the proceeds of the capital increase from the IPO, we are targeting another three to four investments in 2011. ADC is among the 'first movers' from Europe to take advantage of the underexploited investment markets in SSA. We aim to become the leading investor in the frontier markets of SSA with an internationally recognized corporate governance code, which will make ADC one of the foremost European listed companies investing in Africa.



“ADC is among the ‘first movers’ from Europe to take advantage of the underexploited investment markets in SSA.”

OLAF MEIER, CFO, ON IPO AND FINANCIAL DEVELOPMENT

Q MR. MEIER, WHAT ARE YOUR RETURN EXPECTATIONS FOR ADC?

OLAF MEIER: Our target annual return on invested capital is well into the double digits. In order to achieve our goal, we test all potential investments for an annual earnings potential that lies above our target return. It is precisely through our active management approach that we are able to generate returns over and above the average market return.

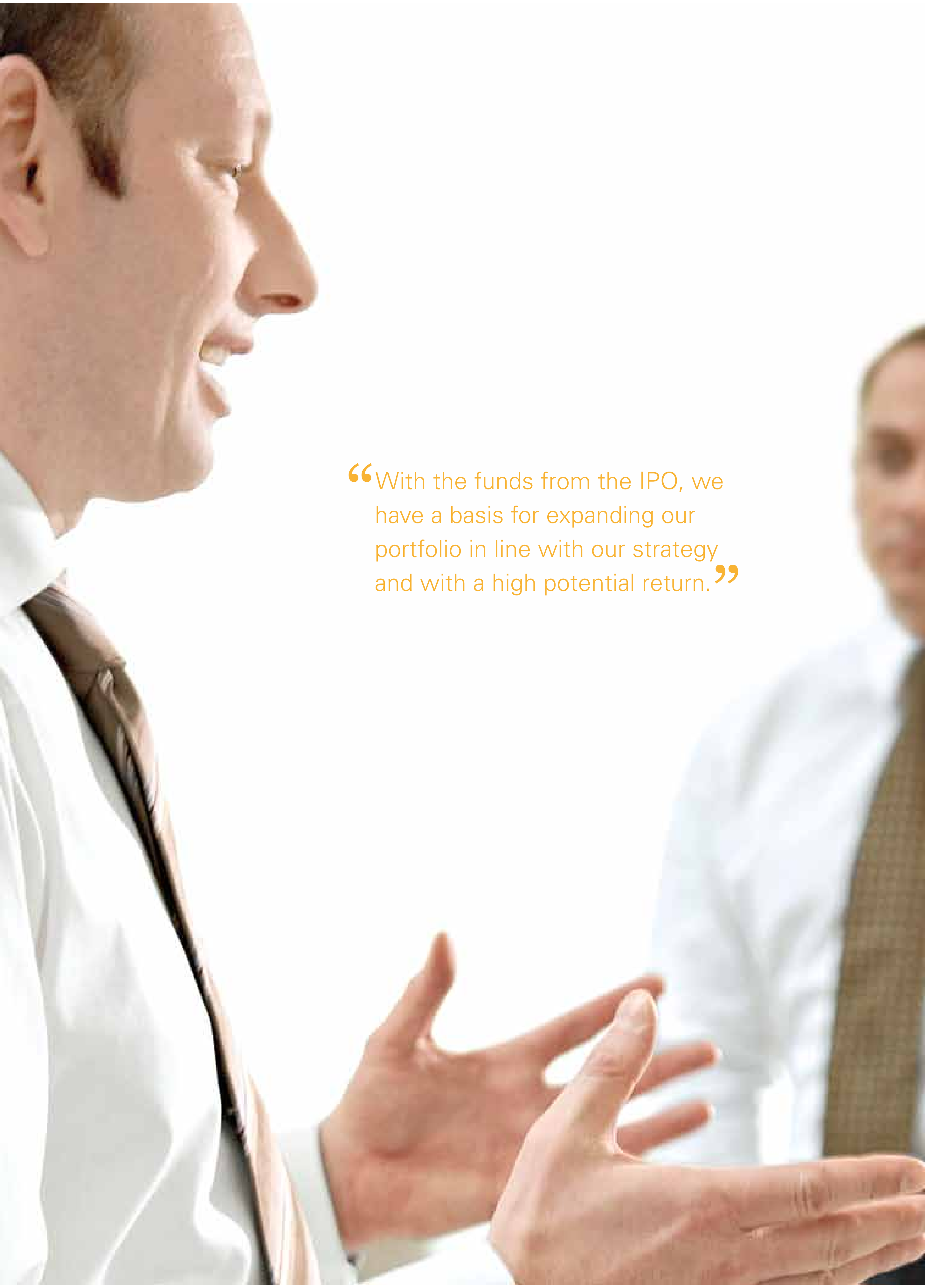
Q MR. MEIER, ADC RAISED EUR 43 MILLION WITH THE IPO ON 14 DECEMBER 2010 ON THE FRANKFURT STOCK EXCHANGE. WHAT DO YOU THINK WERE THE MAIN REASONS FOR THE HIGH DEMAND OF THE SHARE AND THE SUCCESS OF THE IPO?

OLAF MEIER: During the book-building period, we received very positive feedback regarding our strategy and positioning in the market. ADC offers investors unique access to what may currently be the most exciting investment region in the world. Investors that are restricted to listed equities have been more or less unable to invest in the region since many countries still don't have stock exchanges.

Another reason for the demand in the IPO was certainly the favorable pricing. All in all, this led to an oversubscription and a placement of four million new shares.

Q MR. MEIER, WHY DID YOU TAKE ADC TO THE FRANKFURT STOCK EXCHANGE AND NOT TO JOHANNESBURG OR LONDON?

OLAF MEIER: The feedback from our investors indicated that Frankfurt was the most favoured listing location. German regulations are state of the art and investors require only one stock exchange for trading, so a dual listing was off the table. It was the most inexpensive and effective way to provide liquidity to investors. London would have also been possible, but we would have needed additional audits between Frankfurt and London which can cause delays in reporting and incurs additional costs which can negatively affect the balance sheet.



“With the funds from the IPO, we have a basis for expanding our portfolio in line with our strategy and with a high potential return.”

Q **THE SHARE IS NOW TRADING FOR ABOUT FOUR MONTHS QUITE FLATLY. HOW DO YOU SEE ITS DEVELOPMENT SO FAR AND IN THE FUTURE?**

OLAF MEIER: Since the initial trading at EUR 12.10, the share has moved in the range of EUR 10-13, a development that we expected to a certain degree. The share came under pressure during the political developments in North Africa and the subsequent turmoil on the stock markets in response to the disaster in Japan. This is understandable, but does not create a major concern for us as the fundamentals in SSA have not changed and we believe that we are very well equipped to exploit the enormous opportunities in the region. ADC follows a mid- to long-term strategy and has thus so far only exited one investment. Significant price movements are expected with the buildup of our track record, i.e. every positive exit from an investment. During the road show, we received clear signals that institutional investors understand ADC to be a long-term investment and that they will continue to analyze our business development and performance to decide when to add additional funds. With the funds from the IPO, we have a basis for expanding our portfolio in line with our strategy and with a high potential return. I still consider the current price to be slightly undervalued, since independent analysts have already reported a share price of higher than EUR 16.00.

DZ Bank, for example, released a report on 8 March 2011 classifying ADC with a BUY rating. In its report update, on 7 April 2011, DZ Bank gives a price target of EUR 18.10, reflecting a 60% upside to that day's stock price. DZ Bank estimates that the current portfolio bears significant upside potential and is optimistic that ADC will be able to add significant value to existing and future investments.

INVESTMENT APPROACH

ADC focuses on three pillars of business within the financial services industry: banking, insurance and proprietary investments. ADC primarily makes growth capital investments and follows an active management approach, delivering operative value-add to its portfolio companies. In particular, ADC transfers international expertise, network and know-how, which are key components of doing business and being successful in SSA.

In the banking sector, ADC targets commercial banks with promising potential in retail and corporate banking. Opportunities in the banking market in Africa are vast. As incomes rise, consumers are seeking greater security and convenience of a bank account. Currently, both retail and corporate banking are at a relatively early stage of development, offering investors the opportunity to leverage both their expertise and capital. Demand for banking services is expanding and becoming more sophisticated as economies develop. Banks are now seeking to enhance their product and distribution capabilities to tap into this expanding market.

In the insurance sector, ADC targets countries with an incipient insurance market as well as expanding access in more mature markets by introducing new and innovative products that are relevant for a larger sub-section of the economy. ADC is in the process of setting up an insurance business with an established insurance partner in Africa. Furthermore, ADC seeks to unlock value in the African insurance industry by pooling financial resources and providing on-the-ground operational expertise that is required to improve and expand the undermanaged and fragmented insurance industry currently operating on the continent. ADC is accessing this market by investing in small-and-medium sized insurance businesses ("SME").

In addition to financial services investments, ADC plans to evaluate proprietary investments in other sectors in the near future. ADC's access to project financing through its network of portfolio banks allows the Company to invest in high margin projects outside its core focus. ADC's strategy is to invest in high return projects with equity or, in rare exceptions, debt capital.

BANKING

FOCUS ON COMMERCIAL BANKS WITH HIGH POTENTIAL IN RETAIL AND/OR INVESTMENT BANKING

PROVISION OF GROWTH CAPITAL AND KNOW-HOW TRANSFER

— Underpenetrated markets
— Development is prerequisite for growth
— Execution of high margin projects with existing and new clients possible

INSURANCE

FOCUS ON SME[1] INSURANCE COMPANIES

BUILD-UP WITH ESTABLISHED LOCAL INSURANCE PARTNER AND DFI[2] FUNDING

— Increasing demand
— Few players with know-how
— Unmatched funding possible through cooperation with DFIs[2]

PROPRIETARY INVESTMENTS

INVESTMENT IN HIGH MARGIN PROJECTS OUTSIDE CORE FOCUS

— Leverage of network and access through portfolio companies

1 Small and Medium Enterprises
2 Development Finance Institutions

SYNERGIES

ADC seeks to maximize investment synergies across all of its investments within the financial services sector. Currently, the company has invested in two financial services companies, two electronic payment system and service providers as well as the more recent investment in the insurance sector.

The African banking industry is acquiring the technology for consumers to use electronic payment systems – from mobile banking solutions to ATMs, and banks are changing their strategy to rapidly acquire modern payment services. ADC's investments aim to capture the market across this value chain by investing in the banking industry, while also providing services to these banks to expand their product and service lines.

Furthermore, as incomes rise and businesses require more sophisticated insurance products, the insurance industry is developing and expanding rapidly. Banks are often a distribution channel for insurance companies, bundling insurance products with other products and services.

FIRST MOVER ADVANTAGE

ADC has chosen to focus on frontier markets in the SSA market with strong future growth potential and strengthening political environments, giving the Company a "first mover advantage" in these potentially higher return investment destinations.

Frontier markets within SSA are at a much earlier stage of economic and financial market development than emerging markets and are often at a turning point showing strong fundamentals. The less mature economies and capital markets typically leave room for growth offering high, long term returns and low correlations with other markets, but also bear higher risks, e.g. political risks or liquidity risks. Over time, these markets will become more liquid and exhibit similar risk and return characteristics as the larger, more developed emerging markets. ADC continuously screens the markets and has currently invested in the frontier markets of Kenya, Rwanda, Botswana and Equatorial Guinea, four of the fastest growing countries in Africa, as well as Zimbabwe, a re-emerging market leader. These frontier markets allow the Company to explore the neighboring regions using the established footprint as a hub for expansion.

ACTIVE MANAGEMENT APPROACH & KNOWLEDGE TRANSFER

ADC currently has a team of 13 highly skilled international members, of which 11 are locally based in SSA. This structure facilitates on-the-ground management of the individual investments, ensuring necessary monitoring and support to maximize value creation.

By providing the management staff, ADC transfers international expertise, network and know-how to its portfolio companies. For ADC, this active management approach is a key component of doing business and being successful in SSA. ADC is able to provide qualified management staff, since ADC has built up a network of SSA and emerging markets experts. This allows ADC to access promising business opportunities and to evaluate opportunities and manage risks in an appropriate way.

RISK MITIGATION

Technical downside protection is guaranteed on covered portfolio companies by political risk insurance through a partnership with MIGA/World Bank. ADC and MIGA signed a first-of-its-kind master agreement, whereby ADC investments in pre-defined countries are eligible to be covered against political risks, exchange controls, FX transfer risk, war and civil disturbance, expropriation of assets. Once insurance coverage on a specific investment is confirmed, ADC will be repaid 90% of its invested capital including retained earnings in any of the above mentioned insurance cases. Through this partnership, ADC has also access to the World Bank network of experts.

ADC agrees to be socially responsible and complies with World Bank guidelines, meaning saying no to corruption, child labor, exhausting abuse of the environment etc. MIGA will perform due diligence on the fulfillment of these guidelines through its multi-country office network ongoing.

MANAGEMENT TEAM

DIRK HARBECKE

CHIEF EXECUTIVE OFFICER

Dirk, a German national, has more than 15 years of experience as a senior executive, entrepreneur and investor. Dirk founded ADC in 2007 and leads the company as CEO. Dirk is responsible for ADC's strategy, the investment screening and decision process, the success of the investments and is the key representative of the company.

Before joining ADC, Dirk worked as a Manager at Boston Consulting Group (BCG), focusing on the restructuring and set-up of financial services institutions in Europe and the Middle East. He and his team developed a concept for a new bank that has been successfully introduced on the market, from feasibility study to strategy development and operational blueprint. Other projects included the development and implementation of a new retail and private banking concept and the management of M&A deals in Western Europe. Prior to working as a consultant, he set-up two companies in the fields of financial services and ICT and successfully launched a financial online network with 120 employees and developed it to market leadership in Germany.

Dirk has extensive international experience in developed and emerging markets having worked in Germany, France, UK, US, China, Tunisia, Egypt and numerous SSA countries.

Dirk has a joint honours degree in Journalism (Master's) and Economics (Bachelor's) from the University of Dortmund / Germany and an MBA from St. Gallen University in Switzerland. He is also a trained editor. Dirk speaks fluent German, English and French.

OLAF MEIER

CHIEF FINANCIAL OFFICER

Olaf, a German national, brings more than 15 years of experience in mergers and acquisitions, finance and administration, equity capital markets and investor relations. He joined the ADC team in June 2009. He has the overall responsibility for communication to the financial community including fundraising, media, investor relations as well as administration and corporate governance support at the German level.

Olaf started his career setting up the legal department for debitel AG, the number three German Service Provider for mobile communication. Having worked with debitel AG, he continued his career for more than three years as a member of Utimaco Safeware AG Senior Management Team where he was responsible for M&A, compliance, corporate governance and capital markets. He was a member of the restructuring team and CEO of the company's Belgian subsidiary during its successful restructuring. He headed the IR department for international groups for more than six years in the logistics and solar sectors. In the solar sector, he was Senior Manager at AMG Advanced Metallurgical Group N.V., a USD 1.4 billion supplier of solar and industry equipment and materials.

Olaf is a lawyer by profession specialized in business law and was admitted to the Bar Association as Attorney-at-law. Olaf speaks German and English fluently and intermediary French.

SASCHA BELJULI

CHIEF OPERATING OFFICER

Sascha Beljuli, a German national, has over 10 years of business experience, including over four years of banking experience in Africa. He joined ADC in October 2010, is ADC's COO and is responsible for portfolio operations and performance as well as reporting from portfolio companies to ADC.

Sascha joined ADC after having worked for Opportunity Tanzania as the COO, responsible for product development and the introduction and implementation of the company's policies and procedures. He also spent two years at Barclays in Africa as Project Leader for a major retail expansion project in both Tanzania and South Africa. Prior to working in Africa, Sascha spent over five years working for a variety of businesses in Europe, specializing in project management.

Sascha has a Business Administration degree from the University of Cologne, Germany. He is fluent in German, English, and Serbian with an advanced knowledge of Spanish and a basic level of Kiswahili.

MARK SCHNEIDERS

CHIEF DEVELOPMENT OFFICER

Mark, a Dutch national, grew up in Africa. He is an entrepreneurial finance professional and has over 27 years of banking sector experience in wholesale and private banking around the globe. Moreover, he has considerable experience with company mergers, building new markets and setting up the retail bank business. He joined the company in October 2010 and is Chief Development Officer at ADC.

Mark has worked for a variety of banking operations of NMB Bank, NMB Postbank and ING in Latin America, Europe, Asia and North America. He was employed with ING Barings in Venezuela and in Curaçao as Country Manager, where his responsibilities included corporate client portfolios and providing services to Wholesale Banking, Private Banking, and ING Trust. From Curaçao he moved to ING Bank, Switzerland, as General Manager and Head of Dutch Business. Prior to joining ADC, Mark was employed as Managing Director with ING Financial Institutions in Amsterdam, where was responsible for Africa and Latin America.

Mark has a Bachelor's degree and a Master's degree in Law of the University of Leiden, the Netherlands. He has completed the Advanced Management Program at Harvard Business School, as well as having followed management and banking management programs - INSEAD (Cedep). He speaks fluent Dutch, English, Spanish, French, and German.

SUPERVISORY BOARD REPORT

CONTROLLING AND ADVISORY IN CONTINUOUS DIALOGUE WITH THE MANAGEMENT

In the 2010 financial year, the Supervisory Board fulfilled all its duties according to the law and the articles of association with adequate diligence and care. During the course of the year, the members of the Supervisory Board held continuous and close contact with the Management of ADC, and were consulted on issues of strategic importance and significant events. We monitored Management's conduct of business and were kept informed at and in between ordinary meetings. With the same depth of relations, the Chairman of the Supervisory Board regularly discussed with ADC Management developments on the course of the business and significant events and transactions.

At any time and in a timely manner, the Supervisory Board was presented with adequate information enabling constructive discussion and providing a solid base for decision making, in verbal and written form. The Management of ADC reported regularly and comprehensively on business developments, the financial situation, fund raising activities and issues of importance concerning corporate planning. Furthermore, the Supervisory Board was kept informed of the economic developments of the sub-Saharan region as well as regulatory developments and the effects, or non-effects thereof on the company's business.

All matters requiring Supervisory Board approval were submitted in a clear and timely manner, and, if necessary, additional explanation and documentation was provided by the Management. Approvals of the Supervisory Board required by law and the Articles of Association were granted on basis of thorough examination of all relevant information and documentation.

SUPERVISORY BOARD MEETINGS

The Supervisory Board of ADC African Development Corporation GmbH & Co. KGaA held three ordinary meetings in the fiscal year 2010.

SUPERVISORY BOARD MEETING, 14 APRIL 2010

Subsequent to the presentation of the auditors' report by Ernst & Young GmbH, the Supervisory Board unanimously approved the adoption of the 2009 audited accounts. The accounts were provided by the Management Board prior to the meeting for review and comments. The Management Board reported in detail on progress on the previously resolved capital increase and operational and business developments.

SUPERVISORY BOARD MEETING, 23 JUNE 2010

The Management Board reported on the unaudited figures for the first quarter of 2010 as well as on the scheduling of the Annual General Meeting on 24 August 2010. The Supervisory Board was informed of the final outcome of the capital increase and that numerous institutional investors had indicated a willingness to invest additional funds into ADC, if the company could accommodate internal investment guidelines in terms of a listing on a public stock exchange. It was then discussed and decided to pursue preparations of an IPO under German law on the Frankfurt Stock Exchange before the end of the year. In conclusion, the Management Board reported on strategic issues, developments of the portfolio companies and the investment pipeline.

SUPERVISORY BOARD MEETING, 2 SEPTEMBER 2010

The Management presented the unaudited figures of the second quarter and progress of the IPO preparations. The presentations were followed by a comprehensive discussion of significant developments and transactions within the portfolio companies.

ANNUAL FINANCIAL STATEMENTS

Ernst & Young, Deutsche Allgemeine Treuhand AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Mannheim — auditing firm and tax consultants — was appointed by the General Meeting of 24 August 2010 as auditor for the financial year 2010. Under consideration of bookkeeping, the auditor audited the financial statements of ADC African Development Corporation GmbH & Co. KGaA, the consolidated group financial statements and the respective Management's analysis for the financial year 2010 and issued an unqualified audit opinion for each.

The Supervisory Board was presented with the audited and certified financial statements and group statements for 2010, the Management's analysis as well as the auditors' report were presented in a timely manner prior to our Supervisory Board Meeting on 31 March 2010. After careful examination and discussion with the auditors, we approved the financial statements and group statements as well as the Management's analysis for the financial year 2010 in this meeting.

CHANGES IN THE SUPERVISORY BOARD

Mr. Ron Braverman joined the Supervisory Board as representative of Altira AG, effective 1 September 2010. Mr. Braverman took over from Dr. Sebastian Grabmaier, Partner of Angermayer, Brumm & Lange Group. We kindly thank Dr. Grabmaier for all his efforts and valuable input. Dr. Grabmaier was one of the main drivers in forming ADC and setting up a successful strategy as we have it in place today.

We, the Supervisory Board, thank all employees and the Management of ADC African Development Corporation for their cooperative and successful work over the past year. We thank the employees of Altira AG and Silvia Quandt & Cie. AG for their commitment and dedication in preparing the IPO, the investment team for their great efforts in driving a promising investment pipeline and the operations team for their excellent work and addition of sustainable value in the portfolio companies. Finally, we would like to specifically thank Ms. Sonja Rossteuscher, who resigned in September 2010, for her excellent work in laying out the foundations on which the company can build its further success.

Frankfurt am Main, March 2011

On behalf of the Supervisory Board,

Christian Angermayer
Chairman

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BUSINESS DESCRIPTION

ADC African Development Corporation GmbH & Co. KGaA (ADC) is a stock exchange listed investment group focusing on the financial services industry in selected frontier markets in SSA. The Company was initiated by Altira AG, an asset management firm based in Frankfurt, Germany, in late 2007.

The vision of ADC is to become one of the leading financial services investment groups in SSA. Its mission is to realize above-average yields for its investors and the development of the local private sector through the provision of growth capital and expertise in selected frontier markets in SSA.

ADC focuses on three pillars of business within the financial services industry: banking, insurance and proprietary investments. ADC primarily makes growth capital investments and follows an active management approach delivering operational value add to its portfolio companies. In particular, ADC transfers international expertise, network and know-how, which are key components of doing business and being successful in SSA.

ADC'S STRATEGY IS CHARACTERIZED BY:

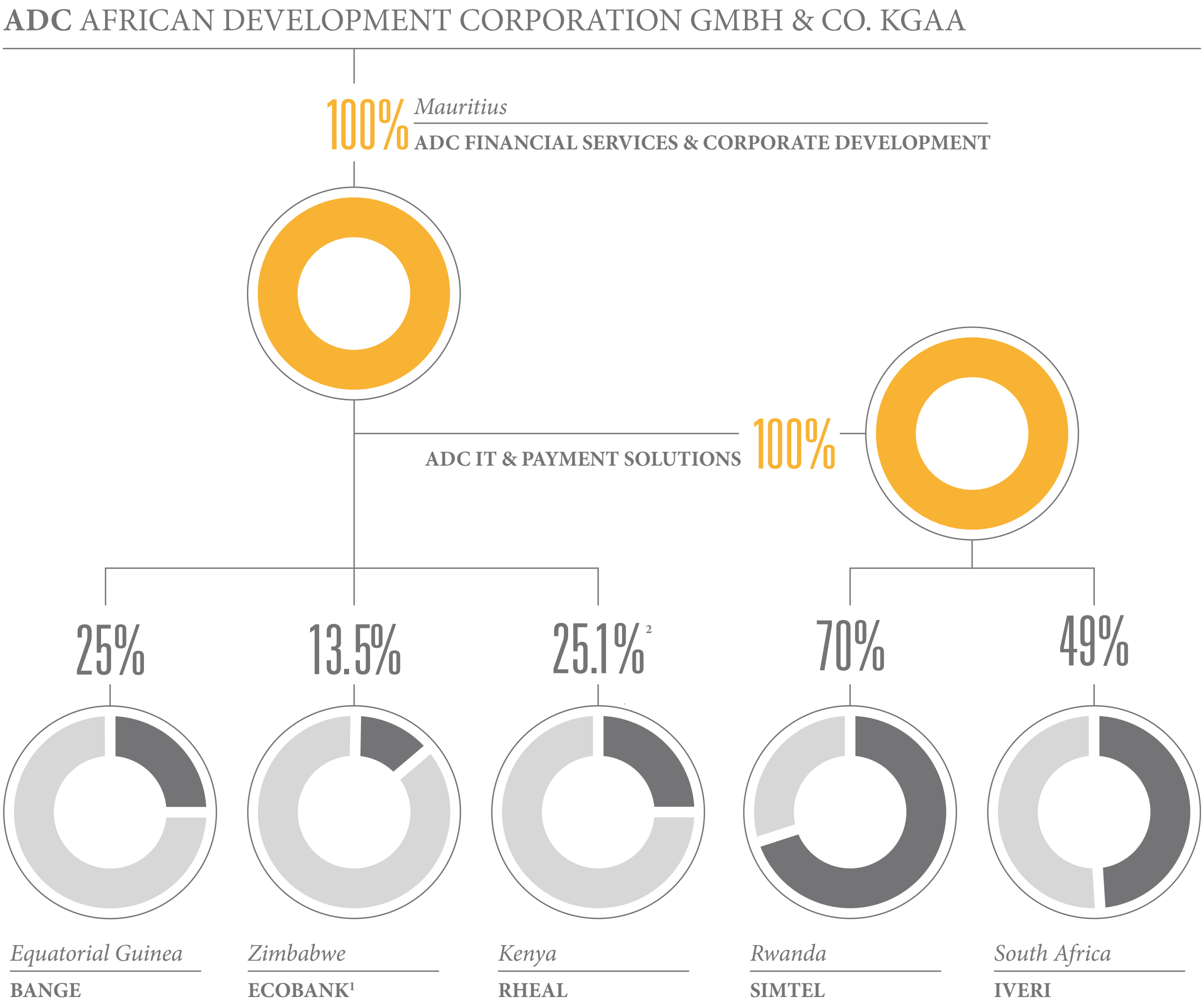
1. Focus on growth capital for financial services companies in selected frontier markets in SSA
2. Active management of portfolio companies creating operative value add through the transfer of international expertise, network and know-how
3. Acquisition of majority stakes or minority stakes with managerial impact in order to be able to actively implement and steer any necessary business adjustments
4. Leveraging of synergies between ADC portfolio companies
5. Risk diversification through systematic market approach
6. Risk management through active management approach as well as minimization of political risks through MIGA portfolio insurance coverage and strategic business and political relationship

ADC is specialized in providing growth capital and expertise in order to develop the small to mid-size market players in a regional context, or of leading companies in smaller markets. Investments are made for a period of 3-5 years with a clear focus on timely positive results and clear milestones.

ADC has chosen to focus on frontier markets in the SSA market with strong future growth potential and strengthening political environments. Frontier markets within SSA are at a much earlier stage of economic and financial market development than emerging markets and are often at a turning point showing strong fundamentals. The less mature economies and capital markets typically leave room for growth offering high, long term returns and low correlations with other markets, but also bear higher risks, e.g. political risks or liquidity risks. The Company expects that over time, these markets will become more liquid and exhibit similar risk and return characteristics as the larger, more developed emerging markets. ADC continuously screens the markets and currently focuses on the frontier markets of Rwanda and Equatorial Guinea, two of the fastest growing countries in Africa as well as Zimbabwe, a re-emerging market leader. These frontier markets allow the Company to explore the neighboring regions using the established footprint as a hub for expansion.

“ADC focuses on three pillars of business within the financial services industry: banking, insurance and proprietary investments.”

GROUP STRUCTURE



1 fka: FPG—Premier Finance Group

2 25.1% directly and 13.64% indirectly controlled

BUSINESS DEVELOPMENT IN 2010

PORTFOLIO DEVELOPMENT

During the year, ADC focused on the operational development of its existing portfolio companies with expansion and significant growth at BANGE, further business development and internationalization at iVeri, the restructuring of all of SIMTEL's customer contracts and the improvement of its overall business model as well as partnering with an international pan-African bank in Ecobank Zimbabwe, formerly Premier Finance Group. 2010 represents the third full year of operations for ADC and the Management of ADC is pleased to report that the company achieved profitability on a consolidated basis for the second time this fiscal year.

With the successful fundraising through the IPO, the ADC operational team is concentrating on the identification and evaluation of investment opportunities in the financial sector in East and Southern Africa. Main focus hereby lies on investments in banking, but also the further insurance companies are screened to be added to the portfolio.

“The Management of ADC is pleased to report that the company achieved profitability on a consolidated basis for the second time this fiscal year”

During the course of the year, ADC was developing concepts to extend the company's investment horizon to selected insurance companies. These efforts led to the first investment into SSA's insurance industry in December 2010. ADC purchased a 25.1%[1] stake in Resolution Health East Africa Ltd. (RHEAL) in Kenya. In order to leverage synergies in ADC's current and future investments, the Company is in negotiations with a Multilateral Institution and several Development Finance Institutions (DFIs) to create a new company within the ADC group with a focus on insurance. ADC and its partners will jointly fund 'ADC Insurance' to invest in insurance companies in SSA.

1 Additional 13.64 % held indirectly

TEAM

Over the course of 2010, ADC expanded and strengthened its operational team significantly by hiring a new Chief Operating Officer (COO), a Chief Executive Officer (CEO) for ADC Insurance and a Chief Development Officer. The investment team is employed with ADC Business Development Ltd., Republic of Mauritius. We refer to the remarks on associated persons in the notes (Appendix 6, Disclosure 12).

Sascha Beljuli, a German national, joined ADC as the new COO and is located in SSA. He is responsible for portfolio operations and performance as well as overall reporting for the Group. Sascha has 10 years of business experience, including over four years of banking experience in Africa. Sascha replaced Sonja Rossteuscher as COO in August 2010.

Andrew Lee, a South African national, joined ADC as the new CEO of ADC Insurance. Andrew has more than 20 years of relevant experience as an insurance and project manager. He is the former CEO of Resolution Insurance, has worked for several large South African insurers and is the former head of a ZAR 2.5 billion (EUR 260 million) project at Old Mutual.

Mark Schneiders, a Dutch national, joined ADC as Chief Development Officer. Mark is an entrepreneurial finance professional and has over 27 years of banking sector experience in various wholesale and private banks around the globe. He joins ADC having worked for a variety of banking operations of NMB Bank, NMB Postbank and ING.

Len Steffen, ADC's appointed Chief Executive Officer in PFG (now Ecobank Zim), was replaced by Mr. David Sackey, the former CEO of Ecobank Rwanda as Ecobank entered the bank. This was in line with ADC's growth strategy. We would like to thank Len for all his efforts in Harare and a successful turnaround of Premier Finance Group. Len continues to work as ADC's senior consultant for the Operational Support of ADC's investments.

ADC was also able to strengthen its contract consultancy network by hiring new international managers for BANGE. Peter McGregor and Rafael Garcia Rodriguez joined BANGE's CEO, Cor Verheezen, as Deputy Director and CFO, respectively. Cor and Peter both have extensive banking experience, while Rafael is a financial expert with background in the construction industry. At SIMTEL, Ronald Hoekman, took over as CEO and is supported by Jan Vondracek, the new CFO. Ronald and Jan both have vast experience in the banking and related ICT sector.

CAPITAL INCREASES AND IPO

In June, ADC completed its second capital increase with a private placement of EUR 3.8 million new shares,[1] or EUR 6.1 million prior to deduction of any costs relating to the procurement of capital. These shares were placed at EUR 1.60 per share.

In preparation of the IPO, the Annual General Meeting of Shareholders (AGM) held on 24 August 2010 resolved to decrease the number of shares outstanding by the ratio of 5:1. With the execution of this resolution, the shares outstanding will be reduced from 18,230,754 to 3,646,150.

On 14 December, ADC placed 4,000,000 new shares in an Initial Public Offering at the Entry Standard of the Frankfurt Stock Exchange and raised EUR 43.0 million in funds. The shares were allocated at EUR 11.00 and traded initially at EUR 12.10. In total, ADC has 7,646,150 shares outstanding. Based on the first-trade, the market capitalization of ADC was at EUR 92.5 million. Concerning the corporate actions, we refer to the notes (Appendix 6, Disclosure 5.9).

1 Prior to the 5:1 share capital decrease

THE MARKET ENVIRONMENT

SSA has achieved remarkably consistent and strong growth rates over the last decade, averaging 5.7%, which is up from only 2.4% over the previous two decades.[1] Furthermore, six of the world's top ten growing economies were in SSA from 2000-2010 with annual growth rates ranging from between 7.6% to 11.1%.[2] GDP returned to pre-downturn levels of ~5.0% in 2010 and are expected to reach 5.8% by 2012.[3] It has also been predicted that SSA's growth rate is likely to overtake that of Asia to become the fastest growing region in the world.[4]

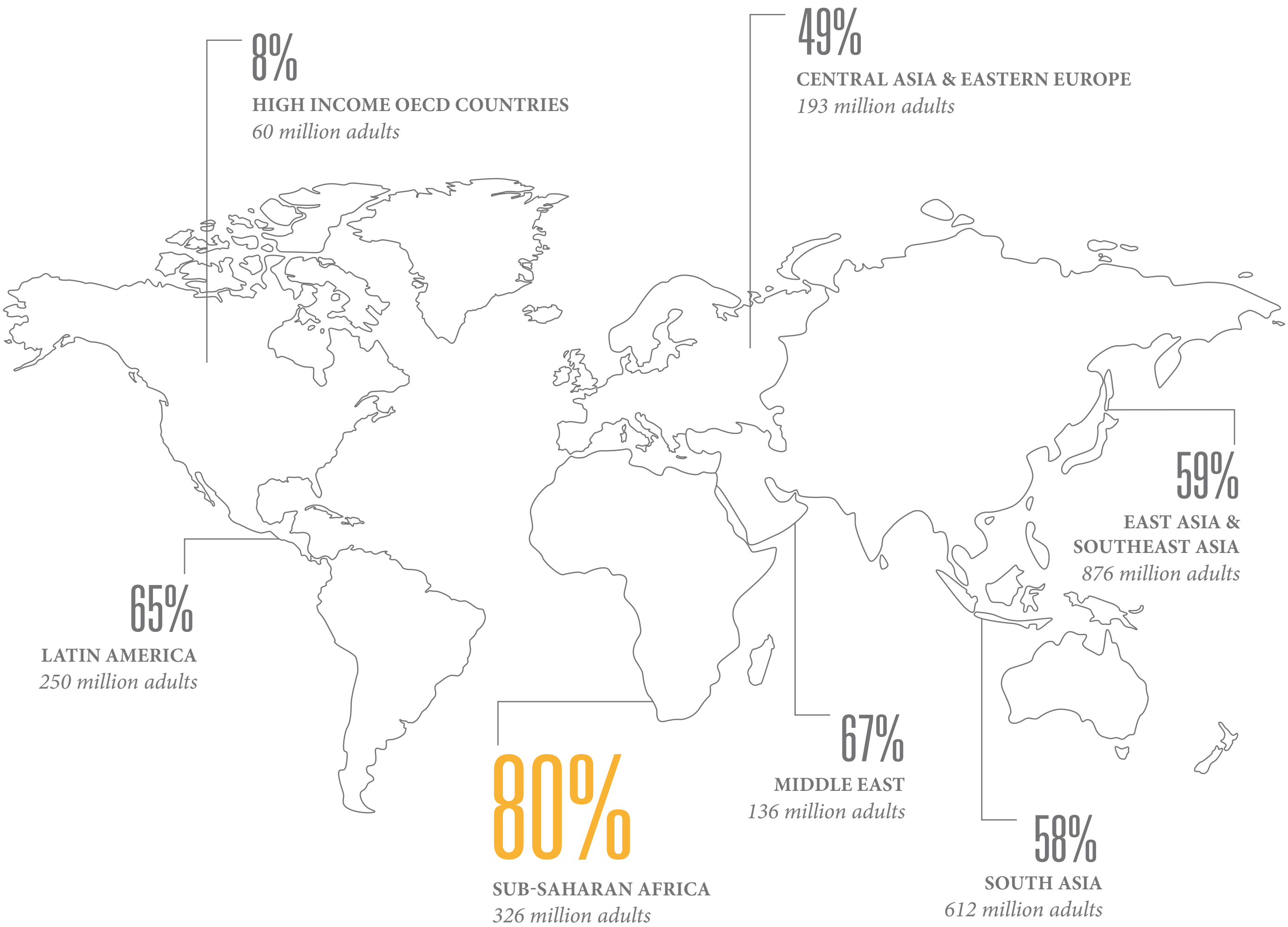
Some of the main factors contributing to SSA's rapid rates of growth are improved governance and investment friendly policies introduced by African governments in the last decade. Inflation rates in the region have declined from an average of 25% from 1990–2000 to 10.4% in 2009. Governments were also able to reduce foreign debt by one quarter and deplete budget deficits by two-thirds.[5] Further actions undertaken were to energize free markets by privatisations and strengthened regulatory and legal systems.

Soaring demand for global commodities has significantly contributed to, and is still driving SSA's overall growth. Though commodities and resources were the single largest contributor to Africa's overall GDP growth from 2000–2008, there is an increasing amount of diversification in other sectors. The three fastest growing sectors: banking, tourism and telecommunications account for 18% of total growth.[6]

The region's long term economic expansion reflects interrelated social and demographic changes. Key factors will be urbanization, the rise of the middle class and a growing working age population (15 to 64 years old), which with 500 million people already exceeds the number of Europe and is forecasted to rise above that of China until 2040 to above 1.1 billion.[7]

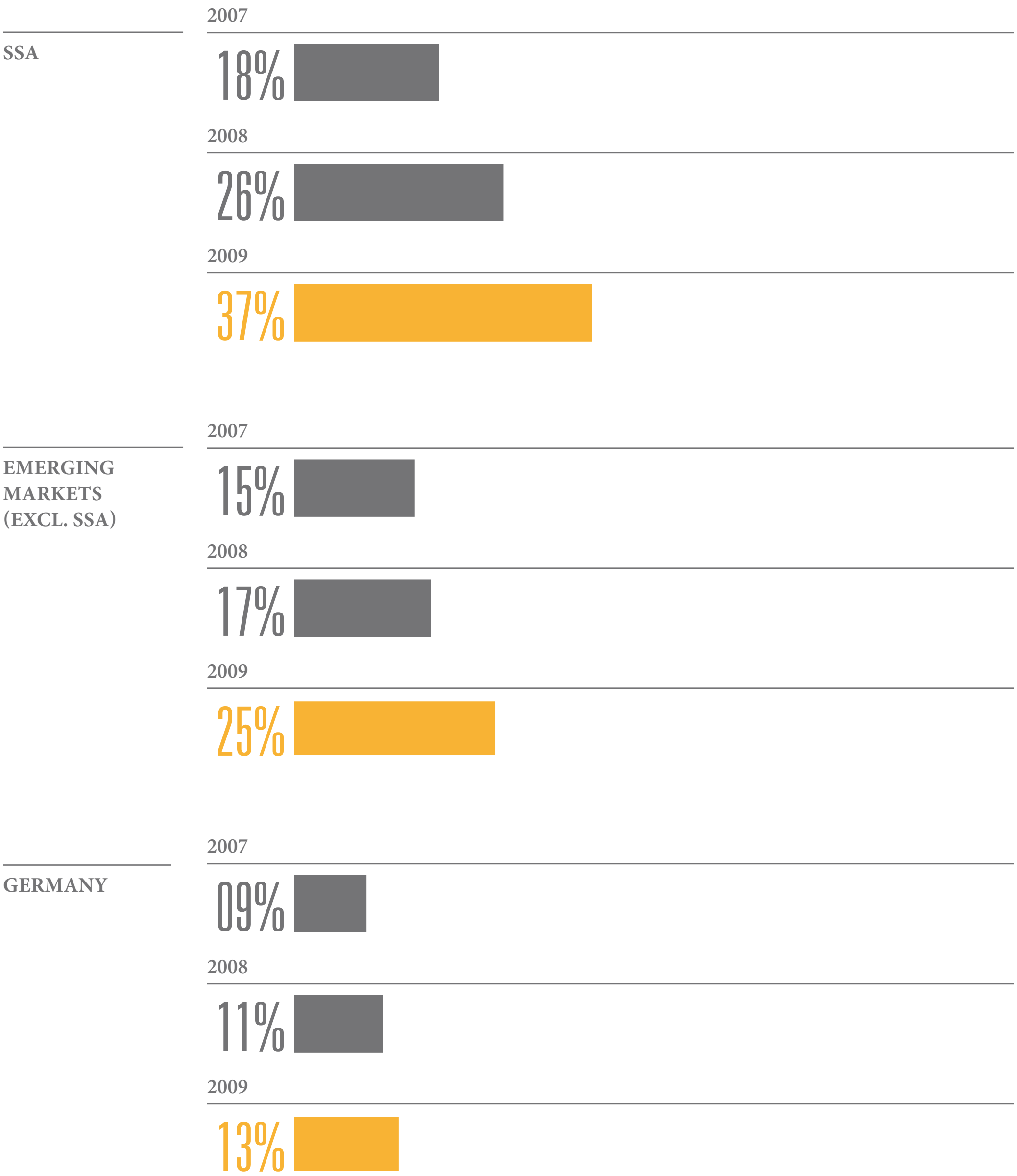
1 The Economist, "The Lion Kings," (January 2011)
2 ibid.
3 International Monetary Fund, World Economic Outlook, (January 2011)
4 The Economist, "The Lion Kings," (January 2011)
5 McKinsey, "What's Driving Africa's Growth," (June 2010)
6 ibid.
7 McKinsey, United Nations World Population Prospect, "Lions on the move," (June 2010)

SHARE OF UNBANKED POPULATION IN THE WORLD



53% TOTAL
2,455 million adults

RETURN ON AVERAGE EQUITY IN THE BANKING SECTOR



COMPETITIVE LANDSCAPE

Currently, there are 71 private equity funds targeting to raise USD 25 billion in capital commitments for investments in Africa.[1] Most private equity managers acting outside South Africa tend to target sub-regions such as West or East Africa, or alternatively focus on relatively developed standalone markets such as Nigeria or Kenya. Typically, private equity funds are diversified regionally and by sector, while ADC is focusing on diversification regionally in general.

FINANCIAL SECTOR

The financial sector in SSA is currently one of the world's fastest growing emerging banking markets. According to "The Economist," local and western banks' profits in SSA (excluding South Africa) totaled USD 2.6 billion in 2009, which is not far off profits made by Western firms in India or China.[2] There are a total of 326 million unbanked adults in the region and an estimated 40–60 million potentially bankable customers.[3]

The most established financial services sectors are in South Africa, Kenya and Nigeria, while Ghana, Uganda, Tanzania, Burundi, Mozambique, Zimbabwe, Malawi and Zambia are promising newcomers. In these emerging markets, the financially served adult population remains below 50% and is largely cash based.

Net interest margins within the banking industry in SSA are high and averaged 7% from 2005 to 2009. Frontier markets like Uganda or Zambia reached up to 10–12% consistently in the same period,[4] though the cost of funds and overhead costs are also high. Nevertheless, banks' profits are growing steadily – Tanzania's banking industry saw a 100% increase in profits before tax between 2006 and mid-2008.[5] Similarly, the average Return on Equity (ROE) in SSA was around 18% in 2007, while the banking assets as a percentage of GDP averaged only 23%. In 2008, the ROE showed a strong increase to around 26%, followed by another significant increase in 2009 to 37%, showing enormous potential for banking services on the continent.

There are exciting opportunities for further growth in the financial services market in SSA. As incomes rise, consumers will seek greater security and convenience of a bank account. To date, however, the banking industry is at a relatively early stage of development, offering investors the opportunity to leverage both their expertise and capital.

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1 Preqin, "The Private Equity Market in Africa," (October 2010)

2 The Economist, "The Scramble for Africa's Banks," (September 2010)

3 PriceWaterhouseCoopers sub-Saharan Banking Report (2007)

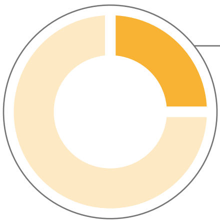
4 World Bank – Financial Structure Dataset, (November 2010)

5 Serengeti Advisers 2007 Tanzanian Banking Review

CAGR OF REAL GDP BY SECTOR, 2002-07		SHARE OF TOTAL GROWTH
HOTELS AND RESTAURANTS	8.0%	02%
FINANCE	8.0%	06%
TRANSPORT & COMMUNICATIONS	7.8%	10%
CONSTRUCTION	7.5%	05%
UTILITIES	7.3%	02%
RESOURCES	7.1%	24%
OTHER SERVICES	6.9%	06%
WHOLESALE & RETAIL TRADE	6.8%	13%
REAL ESTATE & BUSINESS	5.9%	05%
AGRICULTURE	5.5%	12%
MANUFACTURING	4.6%	09%
PUBLIC ADMINISTRATION	3.9%	06%

OVERVIEW OF OUR INVESTMENTS

1. BANCO NACIONAL DE GUINEA ECUATORIAL



ADC STAKE

25.0%

LOCATION:	Malabo, Equatorial Guinea
SECTOR:	Banking
DATE OF INVESTMENT:	28 December 2008
CAPITAL INVESTED:	EUR 2.70 million
CURRENT VALUATION:	EUR 14.25 million

Banco Nacional de Guinea Ecuatorial (BANGE) is a limited liability company formed in 2005. It is known as Equatorial Guinea's local bank and began operations in mid-2006. The bank offers a variety of products including current and savings accounts, personal and commercial loans, children's accounts, money transfer, payroll services for company and government employees and currency exchange services. The main sources of income are commissions on currency translations and transactions, interest income as well as banking services and transaction fees. The balance sheet has grown steadily since the bank's inception in 2006, recording a 113% increase in 2008 to EUR 68.0 million and a further 15% to EUR 88.0 million at the end of 2009. BANGE's management reported that the balance sheet reached EUR 197.0 million at the end of 2010.

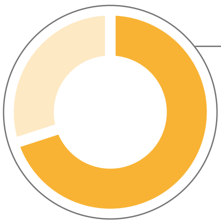
As the only local bank with a local shareholder in the country, BANGE has the potential to draw on its consumer loyalty and expand its operations to other parts of the country in order to significantly increase its customer base. Most capital for government-supported projects are channeled through BANGE, guaranteeing that the bank receives a steady flow of customers that are employees, beneficiaries and / or clients of the state.

Economic prosperity is creating a middle class that is seeking banking services from a well-managed and trustworthy bank. The new BANGE management team has set out targets to offer additional banking products tailored to the needs of corporate clients that have not been served with appropriate products by other banks.

According to the bank's preliminary results of 2010, the bank made a profit of EUR 8.1 million in its third full year of operations. The audited result for the previous financial year was EUR 2.2 million. This improvement of the bank's performance in 2010 is attributable to further restructuring and expansion activities implemented by the new ADC-appointed management team, which took control of the bank in June 2009. Since the end of 2009, the loan book grew by 69% to reach EUR 73.0 million while total bank accounts increased by 34% to reach 33,785 accounts at year end.

As a result of these positive developments, ADC has revalued its stake in BANGE to EUR 14.25 million, recognizing a revaluation gain of EUR 8.15 million in the 2010 reporting period. Additionally, according to the Shareholders Agreement, ADC has an option to purchase an additional 25.1% of the shares in BANGE, which is priced on the balance sheet at a current fair value of EUR 4.6 million. In 2011 BANGE will continue to expand its branch network and strengthen service and product delivery. The oil industry has recently chosen BANGE as a banking partner, which will increase available capital and foreign exchange profits. The bank will also expand its incipient electronic payment services.

2. SIMTEL S.A. (RSWITCH)



ADC STAKE

70.0%

LOCATION:	Kigali, Rwanda
SECTOR:	IT and Payment Solutions
DATE OF INVESTMENT:	25 June 2008
CAPITAL INVESTED:	EUR 2.3 million
CURRENT VALUATION:	EUR 3.1 million

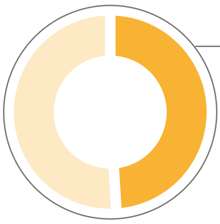
Société de Monetique et de Telé-Compensation au Rwanda (SIMTEL), now operating under the brand name RSwitch, is the national switch of Rwanda processing electronic payment transactions. SIMTEL facilitates the interconnection of the country's financial institutions, which allows clients of different banks to use each other's Automated Teller Machines (ATMs) and Point of Sale (POS) devices. The company monitors all ATMs in the country and provides ATM sourcing, maintenance, and screen design for individual banks. The company also issues chip-based debit cards and prints PIN mailers for its customers. Demand for efficient switching operators is high in the region given the growing demand for electronic payment services and the need for flexible and innovative solutions that can operate in environments with limited infrastructure. The investment has strong synergies with ADC's investment in iVeri, that is working with SIMTEL to offer more state-of-the-art payment solutions in a low tech environment.

There is a strong and steadily increasing demand for SIMTEL's services. Cards issued are expected to grow to approximately 450,000–470,000 by 2012.[1] Demand for cards is triggered by the banks' commitment to deploy 250 ATMs by year-end 2011 and 352 ATMs by end of 2012, which will significantly increase transaction volumes. There is a huge market potential for SIMTEL, because all inter-bank transactions triggered on ATMs and POS terminals in Rwanda are routed through the switch. In the future, the company would like to leverage Rwanda-based infrastructure and carry out payment transactions in the neighboring East African Community. Card processing has doubled over the course of the year 2010 with more ATMs in the market and additional cards via SIMTEL's efficient card production unit. Due to the costs incurred restructuring and in the proprietary card business, the company has recorded a preliminary net loss in 2010 of EUR 1.4 million. Management is optimistic that the restructured service contracts in combination with ongoing business development will show positive effects on the profitability in the near future. Barry Coetzee, CEO of iVeri, joined SIMTEL's Supervisory Board in November 2010 providing additional expertise and value to the company.

In 2011, SIMTEL will introduce POS terminals to the market and will increase its card production to meet fast growing demand. The company has signed an agreement with a third party processor so that international cards can be accepted on Rwandan ATMs and POS terminals during the course of the year. Uptime of the ATMs will be increased by establishing fiber connectivity between SIMTEL and its customers.

1 Consultants engaged by the government in the SLA negotiation process expect approximately. 470,000 cards in the market by year-end 2012. A more conservative estimate assumes 450,000 cards

3. IVERI PAYMENT TECHNOLOGIES (PTY) LTD.



ADC STAKE

49.0%

LOCATION:	Johannesburg, South Africa
SECTOR:	IT and Payment Solutions
DATE OF INVESTMENT:	3 November 2008
CAPITAL INVESTED:	EUR 236k
CURRENT VALUATION:	EUR 236k

iVeri Payment Technologies (PTY) Ltd. (iVeri) is an electronic payment solutions provider for commercial enterprises, financial institutions and e-government platforms. iVeri was acquired as follow-on investment to SIMTEL. iVeri has developed a range of products, which are targeted to large banks, medium to small banks and micro-finance institutions. End users of the technology include South Africa's largest low-cost airline, which uses iVeri's technology to collect card payments for online bookings and a large cellular network, which collects monthly payments from its customers' bank accounts using the technology. iVeri's solutions are used across a variety of interfaces ranging from cellular phones to vending stations in airports.

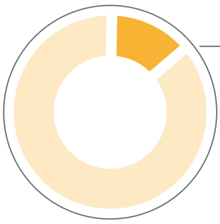
African central banks and aid agencies are currently promoting the idea of 'banking the unbanked' as a tool for Africa's development. Given Africa's low population density, this goal will only be achieved through the use of innovative, low cost electronic banking solutions. iVeri is an early mover in the industry and the first company in SSA to receive PCI DSS certification pioneering the now mandatory electronic security requirements on the continent.

A fast growing payments sector combined with an increasing share of population, that is using banking services, favors iVeri's transaction based revenue model. A long-term contract with a leading South African bank also provides a 'stamp of approval', which gives iVeri an advantage when marketing outside South Africa.

iVeri's marketing drive over the course of the last two years yielded solid gains in 2010. The company acquired new business in Zimbabwe and Ethiopia and renewed its contract in Kenya. iVeri strengthened its relationship with its main local customer by formulating new strategies to increase merchant sales and developing new products including a new mobile money initiative to be launched in 2011.

iVeri's unaudited results for the financial year 2010 (last 13 months passed) were EUR 74k, up from EUR 14k in 2009. In 2011, the company will focus on developing new business and closing deals in Nigeria, Rwanda, Ethiopia and Zimbabwe. The new business line provided by the acquisition of TouchPoint Payments is providing both access to new markets as well as increasing the volume of sales to existing customers. New products are expected to be launched 2011, adding to the already impressive list of innovative, inexpensive products that can be used by the average consumer across SSA.

4. ECOBANK ZIMBABWE (FKA: PREMIER FINANCE GROUP LTD.)



ADC STAKE

13.5%

LOCATION:	Harare, Zimbabwe
SECTOR:	Banking
DATE OF INVESTMENT:	21 December 2009
CAPITAL INVESTED:	EUR 2.98 million
CURRENT VALUATION:	EUR 1.25 million

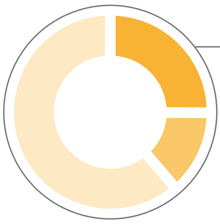
In December 2009, ADC acquired a 45% stake of Ecobank Zimbabwe, then still under the name Premier Finance Group (PFG). In September 2010, the bank issued new shares via a capital increase and Ecobank Transnational Incorporated ("Ecobank"), a pan-African bank headquartered in Togo, acquired a 70% stake in the company. The resulting dilution of ADC's equity share from 45% to 13.5% was accepted by ADC as Ecobank committed itself to further inject working capital.

PFG was launched as a merchant bank and asset management firm and is headquartered in Harare, Zimbabwe. Its business model was set up primarily as a corporate and private banking institution. The main sources of income have traditionally been interest income, investment banking fees, as well as banking services and transaction fees. The bank's overall strategy has been driven by asset growth with a parallel emphasis on expanding the deposit base, and significant generation of non-funded income.

The recent entry of Ecobank has strengthened the bank and placed it on a firm capital base with a management team whose interests are aligned with shareholders. This is expected to assist the bank in increasing its market position in Zimbabwe. The provision of additional working capital by Ecobank is seen as a clear competitive advantage as the Zimbabwean banking sector is still characterized by high illiquidity. A significant consolidation is expected to take place within the sector given the current structure of 28 banks, which is oversized for the economy (GDP – USD 4 billion). Four banks have yet to reach the 2010 capitalization requirements set by the Central Bank. In 2011, it is expected that those banks with a strong balance sheet and capital to expand their products and services will dominate the economy in the medium term.

Preliminary 2010 results show a net loss of EUR 4.70 million. Ecobank Zimbabwe is managed by majority shareholder, Ecobank Transnational Inc. and the newly appointed CEO Daniel Sackey set out the strategy for 2011 with primary focus on growing the retail side of the business and launching new products on the market to expand the depositor base. The bank will also concentrate on its rebranding strategy to achieve increased market awareness of Ecobank Zimbabwe.

5. RESOLUTION HEALTH EAST AFRICA LIMITED



ADC STAKE

38.74%

LOCATION:	Nairobi, Kenya
SECTOR:	Medical Insurance
DATE OF INVESTMENT:	31 December 2010
CAPITAL INVESTED:	EUR 2.39 million (EUR 1.67 million equity and EUR 0.72 million debt)
CURRENT VALUATION:	EUR 2.39 million
ADC STAKE:	25.1% directly and 13.64% indirectly

Resolution Health East Africa (RHEAL) is the third largest medical insurance provider in Kenya with a subsidiary in Tanzania. The company has a strong position in the Kenyan market and shows solid growth rates with the potential to develop into an industry leader in the short-to-medium term. For the financial year 2010, RHEAL reported an unaudited profit of EUR 115k based on the preliminary financials.

Kenya is the leading financial services hub in East Africa and has developed a sizeable insurance sector in a market where the medical insurances sub-sector is growing very rapidly. The Kenyan economy is forecasted to average 5.5% growth in the period between 2011 and 2015.[1] Opportunities in the insurance sector in Kenya are growing with the medical insurance sub-sector on the leading edge of this growth.

RHEAL has a strong position in the medical insurance industry and the market share is expected to grow through robust organic growth, acquisition and expansion into neighbouring countries. The East African region is one of the strongest growing regions on the continent and the entry into RHEAL is considered a relatively low risk investment and a nucleus for ADC's insurance portfolio.

1 Business Monitor International, Kenya Business Forecast Report Q1 2011

The investment gives ADC a geographical presence in Nairobi, the hub of East Africa, which enables the Company to have 'a finger on the pulse' of the East African financial services sector.

ADC intends to strengthen RHEAL's market position and drive business development by taking charge of overall strategy, appointing the Chairman, two Board members, restructuring the finance function through the appointment of a new CFO and chairing the audit committee.

ADC is looking forward to working with the management of RHEAL over the course of 2011 to develop its product line and enhance the expansion of its business within the region. The insurance company aims to acquire a larger and more direct business portfolio by reducing its reliance on corporates and brokers in addition to signing new clients and developing a regional strategy for Managed Healthcare.

The company will reduce its costs and improve the efficiency and quality of its service delivery by upgrading its IT system and by reviewing its corporate governance guidelines to achieve a more transparent governing structure.

NON CORE INVESTMENTS AND OPERATING COMPANIES

ADC IT AND PAYMENT SOLUTIONS

This Mauritian subsidiary company was originally formed with partner, XCOM AG ("XCOM") and ADC FS & CD. ADC FS & CD and XCOM, the initial joint venture partners of ADC IT & PS, had agreed a Call and Put-Option Agreement whereby XCOM had a right to sell its shares in ADC IT & PS to ADC FS & CD at any time until 31 December 2010. XCOM exercised this right on 27 September 2010 and is since that day no longer a shareholder in ADC IT & PS. According to this agreement, ADC FS & CD and XCOM have agreed that the joint venture agreement with XCOM will be invalid automatically with day of the exercise of the aforementioned Call and Put-Option. Therefore, the joint venture agreement signed on 2 September 2008 was invalid from 27 September 2010 onwards. The licenses which were contributed by XCOM remain at ADC IT & PS.

FINANCIAL PERFORMANCE

EARNINGS SITUATION

2010 represents the third full year of operations for ADC. Despite a challenging market environment, management is pleased to report that the company achieved profitability on a consolidated basis for the second time in a row.

In 2010, ADC had consolidated revenues and investment income of EUR 2,037k versus EUR 2,186k in 2009, resulting from the provision of consulting services to BANGE and Ecobank (fka PFG) (EUR 949k), the full consolidation of SIMTEL sales into ADC (EUR 918k) and other revenues primarily from expense recoveries relating to consulting services provided to BANGE (EUR 170k). Further other operating income of EUR 407k versus EUR 59k in 2009 relates to income from other periods, exchange gains, and sundry income. The substantial increase in 2010 reflects foreign exchange gains (EUR 177k) and reversal of specific allowances for doubtful accounts receivable (EUR 154k).

Operating costs for the company totaled EUR 3,189k in 2010 versus EUR 1,662k in 2009 and relate to cost of sales at SIMTEL as well as the costs of providing consulting services to BANGE and Ecobank (fka PFG). The significant increase in cost of sales is mainly in relation to the provision of consulting services to Ecobank in 2010 which was not present in 2009, and additional consulting fees at SIMTEL, which resulted in the company successfully launching its proprietary cards on the Rwandese market.

Direct personnel expenses were EUR 379k in the current period versus EUR 445k in 2009. In 2010, EUR 229k relate to staff and social costs at SIMTEL, and EUR 150k to staff costs incurred at ADC IT and ADC Rwanda.

In addition, other operating expenses for ADC amounted to EUR 3.6 million for 2010 versus EUR 2.9 million for 2009. This includes management fees of EUR 611k paid to Altira ADC Management GmbH, the company's general partner. Based on the articles of association, this is a compensation for the management services and liability exposure related to its general partner status and becomes due for payment in any successful initiated capital increase. Further to this, operating expenses include EUR 669k in consulting services from ADC Business Development Services, further advisory, legal and professional fees of EUR 210k, marketing and media relations costs of EUR 139k to develop the company's network in Africa and attract future investors, EUR 431k for audit, accounting, and administrative services including preparation of financial statements, EUR 350k for write offs of accounts receivables, EUR 105k in insurance expenses, and EUR 265k in travel expenses. Operating and administrative expenses at SIMTEL accounted for EUR 552k. The remaining EUR 284k include exchange losses, rental expenses and other sundry expenses.

The company recognized net fair value gains of EUR 11.3 million in 2010 versus EUR 3.4 million in 2009. Gains were recognized in BANGE with EUR 12.8 million, iVeri with EUR 249k and impairment of Ecobank (fka Premier Finance Group) with EUR 1.7 million. Additionally, ADC earned EUR 223k in net interest income in the period versus EUR 287k in 2009.

As a result, the overall net profit for ADC in 2010 was EUR 6.6 million versus EUR 1.0 million in 2009. The cash flows from operating activities for the year was EUR -2.7 million versus EUR -3.3 million in the previous year. Net cash flows used in financing activities amount to EUR 39.5 million due to capital increases in 2010.

FINANCIAL POSITION

ADC is financed exclusively through equity capital. At year end, the company's total common stock and capital contributions were EUR 66.2 million. ADC's equity increased significantly by EUR 46.1 million due to capital increases in the current period. On 31 December 2010 unpaid capital contribution in amount of EUR 5.7 million was deducted from total equity hence one customer of the issuing bank has not settled the transaction.

On 31 December 2010 ADC on a consolidated basis had a book value of investments in associates of EUR 18.6 million compared to EUR 9.8 million at year end 2009. In 2010 RHEAL, a medical insurance provider in Kenya, was acquired for a purchase price of EUR 2.4 million. In addition, ADC recognized the fair value of the call option of EUR 4.6 million to acquire an additional stake of 25.1% in BANGE. We refer to the notes (Appendix 6, Disclosure 5.3a).

At year end, all intercompany loans are provided to ADC Mauritius entities, and are given at an interest rate of 5% p.a. ADC had no third-party debt financing at 31 December 2010. Working capital position was strong at EUR 40.7 million compared with EUR 7.9 million in 2009. ADC is therefore confident in its ability and that of its subsidiary companies to meet its short-term obligations.

NET ASSETS

At year end, ADC had total assets of EUR 71.0 million versus EUR 21.1 million. The company held EUR 44.0 million in cash on a consolidated basis compared with EUR 7.3 million at year end 2009. ADC's cash deposits are held at established financial institutions and as such underlying limited default risk. We refer to the notes (Appendix 6, Disclosure 10.1) EUR 1,019k in receivables at the end of the period include EUR 14k in income tax receivables and EUR 1,005k in trade & other receivables. The EUR 146k in inventories relates primarily to SIMTEL. Other current assets of EUR 372k consist primarily of prepayments made by SIMTEL for software and machinery to be installed (for card issuing equipment and ATM terminals).

The non-current assets of EUR 25.4 million at year end 2010 compared to EUR 12.1 million at year end 2009 relates primarily to shareholdings in associates. Beyond the EUR 18.6 million in fair value of portfolio investments and EUR 4.6 million of derivative financial assets (call option in BANGE), this includes EUR 838k in goodwill on the purchase of SIMTEL, EUR 675k in property, plant and equipment, EUR 134k in intangible assets and EUR 551k in deferred taxes. Goodwill is due to SIMTEL valuation at time of purchase, including its exclusive rights to process all electronic payments in Rwanda. The intangible assets are mainly software and licenses used by SIMTEL in its activities. Deferred taxes are mainly from losses carried forward at SIMTEL. Property, plant and equipment relates almost exclusively to IT equipment at SIMTEL.

The company's liabilities at 31 December 2010 relate primarily to accounts payable of ADC Mauritius and its subsidiaries. Total payables were EUR 4,618k versus EUR 926k at year end 2009 and relate primarily to the purchase consideration of the acquisition of RHEAL (EUR 2,376k) and the payable to the general partner Altira ADC Management GmbH mostly due to the capital increase on 14 December 2010 (EUR 826k). Further, at year end there were EUR 100k in provisions for invoices pending for audit fees and consulting and professional services rendered to ADC and its subsidiaries through the course of 2010. ADC had no significant lease or rental liabilities during 2010.

A convertible bond was issued in the current period by the company to Altira AG, Frankfurt am Main, Germany, as approved by the Annual General Meeting of Shareholders in 2009.

Total shareholders' equity of EUR 66.2 million included EUR 44.7 million in common stock and capital contributions and unpaid/uncalled capital contribution, retained earnings of EUR 10,033k from 2007 through 2010, EUR -49k in non-controlling interests of capital, and EUR 11.4 million in other reserves.

The company's assets and contributed capital remained increased significantly during 2010 as fundraising activities were undertaken. As such cash flows of EUR 43.2 million were flown to ADC. Transaction costs of issue of shares of EUR 3.8 million were deducted from shareholders' equity.

Furthermore, ADC acquired 50.1% of shares in ADC IT from XCOM. The acquisition of non-controlling interest from XCOM after control in ADC IT is obtained, is treated as a transaction between equity investors resulting in a decrease of other reserves in amount of EUR 0.8 million.

Overall, ADC believes it is in a strong financial position to fund continued future growth and development of itself and its subsidiaries.

SUPPLEMENTAL REPORT OF

POST BALANCE SHEET EVENTS

ADOPTION OF THE GERMAN CORPORATE GOVERNANCE CODE

In the Supervisory Board Meeting on 31 March 2011, the Management and Supervisory Board of ADC African Development Corporation GmbH & Co. KGaA resolved on the formal adoption of the German Corporate Governance Code and submitted the Declaration of Conformity with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG). The Declaration of Conformity is publicly available on the company's website.

REBRANDING PREMIER FINANCE GROUP

ADC's portfolio company in Zimbabwe, the "Premier Finance Group" was renamed to "Ecobank Zimbabwe" in February 2011 as result of the acquisition of the majority stake of 70% of the company's shares by Ecobank Transnational Incorporated.

NEW INVESTMENT IN ABC HOLDINGS LIMITED ("BANC ABC"), BOTSWANA

In March 2011, ADC purchased 20% of the shares of stock-exchange listed ABC Holdings Limited ("Banc ABC"), Gaborone, Botswana for an equivalent of EUR 9.7 million. BancABC is a dynamically growing banking group, active in the areas of both commercial and private banking. Through the entry into BancABC, which is also active in Mozambique, Tanzania, Zambia and Zimbabwe, ADC expects significant synergies to the already existing activities in the banking and insurance sector and is driving strategic expansion into further South-Eastern African markets with this investment.

RISK REPORT
AND RISK MANAGEMENT SYSTEM

PORTFOLIO RISK

ADC's investments are acquired after a thorough examination process. Next to careful examination of the business, ADC also considers external and market influences in its investment process. To assure success and sustainability of our business, ADC's strategy is characterized through detailed attendance to all significant factors during the investment process: this includes the purchase of attractive companies at a favorable price, leverage of our network, negotiation of contracted protections, value creation through transfer of knowledge and strengthening of operations as well as exploiting synergies and strategic exits.

Despite the careful selection and stringent checks and controls, all existing and future investments of ADC may be subject to above-average risks and the performance of the investments will impact on the company's net assets, earnings and financial situation. Value changes of the investments are reflected in the net asset value of ADC, which is reported as the aggregate sum of the valuation of the individual investments. The investments are valued based on information of their operational and financial performance combined with relevant and available market data. Balance sheet positions, as well as purchase and sales prices of investments, are determined by fundamental values as well as predominant market conditions at the time of the transaction.

LONG TERM FINANCIAL PERFORMANCE

The long term financial performance of the company is reflected by the returns the group earns on its investments into portfolio companies. Such returns are determined as the difference between the prices at which investments are acquired and the prices at which they are disposed of plus any dividends paid throughout the holding period, taking into account the amount of time elapsed in the interim and ADC's cost of capital.

The acquisition and disposal prices are affected by the performance of similar companies on relevant stock materials, while the cost of capital is closely correlated to interest rates prevailing in a particular market. To this extent, the performance of the capital markets affects the long term performance of ADC.

CURRENCY RISK

Currency movements may affect the value of ADC's capital. While ADC's capital is denominated in euros (EUR), the majority of the portfolio investments are denominated in United Stated Dollars (USD) or currencies closely linked the Dollar such as the Rwandan Franc (RWF) or Kenyan Shilling (Ksh). Should the USD, RWF or Ksh significantly devalue against the EUR, ADC's capital may be eroded[1]. In order to control the exchange rate risk of investments, where possible management seeks denomination of investments in United States Dollars, euros or in currencies pegged or closely linked to either of these two currencies.

POLITICAL RISK

Many countries in sub-Saharan Africa lack strong democratic structures and are subject to potential political unrest and instability. In combination with insufficient governance and controls, the region bears considerable risk of unforeseeable and sudden changes in the political climate, foreign policies and the regulatory environment. Such changes may not only affect the future business of the portfolio companies of ADC, but may lead in extreme cases to partial loss or total expropriation of assets.

The company mitigates its exposure to political risk through a first-of-its-kind master agreement with the Multilateral Insurance Guarantee Agency (MIGA), a subsidiary of the World Bank, whereby ADC investments in 14 pre-selected SSA nations are eligible to be covered against political risks, exchange controls, FX (Foreign Exchange) transfer risk, war and civil disturbance, expropriation of assets (incl. creeping). Once insurance coverage on a specific investment is confirmed, ADC will be repaid 90% of its invested capital including retained earnings in any of the above mentioned cases. Currently, SIMTEL and iVeri are covered in full by MIGA insurance and the RHEAL investment is being processed by the underwriters and is expected to be covered by late May 2011.

EXTERNAL RISKS

Sub-Saharan African markets are affected by global macroeconomic developments and financial market fluctuations. Of specific importance is the exposure to commodity price changes as natural resources and commodities largely drive the regions revenue generation and thereby GDP growth. Deterioration of economic- and financial fundamentals manifests in current account deficits, high interest rates and inflation, exchange rate instability or exchange controls. While frontier markets show little correlation with the global markets, as seen by SSA's maintenance of modest positive growth rates during the global economic downturn in 2008/2009, unfavorable developments in the economic surroundings may affect our portfolio companies, especially the banks as financial service providers to the real economy.

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1 Hedging is not necessarily possible or economical

ADC addresses such external risk in multiple ways, i.e. through a stringent investment and approval process, extensive market and sector experience, portfolio diversification and insurance. ADC focuses on long term value creation and bases its investment decisions on some fundamental criteria, i.e. investments are made only in companies and economies that show long term stability in, or a sustained trend towards strong fundamentals. Furthermore, acquisitions are timed to take advantage of temporary swings in a market sentiment, and local management closely monitors the evolution of macroeconomic fundamentals in all the economies and sectors in which the group is invested.

PERSONNEL RISK

Successful management of ADC's assets depends to a great extent on a number of key individuals. Above average expertise and a well-developed network create a foundation for success. The group's core team of investment managers and management of ADC Mauritius, which has several years of experience across various sectors and emerging markets, possesses the necessary expertise and the networks of contacts for success.

OUTLOOK

The management team is active in pursuing a healthy pipeline in ADC's target markets within the financial services industry, inclusive of both the banking and insurance sectors. Currently, ADC has a very promising investment pipeline.

The ADC team has built a very good network of political and economic contacts and met with a number of Tier 2 banks who are restructuring and/or expanding their operations within the country or respective region and expects 2011 and 2012 to be years of investments and opportunity. On this basis, ADC will focus on the following three main priorities over the course of the next 12 to 24 months:

SUCCESSFUL MANAGEMENT OF EXISTING INVESTMENTS

ADC's operating companies in Mauritius actively manage current investments and support portfolio company management teams in strategy development and implementation.

In 2011, BANGE (Equatorial Guinea) will continue to expand its branch network and strengthen service and product delivery. The bank will also expand its incipient electronic payment services.

SIMTEL (Rwanda) has plans to introduce POS terminals to the market and will increase its card production capacity to meet fast growing demand. The company has signed an agreement with a third party processor so that international cards can be accepted on Rwandan ATMs and POS terminals during the course of the year. Uptime of the ATMs will be increased by establishing fiber connectivity between SIMTEL and its customers.

iVeri will focus on developing new business and closing deals in Nigeria, Rwanda, Ethiopia and Zimbabwe. The new business line provided by the acquisition of TouchPoint Payments is providing both access to new markets as well as increasing the volume of sales to existing customers. New products are also expected to be launched in 2011.

Ecobank Zimbabwe is managed by majority shareholder, Ecobank Transnational Incorporated and management will grow the retail side of the business and launch new products on the market to expand the depositor base. The bank will also concentrate on its rebranding strategy to achieve increased market awareness of Ecobank Zimbabwe.

In Kenya, ADC will help to strengthen RHEAL's market position and drive business development by taking charge of overall strategy, appointing the chairman and restructuring the finance function by placing a new Chief Financial Officer and chairing the audit committee. ADC will work with the management of RHEAL over the course of 2011 to develop its product line and enhance the expansion of its business within the region.

ADC expects its portfolio companies to continue their successful growth in the coming 12-24 months. At the same time, management expects a positive result in the segment "Financial Services & Corporate Development". The segments "IT & Payment Solutions" and "Business & Development Services" are expected to show positive results for 2012 for the first time.

REGIONAL EXPANSION INTO NEW COUNTRIES IN SSA

Since inception, ADC has invested time into research, building up networks and screening potential investments in various countries on the continent. With the recent acquisition of ABC Holdings Limited (BancABC), ADC strengthened its presence in Southern Africa (Botswana) and laid the foundation of further expansion within the South Eastern African region (inclusive of Zimbabwe, Zambia, Mozambique and Malawi). Besides ADC's existing target markets, ADC is targeting expansion in East Africa (Tanzania and Burundi), CEMAC (Cameroon) and selected countries in West Africa (Ghana).

TARGETED GROWTH AND LEVERAGING OF SYNERGIES WITHIN FINANCIAL SERVICES

ADC's strategy is to leverage synergies wherever possible between existing investments. ADC's expansion into the insurance industry is an opportunity to create synergies to ADC's existing investments in the banking industry as well as providing ADC with the opportunity to expand into more mature markets by introducing new and innovative products that are relevant for a larger sub-section of the economy.

ADC's operations team is closing on many leads generated in 2010 and there is a high likelihood of 2-3 more investments during the 2011 financial year. Based on current forecasts, we anticipate that ADC will increase overall profitability in 2011. Nevertheless, the risks in the current market environment are considerable and we therefore may not reach current expectations.

ADC, together with its operating companies, remains well prepared for the challenges ahead. The company is well known on the continent and in the Africa Community abroad as being an effective operational partner that delivers on its promise to effectively organize financial institutions to become market leaders. Operational remains crucial to ADC's investment mandate. The company achieves this by investing with like-minded investors and Development Finance Institutions that are also looking for a strong operations team that provide on-the-ground expertise.

ADC Management strongly believes that SSA will continue to offer attractive investment opportunities in the financial services sector, inclusive of banking, payment services and insurance industry.

Frankfurt am Main, 25 March 2011

Signed Olaf Meier
Managing Director

CONSOLIDATED ANNUAL FINANCIAL STATEMENT

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2010

ADC AFRICAN DEVELOPMENT CORPORATION GMBH & CO. KGAA, FRANKFURT AM MAIN

IN EURk

ASSETS	NOTES		2010	2009
Non-current assets				
Goodwill	(5.1)	838		838
Intangible assets	(5.1)	134		356
Property, plant and equipment	(5.2)	675		728
Investment in Portfolio Companies	(5.3)	18,552		9,839
Other financial assets	(5.3)	4,640		0
Deferred taxes	(5.5)	551		311
Non-current assets, in total			**25,390**	**12,072**
Current assets				
Inventories	(5.6)	146		17
Trade and other receivables	(5.7)	1,005		483
Income tax receivable	(5.7)	14		127
Pre-payments	(5.7)	372		1,073
Cash and cash equivalents	(5.8)	44,028		7,282
Current assets, in total			**45,565**	**8,983**
Total assets			**70,955**	**21,055**

IN EURk

EQUITY AND LIABILITIES	NOTES		2010	2009
Equity				
Share capital	(5.9)	7,646		
Unpaid capital contribution		-517		
		7,129		14,429
Capital reserve	(5.9)	37,611		5,527
Other reserves	(5.9)	11,408		93
Retained earnings	(5.9)	10,033		143
Equity attributable to equity holders of the parent			**66,181**	**20,192**
Non controlling interests	(5.9)		-49	-132
Equity, in total			**66,132**	**20,059**
Non-current liabilities				
Convertible bond	(5.12)	100		0
Shares of general partner		5		5
Non-current liabilities, in total			**105**	**5**
Current liabilities				
Provisions	(5.10)	100		65
Trade and other payables	(5.11)	1,937		840
Other current liabilities	(5.11)	2,681		86
Current liabilities, in total			**4,718**	**990**
Liabilities, in total			**4,823**	**995**
Total equity and liabilities			**70,955**	**21,055**

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY THROUGH 31 DECEMBER 2010

ADC AFRICAN DEVELOPMENT CORPORATION GMBH & CO. KGAA, FRANKFURT AM MAIN

IN EURk	NOTES	2010	*restated*[1] 2009
Revenue	(6.1)	2,037	1,761
Income from sale of portfolio companies	(6.2)	0	425
Other operating income	(6.3)	407	59
Cost of purchased services	(6.4)	-3,189	-1,662
Personnel expenses	(6.5)	-379	-445
Other operating expenses	(6.7)	-3,614	-2,995
Fair value of portfolio companies	(6.8)	11,328	3,442
Earnings before interests, taxes and depreciation & amortization (EBITDA)		**6,590**	**585**
Depreciation and amortization of intangible assets and property, plant and equipment	(6.6)	-447	-155
Earnings before interests and taxes (EBIT)		**6,143**	**430**
Interest income	(6.8)	223	287
Interest expense	(6.8)	-6	-0
Earnings before taxes (EBT)		**6,360**	**717**
Tax income	(6.9)	231	288
Consolidated income		**6,591**	**1,005**
Attributable to:			
Minority interests		-658	-486
Shareholders of the parent company		7,249	1,491
Average number of shares (diluted/undiluted)	(8)	12,603,016	14,429,167
Undiluted, for income attributable to ordinary shareholders of the parent company		0.58	0.10
Diluted, for incomer attributable to ordinary shareholders of the parent company		0.58	0.10

1 Certain amounts shown here do not correspond to the 2009 consolidated financial statements and reflect adjustments made as detailed in Note 1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY THROUGH 31 DECEMBER 2010

ADC AFRICAN DEVELOPMENT CORPORATION GMBH & CO. KGAA, FRANKFURT AM MAIN

IN EURk	2010	2009
Consolidated income	**6,591**	**1,005**
Currency translation adjustments (including income-tax effects)	113	-23
Other aggregate after-tax income (loss) for the period	113	-23
Total aggregate after-tax income	**6,704**	**982**
Attributable to:		
Shareholders of the parent company	7,378	1,409
Minority interests	-674	-428
	6,704	**982**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY THROUGH 31 DECEMBER 2010

ADC AFRICAN DEVELOPMENT CORPORATION GMBH & CO. KGAA, FRANKFURT AM MAIN

IN EURk	SHARE CAPITAL	CAPITAL RESERVE
	Note 5.9	Note 5.9
As of 1 January 2009	**14,429**	**5,527**
Currency translation adjustments	0	0
Total income and expense recognised directly in equity	**0**	**0**
Profit/loss for the period	0	0
Total income and expense for the period	0	0
As of 31 December 2009	**14,429**	**5,527**
As of 1 January 2010	**14,429**	**5,527**
Currency translation adjustments	0	0
Total income and expense recognised directly in equity	**0**	**0**
Profit for the period	0	0
Total income and expense for the period	**0**	**0**
Capital increase	7,802	41,103
Transaction costs (including income-tax effects)	0	-3,849
Reduction of share capital	-14,585	0
Unpaid capital contributions	-517	-5,170
Acquisition of minority interests	0	0
As of 31 December 2010	**7,129**	**37,611**

NET INCOME FOR THE YEAR	FREE RESERVES	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	MINORITY INTERESTS	TOTAL EQUITY
	Note 5.9		Note 5.9	
-1,349	**175**	**18,782**	**295**	**19,078**
0	-82	-82	59	-23
0	**-82**	**-82**	**59**	**-23**
1,491	0	1,491	-486	1,005
1,491	-82	1,409	-428	982
143	**93**	**20,192**	**-132**	**20,059**
143	**93**	**20,192**	**-132**	**20,059**
0	128	128	-16	113
0	**128**	**128**	**-16**	**113**
7,249	0	7,249	-658	6,591
7,249	**128**	**7,378**	**-674**	**6,704**
0	0	48,904	0	48,904
0	0	-3,849	0	-3,849
2,641	11,944	0	0	0
0	0	-5,687	0	-5,687
0	-757	-757	757	0
10,033	**11,408**	**66,181**	**-49**	**66,132**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 JANUARY THROUGH 31 DECEMBER 2010

ADC AFRICAN DEVELOPMENT CORPORATION GMBH & CO. KGAA, FRANKFURT AM MAIN

IN EURk		NOTES	2010	restated[1] 2009
	Consolidated income		**6,591**	**1,005**
-	Capitalized deferred taxes	(6.9)	-231	-288
+	Interest received	(6.8)	223	287
+	Depreciation and amortization of property, plant and equipment	(6.6)	203	100
+	Depreciation and amortization of intangible assets	(6.6)	244	54
+/(-)	Decrease (+)/Increase (-) in fair value of financial assets	(5.3)	-6,688	-3,444
+/(-)	Gain/(Loss) on disposal of financial assets	(6.2)	0	-425
+/(-)	Decrease (+)/Increase (-) in fair value of derivative financial instruments	(5.3)	-4,640	0
+/(-)	Increase (+)/Decrease (-) in provisions	(5)	35	-45
+/(-)	Increase (-)/Decrease (+) in trade and other receivables	(5)	642	-579
+/(-)	Increase (-)/Decrease (+) in inventories	(5)	-128	-3
+/(-)	Increase (+)/Decrease (-) in trade and other payables	(5)	1,018	81
=	**Net cash flows from operating activities**		**-2,732**	**-3,256**
-	Purchase of property, plant and equipment	(5.2)	-120	-305
-	Purchase of financial assets	(3.2)	0	-3,334
+	Proceeds from the sale of financial assets	(3.2)	0	4,941
+	Proceeds from the repayment of loans	(5.7)	0	930
-	Purchase of intangible assets	(5.1)	0	-321
=	**Net cash flows from investment activities**		**-120**	**1,912**
-	Transaction costs for the issuance of shares	(5.9)	-3,849	0
+	Proceeds from capital increase	(5.9)	43,217	0
+	Proceeds from general partner's contribution		0	5
+	Proceeds from the issuance of convertible bonds	(5.12)	100	0
=	**Net cash flows from financing activities**		**39,469**	**5**
	Net increase/decrease in cash and cash equivalents		36,617	-1,340
+	Currency-adjusted change in cash and cash equivalents		128	-14
+	Cash and cash equivalents at the beginning of the period		7,282	8,636
	Cash and cash equivalents at the end of the period	(5.8)	**44,028**	**7,282**

1 Certain amounts shown here do not correspond to the 2009 consolidated financial statements and reflect adjustments made as detailed in Note 9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF ADC AFRICAN DEVELOPMENT CORPORATION GMBH & CO. KGAA, FRANKFURT AM MAIN
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS OF 31 DECEMBER 2010

1. GENERAL DISCLOSURES

The registered office of ADC African Development Corporation GmbH & Co. KGaA (hereinafter "Company" or "Group") is located at Grüneburgweg 18, Frankfurt am Main, Germany. The object of the Company is to initiate and seek out investment possibilities in Africa. This includes in particular making the Company's existing network in Africa available for the identification and development of suitable investment teams and for the acquisition, holding and management of investments, and also includes the provision of advisory services. Investments is understood to mean majority or minority interests in private or listed (investment) companies of any kind. The Company provides no legal or tax advisory services or other activities that require authorization.

ADC African Development Corporation GmbH & Co. KGaA is listed on the Open Market of the Frankfurt Stock Exchange where it is included in the Entry Standard segment.

The consolidated financial statements have been prepared in euros (EUR). In the notes to the consolidated financial statements, all amounts are given in thousands of euro, including the previous year's figures.

The income statement has been prepared using the total cost accounting method.

The Company's financial year is the calendar year.

Areas with greater leeway for judgment or a higher degree of complexity, or areas in which assumptions and estimates are of critical importance for the consolidated financial statements, are set out in Note 13.

By a Management Board resolution of 25 March 2011, the consolidated financial statements and the group management report for financial year 2010 were released to the Supervisory Board for approval and publication.

The price differences (EUR 177k previous year EUR -113k) that were reported as a separate item under the financial result in the previous year's financial statements are reported in the consolidated financial statements either as foreign currency price gains under other operating income or foreign currency price losses under other operating expenses, because foreign currency price differences concern the Company's business operations and this creates a more transparent presentation.

2. ACCOUNTING METHODS

2.1 BASES FOR FINANCIAL STATEMENT PREPARATION

In principle, the consolidated financial statements were prepared using the cost principle. This excludes shares of portfolio companies, which were measured at fair value. Assets and liabilities with a maturity of greater than one year have been divided into current and non-current.

DECLARATION OF CONFORMITY WITH IFRS

These consolidated financial statements, as of the balance sheet reporting date 31 December 2010, for ADC African Development Corporation GmbH & Co. KGaA complied with the International Financial Reporting Standards (IFRS) applicable for the reporting period, all International Accounting Standards (IAS) – as adopted by the European Commission for use in the EU – the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). Preparation of these financial statements in accordance with international standards was voluntary in terms of § 315a para. 3 of the German Commercial Code (Handelsgesetzbuch – HGB).

PRINCIPLES OF CONSOLIDATION

Principles of consolidation followed beginning 1 January 2010:

The consolidated financial statements encompass the annual financial statements of the Company and its subsidiaries as of 31 December 2010.

Subsidiaries are fully consolidated from the time of acquisition, i.e., the time at which the Group obtains control. Consolidation ends when the Group no longer has control. The annual financial statements for the subsidiaries were prepared using uniform accounting methods for the same reporting period as the annual financial statements for the parent company.

All intercompany balances, income and expenses, as well as unrealized gains and losses and dividends from intercompany transactions, have been completely eliminated.

A change in the percentage of participation in a subsidiary without loss of control is treated for accounting purposes as an equity capital transaction.

Losses are allocated to non-controlling shares if this leads to a negative balance.

If the parent company loses control over a subsidiary,

Principles of consolidation followed prior to 1 January 2010:

Compared to the above-described requirements, which were used in the reporting year going forward, the following different principles were applied in the past:

- The acquisition of non-controlling shares is accounted for using the "Parent Entity Extension" method. Here, the difference between the purchase price and the carrying amount of the pro rata amount of the purchased net assets is recognized as goodwill.
- Losses were allocated to non-controlling shares until their balance was zero. Losses going beyond this were allocated to the parent company, except in cases in which the non-controlling shares had assumed the obligation to compensate for the losses.
- Upon a loss of control, the Group reported the remaining participation at the amount of the corresponding share of the net assets at the time control was lost.

2.2 NEW STANDARDS, OR STANDARDS APPLICABLE FOR THE FIRST TIME

Essentially the same accounting policies were applied as in the previous year, with the following exceptions:

New or revised IFRS relevant to the Company that were applied as of 1 January 2010:

- IFRS 3 "Business combinations"
- IAS 27 "Consolidated and separate financial statements"
- IAS 39 "Financial instruments: recognition and measurement – qualifying items"
- "2009 Improvements to IFRS standards"
- "2010 Improvements to IFRS standards"

IFRS 3 "BUSINESS COMBINATIONS"

The revision of IFRS 3 concerns the following: If interests are acquired successively in an entity, previously held shares must be remeasured at fair value through profit or loss when an acquisition is made. An election to choose between the purchased goodwill method and the full goodwill method has been introduced for the measurement of non-controlling shares: As an alternative to the previous method of recognizing the net asset value attributable to non-controlling shares, they may also be recognized at fair value, that is, at the value of the goodwill attributable to the shares. Furthermore, incidental acquisition costs are to be recognized in full as an expense. In addition, conditional purchase price payments are, as a rule, recognized at fair value through profit or loss at the time of acquisition. The changes were applied prospectively and have no material effect on the presentation of the consolidated financial statements.

IAS 27 "CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS"

The revision to IAS 27 requires changes in the interest held in fully consolidated entities that do not lead to a loss of control to be treated as transactions between shareholders with no effect on profit or loss. These transactions therefore do not lead to recognition of goodwill or realization of disposal gains or losses. If share sales lead to a loss of control, the remaining shares are remeasured at fair value through profit or loss, and the cumulative other gains or losses associated with the equity investment that were recognized directly in equity are recognized in the appropriate income statement items or in retained earnings according to their nature. In addition, losses attributable to non-controlling shares are fully assigned to these shares, even if this leads to a negative carrying amount. The changes were applied prospectively and have no material effect on the presentation of the consolidated financial statements. The revision of IAS 27 resulted in changes to other standards. IAS 21 "The effects of changes in foreign exchange rates" was revised so that exchange differences recognized directly in equity are recognized in profit or loss upon disposal or (partial) sale of a foreign operation. The changes to IAS 28 "Investments in associates" and IAS 31 "Interests in joint ventures" require that the shares remaining after a disposal of shares that leads to a loss of significant influence or joint control be remeasured through profit or loss.

IAS 39 "FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT – QUALIFYING ITEMS"

The amendments to IAS 39 specify how the principles in IAS 39 for accounting for hedging relationships are applied to the designation of a unilateral risk in a hedged item, and to the designation of inflation risks as a hedged item. It is made clear that it is permissible to designate only a portion of the changes in the fair value or cash flow fluctuations of a financial instrument as a hedged item. Application of the changes had no material effect.

"2009 IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS"

The second collective standard published during the annual update includes improvements in ten standards and two interpretations mainly intended to remove inconsistencies and clarify formulations. Application of the changes had no material effect.

"2010 IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS"

The requirements in the third collective standard that are to be applied in financial year 2010 clarifies that the changes to IAS 21 "The effects of changes in foreign exchange rates", IAS 28 "Investments in associates" and IAS 31 "Interests in joint ventures" resulting from the revision of IAS 27 "Consolidated and separate financial statements" are to be applied prospectively. Application of the changes had no material effect.

The remaining IFRS that must be applied in reporting years beginning on or after 1 January 2010 have no effect on the Company's consolidated financial statements.

IFRS THAT HAVE BEEN PUBLISHED BUT NOT YET APPLIED

Standards that were published before the publication date of the consolidated financial statements but whose application is not yet mandatory are listed below. This list includes published standards and interpretations that in the Group's reasonable judgment will need to be applied in the future. The Group intends to apply these standards when they enter into force.

AMENDMENT TO IFRS 1 "LIMITED EXEMPTION FROM COMPARATIVE IFRS 7 DISCLOSURES FOR FIRST-TIME ADOPTERS"

The amendment to IFRS 1 was published in January 2010 and is applicable in financial years beginning on or after 1 July 2010. The revision allows first-time IFRS adopters to apply the amendment to IFRS 7 – Transitional provisions for improved disclosures published in March 2009. These provisions provide an exemption from the requirement to provide comparative disclosures in the notes to the financial statements in the first year of application.

IAS 24 "RELATED PARTY DISCLOSURES (REVISED)"

The amended standard is applicable in financial years beginning on or after 1 January 2011. The amendment clarifies the definition of related party to make it easier to establish whether such relationships exist and eliminate application inconsistencies. The amended standard provides a partial exemption from disclosure requirements for government-related entities. The Group does not expect the changes to have any effect on its net assets, financial position or results of operations. Early adoption of the exemption provisions for government-related entities or the entire standard is permitted.

IAS 32 "FINANCIAL INSTRUMENTS: PRESENTATION – CLASSIFICATION OF RIGHTS ISSUES (REVISED)"

The revised version of IAS 32 is applicable in financial years beginning on or after 1 February 2010. The revision changes the definition of financial liability such that rights (and certain options and warrants) are classified as equity instruments if the rights permit the purchase of a fixed number of equity instruments of an entity for a fixed amount of any currency, and the entity offers the rights to all current owners of the same class of non-derivative equity instruments in proportion to their holdings.

IFRS 9 "FINANCIAL INSTRUMENTS: CLASSIFICATION AND MEASUREMENT"

The published version of IFRS 9 reflects the first phase of the IASB project to replace IAS 39 and deals with the classification and measurement of financial assets as defined in IAS 39. The standard is applicable in financial years beginning on or after 1 January 2013. The IASB will deal with the classification and measurement of financial liabilities, hedging relationships and the recognition in later phases. The project is expected to be completed at the beginning of 2011. Application of the first phase of IFRS 9 will affect the classification and measurement of the Group's financial assets. In order to provide a comprehensive picture of the potential effects, the Group will wait until the other phases have been published and then quantify the effects of all phases together.

IFRIC 14 "PREPAYMENTS OF A MINIMUM FUNDING REQUIREMENT (REVISED)"

The revised version of IFRIC 14 is applicable retroactively in financial years beginning on or after 1 January 2011. The revision includes guidelines for determining the recoverable amount of a net pension asset. The revision permits an entity to treat prepayments of a minimum funding requirement as an asset. The revision is not expected to have any effect on the consolidated financial statements.

IFRIC 19 "EXTINGUISHING FINANCIAL LIABILITIES WITH EQUITY INSTRUMENTS"

IFRIC 19 is applicable in financial years beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are to be classified as consideration paid. The issued equity instruments are measured at fair value. If fair value cannot be reliably determined, they are to be measured at the fair value of the extinguished liability. Gains and losses are recognized immediately in profit or loss. Application of this interpretation will have no effect on the consolidated financial statements.

"AMENDMENT OF IAS 12 DEFERRED TAXES: RECOVERY OF UNDERLYING ASSETS"

The amendment to IAS 12 was published in December 2010 and is applicable in financial years beginning on or after 1 January 2012. The amendment requires deferred tax assets and liabilities for certain assets to be measured based on the assumption that the carrying amount of these assets will be fully recovered through sale.

"AMENDMENT OF IFRS 1 SEVERE HYPERINFLATION AND REMOVAL OF FIXED DATES FOR FIRST-TIME ADOPTERS"

The amendment to IFRS 1 was published in December 2010 and is applicable in financial years beginning on or after 1 July 2011. The amendment deletes fixed dates for derecognition and the provisions for recognition of gains or losses as of the date of acquisition in IFRS 1 and replaces these with the date of transition to IFRS. The amendment also clarifies how accounting in accordance with IFRS should be resumed after a period in which an entity is unable to comply with IFRS due to a functional currency that was subject to severe hyperinflation.

"AMENDMENT OF IFRS 7 – DISCLOSURES OF TRANSFERS OF FINANCIAL ASSETS"

The amendment to IFRS 7 was published in October 2010 and is applicable in financial years beginning on or after 1 July 2011. The amendment establishes extensive new qualitative and quantitative disclosures for transferred financial assets that were not derecognized and continuing involvement in transferred financial assets as of the reporting date.

The EU Commission endorsement procedure had not yet adopted the amendments to IFRS 1 for removal of fixed dates for first-time adopters and severe hyperinflation, IFRS 7, IAS 12 and IFRS 9 as of the balance sheet date. The future effects of the standards and interpretations is not expected to have any material effects on the Group's net assets, financial position and results of operations. The Group intends to apply the IFRSs that are adopted in the endorsement procedure on the mandatory application date.

3. CONSOLIDATED GROUP AND ASSOCIATED COMPANIES

3.1 SUBSIDIARIES

The consolidated financial statements encompass the financial statements of ADC African Development Corporation GmbH & Co. KGaA and its subsidiaries as of 31 December 2010. The subsidiaries are all companies (including special purpose entities) where the Group exercises control over the financial and business policies; as a rule this is accompanied by a more than 50% share of voting rights.

Capital consolidation is performed by offsetting acquisition costs against the Group share in the remeasured equity of the consolidated subsidiaries on the date of acquisition of the shares or the date of first-time consolidation. The Group share of the assets, liabilities and contingent liabilities of the subsidiaries are recognized at full fair value regardless of the size of the non-controlling interest. A separate election is provided for each acquisition, allowing minority interests to be measured at fair value or their share of the net

Besides the parent company, the following companies were included by full consolidation in the consolidated financial statements for financial year 2010:

		EQUITY INTEREST AT 31/12/2010				2010	
		DIRECT %	INDIRECT %	VIA	CURRENCY (CUR)	EQUITY CURk	EQUITY EURk
1.	ADC Financial Services & Corporate Development Ltd. Cybercity, Republic of Mauritius	100			EUR	26,976	26,976
2.	ADC Real Estate Ltd. Cybercity, Republic of Mauritius[1]		100	1.	EUR	22	22
3.	ADC Real Estate Rwanda SARL Kigali, Rwanda[2]		100	2.	RWF	-	-
4.	ADC IT & Payment Solutions Ltd. Cybercity, Republic of Mauritius		100	1.	EUR	(845)	(845)
5.	SIMTEL S.A. Kigali, Rwanda		70	4.	RWF	77,267	100
6.	ADC Rwanda SARL Kigali, Rwanda		100	1./ 2./	RWF	54,078	70

1 dormant in 2010

2 liquidated in 2010

asset value. Incidental acquisition costs are recognized as an expense. In the case of successive acquisitions, previously held shares are remeasured through profit or loss. Contingent purchase price obligations are recognized at fair value at the time of acquisition and measured at fair value in successive periods. Positive differences (goodwill) existing on the date of first-time consolidation are recognized as assets and subjected to an annual impairment test in accordance with IFRS 3/IAS 36 (see Note 4.3). Negative differences are recognized as income immediately after the acquisition. In the event of a deconsolidation, any residual carrying amount for positive differences is included in the calculation of the gain or loss on disposal.

Changes in the ownership interest that do not result in a loss of control are treated as transactions between shareholders with no effect on profit or loss. These transactions do not lead to recognition of goodwill or realization of gains or losses on disposal. In the case of share sales that lead to a loss of control, the remaining shares are remeasured through profit or loss, and the cumulative other gains or losses associated with the equity investment that were recognized directly in equity are recognized in the income statement.

Losses attributable to non-controlling shares are fully assigned to these shares, even if this leads to a negative carrying amount.

	2009	2010		2009	
EQUITY CURk	EQUITY EURk	NET INCOME CURk	NET INCOME EURk	NET INCOME CURk	NET INCOME EURk
13,089	13,089	10,387	10,387	2,728	2,728
29	29	(7)	(7)	21	21
53,021	65	-	-	(40,425)	(52)
(398)	(398)	(447)	(447)	(271)	(271)
1,098,529	1,342	(1,021,262)	(1,348)	(402,621)	(519)
56,916	70	(102,839)	(136)	(57,191)	(74)

On 25 June 2008, ADC IT & Payment Solutions Ltd., Cybercity, Mauritius ("ADC IT") acquired 70% of the voting shares of SIMTEL S.A., Kigali, Rwanda ("SIMTEL").

On 11 October 2008, ADC Financial Services & Corporate Development Ltd., Cybercity, Mauritius ("ADC FS"), as sole shareholder, transferred 50.1% of its shares in ADC IT to XCOM AG, Willich (Germany), at par value. No profit or loss resulted from the sale. Since the Group has the power to appoint and dismiss a majority of the members of the management body, and thereby has control of the financial and business policies of ADC IT notwithstanding its 49.9% interest, ADC IT continues to be included in the consolidated financial statements in accordance with the purchase method (full consolidation) following disposition of the shares. On 15 July 2010, ADC FS and XCOM AG, Willich (Germany), entered into a put/call option agreement for the 50.1% interest in ADC IT held by XCOM. In a letter of 27 September 2010, XCOM exercised the put option with immediate effect. As a result, ADC FS is once again the sole shareholder of ADC IT (see Note 5.9).

The other consolidated subsidiaries newly established by the Group were acquired at the same time as they were established. ADC set up these companies prior to forming hidden reserves. Thus, the acquisition costs correspond in principle to the pro rata equity capital. Therefore there was no goodwill when these companies were first consolidated.

THE GROUP HELD INTERESTS IN THE FOLLOWING ASSOCIATED COMPANIES AS OF THE BALANCE SHEET DATE:

	YEAR
Banco Nacional de Guinea Ecuatorial Malabo, Republic of Equatorial Guinea[1]	2010
	2009
Resolution Health East Africa Ltd, Nairobi, Kenya	2010
Premier Finance Group Ltd., Harare, Zimbabwe[2]	2010
	2009
iVeri Payment Technologies (Pty) Ltd Johannesburg, Republic of South Africa[3]	2010
	2009

The data for assets, liabilities, equity and net income are based on the associated financial statements prepared in accordance with the law of the country concerned. The measurement results for the shares in associated companies measured at fair value are provided in Note 5.3a.

1 The audit of the BANGE annual financial statements had not been completed at the time the consolidated financial statements were prepared. This is why the unaudited BANGE 2010 annual financial statements were used

2 Data presented in the functional currency, the US dollar

3 iVeri's second financial year consisted of 13 months

On 30 September 2009, ADC Rwanda SARL, Kigali, Rwanda, performed a capital increase of RWF 80,834,000. On 17 November 2009, a resolution was passed at an extraordinary general meeting to transfer all shares held by ADC IT and ADC Real Estate Ltd., Cybercity, Mauritius, in ADC Rwanda SARL, Kigali, Rwanda, to ADC FS, effective 31 December 2009.

On 25 February 2010, ADC Rwanda SARL, Kigali, Rwanda, performed a capital increase of RWF 100,000k. On 12 May 2010, ADC FS performed capital increase of EUR 500k. Further capital increases of EUR 1,000k and EUR 2,000k followed on 16 July 2010 and 6 September 2010, respectively.

Following liquidation in financial year 2010, the subsidiary ADC Real Estate Rwanda SARL, Kigali, Rwanda, was derecognized with no effect on profit or loss. This had a material effect on the Group.

3.2 ASSOCIATED COMPANIES

An associated company is a company over which the Group holds a significant influence and which is neither a subsidiary nor a joint venture.

INDIRECT EQUITY INT. %	ASSETS (CUR)	LIABILITIES CURk	EQUITY CURk	INCOME CURk	NET INCOME CURk	NET INCOME EURk
25	XAF	129,270,403	118,050,191	11,220,212	5,292,754	8,045
25	XAF	57,699,557	51,201,770	6,497,786	2,449,089	3,732
38.74	KES	447,212	403,308	43,904	12,670	115
13.5	USD	54,467	41,514	12,953	-6,232	-4,702
44.95	USD	33,965	27,849	6,116	-920	-640
49	ZAR	3,671	1,226	2,445	652	74
49	ZAR	2,762	1,295	1,467	168	14

As a private equity company, ADC reports interests in associated enterprises at fair value under IAS 39, in exercise of the election in accordance with IAS 28.1. When initially reported, these financial assets were assigned to the category "assets measured at fair value through profit and loss".

The fair value of financial assets that are not traded on organized markets is determined through the use of measurement methods – comparison with the fair value of another essentially identical financial instrument, analysis of discounted cash flows as well as other measurement models. The measurement parameters on which the measurement procedures are based are applied consistently over time and are based on available company and market data. Changes in the value of assets valued at fair value through profit and loss are recognized currently in profit and loss. In the case of financial investments made very shortly before the balance sheet date, fair value ordinarily corresponds to acquisition cost. The performance of the investment is monitored to determine the need for a write-down or write-up.

In the financial year 2010, the Group acquired a 25.1% interest in Resolution Health East Africa Ltd. ("RHEAL"), Nairobi, Kenya, through a direct investment. An additional 18.64% interest in RHEAL is being held by the single purpose vehicle Proven Track Corporation Ltd. ("PTC"), GBL1, Mauritius. The interest in RHEAL is reported with a fair value of EUR 2,376k. The purchase price for acquiring the interest in RHEAL was settled in the financial year 2011. In 2009, the Company sold its interest in Banque Rwandaise de Développement ("BRD"), Kigali Rwanda, for EUR 4,941k, with the sale resulting a profit of EUR 425k. In the previous year, a 35% interest was acquired in Hydrotech International Ltd., Hong Kong, Hong Kong ("Hydrotech"). The put option on the shares (the sales price was equal to the acquisition costs in this case) was exercised within the one-year period. The receivable from the exercised put option was written off during the financial year (see Note 6.7). In the previous year, a 44.95% interest was acquired in Premier Finance Group Ltd. ("PFG"), Harare, Zimbabwe. The purchase price of the shares amounted to EUR 3,334k. This interest was diluted to 13.5% during the financial year due to non-participation in a capital increase performed by PFG.

3.3 FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are prepared in euro, the functional and reporting currency of the Group. Each company within the Group determines its own functional currency.

If the functional currency of the foreign subsidiaries does not correspond to the functional currency of the Group, their financial statements are translated into euro as follows. Equity capital items are translated at historical exchange rates, while assets and liabilities are translated at the exchange rate on the balance sheet date. The translation of expense and revenue amounts of these subsidiaries is done at average exchange rates.

Resulting currency translation differences are treated without effect on net income until deconsolidation of the subsidiary and are shown as a separate item in equity capital. Goodwill arising from acquisition of a foreign operation and adjustments to fair value is treated as assets or liabilities of the foreign operation and are translated at the rate of the balance sheet date. Translation for the subsidiaries in the Republic of Rwanda was performed using the rate of 773.40 RWF / EUR as of the balance sheet date 31 December 2010 (31 December 2009: 818.33 RWF / EUR), and an average annual rate of 757.58 RWF / EUR (31 December 2009: 775.19 RWF / EUR).

If the functional currency of the foreign subsidiary is the euro, transactions in foreign currencies are translated using exchange rates at the time of the transaction. Monetary balance sheet items in foreign currency are reported at the mean exchange rate on the balance sheet date. Foreign currency gains and losses resulting from the translation are recognized in profit and loss.

Foreign currency effects recognized directly in equity increased by EUR 222k during the reporting year, from EUR -47k to EUR 175k. EUR 177k in foreign currency translation effects (previous year: EUR -103k) were recognized in the income statement.

4. ACCOUNTING POLICIES

4.1 OTHER INTANGIBLE ASSETS AND GOODWILL

Intangible assets not acquired as part of a business combination are reported at acquisition costs when acquired. In addition to the purchase price, incidental acquisition costs also include costs directly attributable to the acquisition.

The acquisition cost of intangible assets acquired as a result of business combinations were measured at fair value at the time of acquisition.

Intangible assets acquired for consideration are valued in the Group at amortized costs.

Intangible assets with a limited useful life (software and licenses) are amortized linearly over their economic useful lives (shown separately from depreciation, amortization and write-downs, see Note 6.6).

Useful life is determined by the period of time during which the intangible asset provides an economic benefit for the Group, with useful lives of two to five years being assumed. The useful life and the amortization method are reviewed as of each balance sheet date.

4.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are reported within the Group at cost less cumulative depreciation (shown separately from depreciation, amortization and write-downs, see Note 6.6) and cumulative impairment charges.

The useful lives of property, plant and equipment are between four and five years. Depending on the group of assets, the straight-line or the declining-balance method of depreciation is used. The useful life, method of depreciation and remaining carrying amounts are reviewed as of each balance sheet date.

4.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an unlimited useful life are not amortized. Instead they are reviewed for impairment annually and on an as-needed basis.

Other intangible assets and property, plant and equipment are tested for impairment if there is an indication that impairment exists.

The recoverable amount of an asset (or cash-generating unit) is estimated during impairment testing in order to establish the size of any potential impairment loss.

The recoverable amount is the higher of the fair value less costs of sales and the value in use. The Company determines recoverable amount based on the value in use. In determining the value in use, the estimated future payment streams are discounted to present value using the standard market interest rate at that time which reflects the specific risks of the asset. If the estimated recoverable amount of an asset (a cash-generating unit) is less than the carrying amount, the carrying amount of the asset (the cash-generating unit) is reduced to the recoverable amount. The impairment loss is immediately recognized in profit or loss.

If the reasons for the impairment no longer exist, the carrying amount is written back up to the adjusted carrying amount that would have resulted if the impairment had not been recognized. If impairment was previously recognized with respect to goodwill or other intangible assets with indefinite useful lives, no write-up is performed in later periods should the reasons for the impairment no longer exist.

FINANCIAL ASSETS

In accordance with IAS 39, financial assets are broken down into the following categories:

— Loans and receivables,
— Assets valued at fair value through profit or loss,
— Held-to-maturity financial assets and
— Available-for-sale financial assets

The categorization is dependent on the nature and particular purpose for which the financial assets were obtained and is made upon their acquisition.

All normal market purchases and sales of financial assets are recognized for accounting purpose on the trade date, i.e., on the day on which the Group incurs the obligation to purchase or to sell an asset.

SHARES IN ASSOCIATED COMPANIES

Within the Group, shares in associated companies are classified as financial assets measured at fair value at the time of initial recognition (also see Note 3.2).

Subsequent measurement is made at fair value. Changes in value of these financial assets are recognized immediately in profit or loss. Please see Note 5.3 for the carrying amounts as of 31 December 2010 and 31 December 2009. These represent the maximum risk of default.

The fair value of financial instruments traded on organized financial markets is determined by the market price quoted on the balance sheet reporting date (bid price). The fair value of financial instruments for which no active market exists is determined through the use of measurement methods. The measurement methods include the use of the most recent transactions between knowledgeable, independent business parties with intent to contract, comparison with the current fair value of another, essentially identical financial instrument, the use of Discounted Cash Flow methods and other measurement models.

LOANS AND RECEIVABLES

When initially recorded, loans and receivables are valued at fair value including transaction costs. For short-term receivables, fair value upon accession corresponds in most cases to the amount of the agreed consideration (nominal amount). Subsequent valuation is made at amortized costs using the effective interest method less any impairments.

CASH AND CASH EQUIVALENTS

Upon their initial and subsequent valuation, cash and cash equivalents are valued at fair value. The fair value of cash and cash equivalents in principle corresponds to nominal value. Cash on hand and bank balances in foreign currency are translated into euro at the spot price (cash price) on the balance sheet date.

IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date a check is made to determine whether objective indications are present that a financial asset or group of financial assets is impaired. The Group performs impairment testing in the event of payment difficulties or risk of customer insolvency, indications that the amount receivable has been reduced, indications of a legal dispute with the customer and upon significant defaults in payment. As part of the impairment testing, an estimate is made of the discounted cash flows expected, and this is compared to the carrying amount of the receivable.

The carrying amount is reduced using an impairment account and the impairment is recognized in profit or loss. If the reason for the impairment ceases to exist in whole or in part in subsequent periods, a write-up is performed back to the amortized costs, which is shown under other income. Receivables are written off when classified as being uncollectible.

FINANCIAL ASSETS HELD-TO-MATURITY AND AVAILABLE-FOR-SALE FINANCIAL

There currently are no held-to-maturity and available-for-sale financial assets in the Group.

In addition to financial assets, the asset side exclusively shows loans, receivables and cash and cash equivalents. In the Company's opinion, the reported carrying amounts of financial assets represent a reasonable approximation of fair value.

The Group has not reclassified financial assets valued at acquisition cost as financial assets valued at fair value or made reclassifications in the opposite direction.

Financial assets are generally removed from the books when the rights to payment thereon have ceased or been transferred, and the Group has essentially transferred all risks and opportunities associated with ownership.

For further information, refer to the discussion under Note 5.3.

4.4 INVENTORIES

Inventories are valued at the lower of acquisition and production costs or net value upon sale. In addition to the purchase price, acquisition costs also include costs directly attributable to the acquisition. The net value upon sale represents the estimated sales price less all estimated costs until completion, as well as marketing, sales and distribution costs.

4.5 OTHER ASSETS

Other assets that are not financial assets are carried on the balance sheet at adjusted acquisition costs. Identifiable default risks are taken into consideration through write-downs.

4.6 FINANCIAL LIABILITIES

Financial liabilities are valued upon initial recognition at fair value less transaction costs directly attributable. Subsequent valuation is made at amortized cost.

For short-term liabilities, fair value regularly corresponds to the estimated total of all future disbursements. Financial liabilities are removed from the books if the obligation on which the particular liability is based is fulfilled, cancelled or extinguished.

In the Company’s opinion, the carrying amounts reported for financial liabilities represent a reasonable approximation of fair value.

The Group does not have any financial liabilities to be measured at fair value through profit and loss.

For further information, refer to the discussion under Note 5.3.

4.7 PROVISIONS

Provisions are formed when a past event gives rise to a present de jure or de facto obligation to a third party which is likely to lead to a future outflow of resources the amount of which can be reliably estimated. The outflow of resources is to be considered likely if more argues in favour of it than against it.

Provisions are valued using the best-possible estimate of the extent of obligations. For individual risks, this amount represents the most likely value in each instance. Provisions that will not lead to an outflow of resources as early as the following year are listed as liabilities at cash value.

The estimation and valuation of provisions are reviewed at each balance sheet date and adjusted if necessary.

4.8 INCOME TAXES

Deferred tax claims and liabilities are estimated using the liabilities method for temporary differences between the tax value of the assets and liabilities and their carrying amounts in the IFRS financial statements. Deferred tax claims for temporary differences and for tax losses carry-forwards are estimated at the amount at which the temporary difference or the as yet unused tax losses are likely to be offset by future positive tax income. Deferred taxes are calculated in the amount of the prospective tax burden or tax savings for subsequent financial years, based on the tax rate expected at the time of realization.

Actual income taxes are calculated based on the expected taxable income and are recorded as a liability less any pre-payments made. In the event of excess pre-payments, the difference will be capitalized as an asset.

4.9 REALIZATION OF INCOME

Revenues and income from the provision of services are reported if the amount of the revenues and of the costs arising in connection with providing the services, and the degree of completion of the latter, can be reliably determined on the balance sheet date.

Income from consulting for portfolio companies as well as income from the performance of IT consulting services are recognized as income in accordance with their degree of completion. The degree of completion is determined according to the number of working hours accrued up to the financial statement reporting date as a percentage of the total working hours estimated for the consulting project. If the outcome of the assignment cannot be reliably predicted, income is recognized only to the extent of the reimbursable expenses incurred.

Interest income is recorded when the interest is generated.

Dividend income is recorded when the legal claim to payment of dividends arises.

The Group has received no government grants. The Group obtains no income from fees or commissions.

4.10 CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities are any obligations that result from past events and whose existence depends on the occurrence or non-occurrence of one or more uncertain future events that are not completely within the Group's control. Contingent liabilities also comprise present obligations that result from past events but were not recognized as a provision because an outflow of resources is unlikely or the amount of the obligation cannot be estimated in a sufficiently reliable manner.

Contingent assets are possible assets that result from past events and whose existence depends on the occurrence or non-occurrence of one or more uncertain future events not completely within the Group's control.

In principle, contingent liabilities and receivables are not reported in the balance sheet but are discussed in the notes to the financial statements (see Note 11).

5. NOTES TO THE BALANCE SHEET

5.1 OTHER INTANGIBLE ASSETS AND GOODWILL

IN EURk
Historical cost as of 1 January
Change in consolidated group
Effects of exchange rate changes
Additions
Historical cost as of 31 December
Cumulative amortization and write-downs as of 1 January
Change in consolidated group
Effects of exchange rate changes
Amortization
Cumulative amortization and write-downs as of 31 December
Carrying amount as of 1 January
Carrying amount as of 31 December

For intangible assets, in financial year 2010 there were no indications of a need for write-downs under IAS 36.

For purposes of impairment testing, the goodwill acquired in connection with business combinations was allocated to the "Electronic Payment" cash-generating unit, which is expected to derive benefits from the synergies arising from the business combination. The calculations for the value in use of the "Electronic Payment" cash-generating unit are based on medium-term plans, using an estimate of future cash flows and a suitable discount rate of 18.81% for the present value calculation (a discount rate of 23.75% was used in 2009). Because the recoverable amount exceeds the carrying amount of the cash-generating unit, there was no need for a valuation adjustment in accordance with IAS 36.

	2010			2009		
	OTHER INTANGIBLE ASSETS	GOODWILL	TOTAL	OTHER INTANGIBLE ASSETS	GOODWILL	TOTAL
	734	**838**	**1,572**	**440**	**838**	**1,278**
	0	0	0	0	0	0
	35	0	35	(27)	0	(27)
	0	0	0	321	0	321
	769	**838**	**1,607**	**734**	**838**	**1,572**
	(378)	**0**	**(378)**	**(355)**	**0**	**(335)**
	0	0	0	0	0	0
	(13)	0	(13)	11	0	11
	(244)	0	(244)	(54)	0	(54)
	(635)	**0**	**(635)**	**(378)**	**0**	**(378)**
	356	**838**	**1,194**	**105**	**838**	**943**
	134	**838**	**972**	**356**	**838**	**1,194**

5.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment contains almost exclusively technical equipment.

IN EURk	2010	2009
Historical cost as of 1 January	**1,334**	**1,078**
Effects of exchange rate changes	76	(49)
Additions	120	305
Disposals	(44)	0
Historical cost as of 31 December	**1,486**	**1,334**
Cumulative depreciation and write-downs as of 1 January	**(606)**	**(528)**
Effects of exchange rate changes	(33)	22
Depreciation	(203)	(100)
Disposals	31	0
Cumulative depreciation and write-downs as of 31 December	**(811)**	**(606)**
Carrying amount as of 1 January	**728**	**550**
Carrying amount as of 31 December	**675**	**728**

For the 2010 financial year – as for the year before – there were no indications of a need for write-downs under IAS 36. In the Group, there continues to be neither restrictions on disposition nor property, plant nor equipment pledged as security for liabilities.

5.3 INFORMATION ON FINANCIAL INSTRUMENTS

5.3a FINANCIAL ASSETS VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS

This item shows the shares in associated companies measured at fair value through profit or loss and derivative financial instrument (call option)

IN EURk	2010	2009
Carrying amount as of 1 January	**9,839**	**7,578**
Additions	2,376	3,334
Disposals	(350)	(4,515)
Changes in fair value	11,327	3,442
Carrying amount as of 31 December	**23,192**	**9,839**

Financial instruments measured at fair value through profit or loss

IN EURk	2010	2009
Associated companies:		
BANGE	14,250	6,078
iVeri	676	427
PFG	1,250	2,984
RHEAL	2,376	-
Hydrotech	-	350
Subtotal	**18,552**	**9,839**
Derivative financial instruments:		
Call option	4,640	0
Total shares in associated companies and derivative financial instruments	**23,192**	**9,839**

The Group holds minority interests (between 25 and 49%) in companies with which the Group has entered into cooperative arrangements. The fair value of unlisted shares was determined using a Discounted Cash Flow method (level 3). The valuation requires particular management assumptions regarding the parameters of the model, including credit risk and volatility. Measurement by means of Discounted Cash Flow methods is hedged through the use of other methods (e.g., multiplier method). The likelihood of occurrence of the various estimates within a range can be reliably estimated and are employed by management in estimating the fair value of these unlisted equity capital instruments. The future cash flows were determined using multi-year business plans of the companies in which the minority interests are held. As in the previous year, a growth rate of 3.0% was used for the perpetual annuity. The discount rate is comprised of the corresponding riskless rate, a market risk premium, a weighted data factor and country risk premium. As in the previous year, the discount rates used were between 10.0% and 25.0%.

In the shareholders' agreement of 16 December 2008 between ADC FS and BANGE, ADC FS was granted a call option for 25.1% of the shares of BANGE subject to condition precedent. Except for general meeting resolution on the capital increase, the requirements for exercising the call option were satisfied on 31 December 2010. Valuation of the option involved many factors:

The price of the option is determined by the "intrinsic value" and the "time value". The intrinsic value is equal to the difference between current market price of the underlying and the strike price.

The time value is equal to the difference between the current all-in price of the option and its intrinsic value. The time value reflects the likelihood that the value of the option might be equal to or higher than the intrinsic value at the end of the remaining term. The size of the time value depends on intrinsic value, the volatility of the underlying, remaining term, the riskless rate and the extent that the option is exercised.

Management exercised its judgment when recognizing and measuring the call option (see Note 13). The option has not yet been exercised, and it is uncertain as to when the capital increase will actually be resolved by the general meeting and performed, and for what amount. The option nevertheless has value for the Company, since it is defined in a legally binding agreement and the conditions tied to the delivery of additional shares have been satisfied unconditionally. A discount rate of 37.0% was used to derive the current market value of the underlying. This discount rate is comprised of the riskless rate (3.3%), a market risk premium (2.5%), a weighted beta factor (0.6), a country risk premium (15.0%) and an additional risk discount (17.3%). The additional risk discount is mainly based on the time value of the call option, as this reflects the volatility of the underlying, remaining term and type of exercise. This takes into account, in particular, that exercise of the call option depends on future events related to the general meeting resolution on the capital increase. The intrinsic value equals the difference between the current market price of the underlying, which was determined using the discounted cash flow method, and the strike price in the shareholders' agreement. The fair value of the call option, consisting of the intrinsic value at the time value, was equal to EUR 4,640k as of 31 December 2010. If the additional risk discount (17.3%) is not included, the fair value of the option would have been EUR 6,950k higher, and would have been equal to EUR 11,590k as of 31 December 2010.

The net gain or loss from financial assets and liabilities measured at fair value through profit and loss upon initial recognition is determined as follows:

IN EURk	2010	2009
Financial assets measured at fair value through profit or loss	11,328	3,442
Net Gain	**11,328**	**3,442**

The changes in fair value are recorded in the consolidated income statement under the item "Result from fair-value measurement."

A gain resulted from the sale of BRD, which led to the removal of the participation from the books (see 6.2).

Hierarchy of fair values: The Group employs the following hierarchy to determine and report the fair values of financial instruments depending on measurement procedure:

Level 1: quoted (unadjusted) prices on active markets for assets or liabilities of the same kind

Level 2: processes in which all input parameters that have a material effect on the recorded fair value are either directly or indirectly observable

Level 3: processes that employ input parameters that have a material effect on the recorded fair value and are not based on observable market data.

As of 31 December 2010 or the year before, as the case may be, the Group held the following financial instruments measured at fair value through profit and loss:

	31/12/2010	LEVEL 1	LEVEL 2	LEVEL 3
Shares in associated companies	18,552	0	0	18,552
Derivative financial instruments	4,640	0	0	4,640

	31/12/2009	LEVEL 1	LEVEL 2	LEVEL 3
Shares in associated companies	9,839	0	0	9,839

In the time period from 1 January through 31 December 2010, there were no reclassifications between level-1 and level-2 measurements at fair value, and no reclassifications into or out of level-3 measurements of fair value.

Liabilities measured at fair value through profit and loss did not exist as of 31 December 2010 or as of the reporting date the year before.

5.3b FINANCIAL ASSETS VALUED AT ACQUISITION COSTS CARRIED FORWARD

The following table shows carrying amounts and fair values of financial instruments recorded on the consolidated financial statements at acquisition costs carried forward:

IN EURk	CARRYING AMOUNT		FAIR VALUE	
FINANCIAL ASSETS	2010	2009	2010	2009
Cash and short-term deposits	44,028	7,282	44,028	7,282
Trade receivables and other receivables	1,005	484	1,005	484

IN EURk	CARRYING AMOUNT		FAIR VALUE	
FINANCIAL LIABILITIES	2010	2009	2010	2009
Trade payables, provisions and other liabilities	4,718	990	4,718	990

The financial liabilities in the current financial year are comprised primarily of outstanding liabilities for the acquisition of shares in RHEAL (EUR 2,376k) (see Note 3.2) and the liability to Altira ADC Management GmbH in connection with the capital increase performed in December 2010 in accordance with the articles of association (see Note 12).

The fair value of financial assets and financial liabilities is given by the amount at which the relevant instrument could be exchanged in a present transaction (excluding forced sales or liquidations) between willing parties.

The methods and assumptions used to determine fair values are presented as follows:

Cash and short-term deposits, trade receivables, trade payables and other short-term liabilities come very close to their carrying amount mainly due to the short terms of these instruments.

Long-term fixed-interest and variable-interest claims are measured by the Group based on parameters like interest rates, particular country-specific risk factors, creditworthiness of individual customers and the risk characteristics of the project financed. Based on this measurement, allowances were made to take account of expected defaults on these receivables. As of 31 December 2010, as well as in the previous year, the carrying amount of these receivables, less the allowances made, was approximately equal to their fair values.

The development of the allowances, based on empirical values, made to trade receivables can be seen in the discussion under Note 5.7.

5.4 GOODWILL IMPAIRMENT TESTING

The goodwill acquired in connection with the business combination with SIMTEL (EUR 838k) was allocated to the "Electronic Payment" cash-generating unit for purposes of impairment testing. A cash-generating unit to which the goodwill is allocation represents the lowest level within the Company at which the goodwill is monitored for internal company management.

"ELECTRONIC PAYMENT" CASH-GENERATING UNIT

The Group performed its annual impairment testing as of 31 December. The recoverable amount is determined on the basis of the calculation of value in use, using cash flow forecasts. The cash flow forecasts are based on financial plans approved by management for a time period of five years. The forecast cash flows were updated in particular to reflect the rise in card issuance and card management fees as well as transaction fees. The pre-tax discount rate used for cash flow projections was 18.8% (previous year: 23.8%). Cash flows occurring after a period of five years were extrapolated using a growth rate of 3.0% (previous year: 2.0%). This growth rate corresponds to the long-term average growth rate for the industry and country. This analysis of value in use did not result in an impairment loss.

BASIC ASSUMPTIONS FOR THE CALCULATION OF THE VALUE IN USE

Estimation uncertainties are involved in the following assumptions used to calculate the value in use of the "Electronic Payment" unit:

— Gross profit margins
— Discount rates
— Development of the price structure for card preparation and card management, ATM/POS (Point-of-Sale) leasing fees and ATM/POS maintenance fees, as well as fees for transaction processing and system connection
— Volume development with number of active payment cards, ATM machines & POS (Point-of-Sale) Terminals
— Growth rates on which the extrapolation of the cash flow forecasts outside the budget period is based.

GROSS PROFIT MARGINS – Gross profit margins are increased over the course of the budget time period by the expected increases in efficiency.

DISCOUNT RATES – Discount rates reflect the current market estimates with regard to the specific risks to be allocated to the cash-generating unit at a given time. The discount rate was estimated based on the average weighted cost of capital customary in the industry. This interest rate was further adjusted to reflect the market assessment with regard to all risks to be allocated specifically to the cash-generating unit for which the estimates of future cash flows were not adjusted.

Development of price structure (card preparation, card management, ATM / POS, transaction processing and system connection) – The price structure is set by contract with the banks and is ensured until 2013.

Volume management of the number of issued cash cards, ATM machines & POS Terminals – The estimates are based on market research and analysis that was carried out.

ASSUMPTIONS REGARDING MARKET SHARE – For the business model of payment services, there exists an exclusive contract with the banks until 2013. These assumptions are important insofar as management makes a judgment – as it does in setting assumptions for growth rates (see below) – regarding how the position of the cash-generating unit could change after the expiration of the exclusivity period.

ESTIMATES OF GROWTH RATES – The growth rates are based on published market research relating to the industry. However, the long-term growth rates employed, do not take into account possible additional growth in volume from the development of the Rwanda Payment Card ("RPC").

SENSITIVITY OF THE ASSUMPTIONS MADE

Management believes that no reasonable changes to any of the basic assumptions made to determine the value in use of the "Electronic Payment" cash-generating unit could cause the carrying amount of the cash-generating unit to materially exceed its recoverable amount. A 1% increase in the interest rate used for discounting would likewise not lead to the need for a lower valuation.

THE EFFECTS OF THE BASIC ASSUMPTIONS ON THE RECOVERABLE AMOUNT ARE DISCUSSED AS FOLLOWS:

DEVELOPMENT OF THE PRICE STRUCTURE – The price structure is fixed by contract with the banks and has been exclusively negotiated until 2013. After expiration of the exclusivity time period, there may be price reductions if the market position deteriorates.

ASSUMPTIONS REGARDING GROWTH RATE – It is undisputed that the speed of technological change and possible new competitors after the expiration of the exclusivity period could materially impact the assumptions regarding the growth rate. No negative effects on the forecasts considered in the budget are expected from the entry of new competitors onto the market; however, this could, in exercising reasonable discretion, lead to another fundamentally possible growth rate than the long-term growth rate of 3.0% taken into account. A 1.0% drop in the long-term growth rate would also not lead to a need for a lower valuation.

5.5 DEFERRED TAXES

The deferred tax claims of EUR 551k (previous year EUR 311k) reported as of the balance sheet relate to deferred taxes on valuable tax loss carry-forwards. These loss carry-forwards may be carried forward indefinitely. Deferred taxes of EUR 231k were recognized in profit or loss during the financial year; in the previous year, deferred taxes of EUR 288k were recognized in profit or loss.

No deferred tax assets were created from tax loss carry-forwards in the amount of EUR 13,013k (previous year: EUR 3,915k) since it is assumed that the Group companies in question are likely to be unable to utilize them within a projected time period of five years.

The carrying amount of deferred tax assets is reviewed and reduced each year on the reporting date if it is no longer likely that there will be sufficient taxable income to make use of the benefit of a deferred tax claim in whole or in part. In contrast, deferred taxes are capitalized as an asset if it is likely that they can be used in the future.

Deferred tax liabilities were not formed for tax payments on potential future distributions of earnings reinvested by subsidiaries to the extent that these earnings are required for the long-term funding of the subsidiary.

5.6 INVENTORIES

Inventories had a reported carrying amount of EUR 146k (previous year EUR 17k). Inventories are recognized at cost less valuation allowances and are not subject to any restrictions on disposal.

5.7 RECEIVABLES AND OTHER ASSETS

IN EURk	2010	2009
Trade receivables	743	340
Other receivables	262	144
Total	**1,005**	**484**
Income tax claims	14	127
Prepayments made	372	1,073
Total	**386**	**1,200**
Total	**1,391**	**1,684**

Trade receivables and receivables due from the general partner are short-term and do not bear interest.

The fair value of the financial assets almost entirely corresponds to the reported carrying amounts.

As of 31 December 2010, the nominal value of trade receivables was EUR 829k (2009: EUR 564k); specific valuation allowances were deducted from the nominal value. The development of the specific valuation allowance account can be presented as follows (additions recognized as an expense are contained in other operating expenses):

IN EURk	2010 SPECIFIC VALUATION ALLOWANCE	2009 SPECIFIC VALUATION ALLOWANCE
As of 1 January	**224**	**109**
Additions recognized as an expense	16	115
Releases	-154	0
As of 31 December	**86**	**224**

As of 31 December 2010 / 31 December 2009, the aging structure of trade receivables was as follows:

IN EURk	TOTAL	NEITHER OVERDUE NOR IMPAIRED	OVERDUE BUT NOT IMPAIRED			
			< 30 Days	**30-90 days**	**90-180 days**	**> 180 days**
2010	743	577	60	82	24	0
2009	340	253	34	32	21	0

5.8 CASH AND CASH EQUIVALENTS

Under this item are reported all cash on hand and overnight bank deposits, as well as fixed-term deposits with a maturity of less than three months. The fair value of the cash and cash equivalents corresponds to the reported carrying amounts.

5.9 EQUITY

SUBSCRIBED CAPITAL

Subscribed capital is recorded at its nominal amount.

The Company's subscribed capital (share capital) is EUR 7,646,150.00 and is divided into 7,646,150 no-par-value registered shares (individual share certificates) with a notional nominal value of EUR 1.00 each.

The commercial partnership limited by shares, with its share capital of EUR 10,000,000.00 available at the time of its entry into the Commercial Register, arose as a result of a change in legal form from the stock corporation named ADC African Development Corporation AG, Frankfurt am Main. The change in legal form was recorded in the Commercial Register on 26 March 2008.

During the financial year, the subscribed capital was increased by EUR 4,429,167.00 through the issuance of 4,429,167 shares of EUR 1.00 each. The new shares were issued at EUR 2.40 per share. The share premium of EUR 6,200,833.80 was appropriated to the capital reserves. The costs in the amount of EUR 674,084.12 that were directly attributable to the capital increase were offset against the capital reserves, with no effect on profit or loss.

The extraordinary general meeting of 18 February 2010 resolved to increase the Company's share capital by up to EUR 30,000,000.00 against cash contributions, from EUR 14,429,167.00 to up to EUR 44,429,167.00, by issuing up to 30,000,000 new no-par value ordinary registered shares, with dividend rights beginning as of 1 January 2010, at an issue price of EUR 1.00 per share. The resolution on the increase in share capital will become invalid unless at least 1,000,000 new shares are subscribed by 31 July 2010 (Authorized Capital 2010/I). The capital increase resolved by the general meeting of 18 February 2010 was performed to increase the share capital by EUR 3,801,587.00. The new shares were issued at EUR 1.60 per share. The share premium of EUR 2,280,952.20 was appropriated to the capital reserves. The costs of EUR 436,074.48 (including income tax effects) that were directly attributable to the capital increase were offset against capital reserves, with no effect on profit or loss. In accordance with the articles of association, the general partner also received a fee equal to 1.5% of the issue volume for each capital increase performed as compensation for the additional management effort associated with the performance and organization of capital increases. The capital increase costs were comprised of the following:

IN EURk

CAPITAL INCREASE COSTS

External service providers	308	see Note 12
General partner fee	109	see Note 12
Notary	20	
Total	**437**	

The Company's general meeting of 24 August 2010 resolved to decrease the share capital of the Company, which is EUR 18,230,754.00 after the capital increase, divided into 18,230,754 no-par value ordinary shares with a notional par value of EUR 1.00 per share, in accordance with the provisions on ordinary capital decreases in §§ 222 ff. of the Stock Corporation Act (Aktiengesetz – AktG) by EUR 14,584,604.00, from EUR 18,230,754.00 to EUR 3,646,150.00. The purpose of the capital decrease is to offset net accumulated losses of EUR 2,640,850.05 and for appropriation to the free capital reserves of the Company in accordance with § 272 para. 2 no. 4 HGB. The EUR 11,943,753.95 available after offsetting the net accumulated losses were accordingly to be appropriated to the Company's free capital reserves in accordance with § 272 para. 2 no. 4 HGB. A 5-to-1 reverse share split accordance with § 222 para. 4 sentence 2 AktG was to be used to perform the capital reduction.

The annual general meeting of 24 August 2010 resolved to increase the share capital by up to EUR 4,000,000.00. The capital increase was performed to increase the share capital by EUR 4,000,000.00. 1,178,219 existing shareholders exercised their pre-emption rights at EUR 10.00 per share. The 2,821,781 new shares were issued at EUR 11.00 per share. The share premium in the amount of EUR 38,821,781.00 was appropriated to the capital reserves. The costs of EUR 3,412,462.86 (including income tax effects) that were directly attributable to the capital increase were offset against capital reserves, with no effect on profit or loss. In accordance with the articles of association, the general partner also receives a fee equal to 1.5% of the issue volume for each capital increase performed as compensation for the additional management effort associated with the performance and organization of capital increases. The capital increase costs were comprised of the following:

IN EURk

CAPITAL INCREASE COSTS		
External service providers	2,111	see Note 12
Outstanding consulting fees	284	
General partner fee	764	see Note 12
Other expenses	253	
Total	**3,412**	

The extraordinary general meeting of 22 November 2010 confirmed the resolutions of the general meeting of 24 August 2010 on the ordinary capital reduction and amendments to the articles of association as provided for in § 244 AktG.

On 8 December 2010, the Company was listed on the Entry Standard segment of the Open Market of the Frankfurt Stock Exchange. External service providers assisting the Company in this regard recommended that only new shares be included in the listing in order to ensure safe, successful performance of the capital increase. Existing shareholders are unable to sell any shares on the stock exchange until the shares with the German share identification number (WKN) A0HMWB have been listed. However, the Company plans to merge the shares that have not yet been listed and the listed shares in the first half of financial year 2011 and include them in admission to the Prime Standard segment of the Regulated Market of Deutsche Boerse.

EUR 5,687k in uncalled, unpaid capital was reported as of the balance sheet date. One customer of the subscribing bank had not paid in its capital.

AUTHORIZED CAPITAL

By a resolution of the General Meeting of 28 August 2008, the general partner is authorized, with the approval of the Supervisory Board, to increase the Company's share capital until 31 July 2013 in one or more tranches in partial amounts by up to a total of EUR 7,000,000.00 by issuance of new shares (Authorized Capital I/2008).

CONTINGENT CAPITAL

The general meeting of 12 August 2009 resolved to make a contingent increase of up to EUR 1,000,000.00 in the Company's share capital by issuing up to 1,000,000 new no-par value registered ordinary shares with dividend rights as of the beginning of the financial year in which they are issued (Contingent Capital I/2009). The contingent capital increase will be used to grant shares to the owners or creditors of convertible bonds that are issued by the Company by 31 December 2010 pursuant to the now amended authorization for the issuance of convertible bonds, provided they are issued in exchange for cash. The contingent capital increase is only to be carried out to the extent that use is made of the conversion rights under the bonds, to the extent that treasury shares are not used to satisfy them. With the consent of the Supervisory Board, the general partner is authorized to determine the further particulars of the contingent capital increase.

At the general meeting of 14 August 2009, the general partner was authorized to issue, with Supervisory Board approval, bearer or registered convertible and/or warrant-linked bonds with a nominal value of up to EUR 50,000,000.00 and with or without a limited term in one or more tranches by 31 July 2014, and to grant the bond holders or creditors option or conversion rights for new no-par value registered ordinary shares of the Company representing a proportional share of up to EUR 4,800,000.00 of the share capital in accordance with the terms of the warrant-linked and convertible bonds.

The share capital of the Company was therefore contingently increased by up to EUR 4,800,000.00 by resolution of the general meeting of 14 August 2009 by issuing up to 4,800,000 new no-par value registered ordinary shares (Contingent Capital II/2009). The contingent capital increase serves to grant prescriptive and/or conversion rights to the holders of convertible bonds or bonds with warrants attached. The contingent capital increase will only be implemented insofar as the owners/creditors of the warrant or conversion rights make use of these rights or those owners obligated to convert fulfill their duty to convert, insofar as a cash settlement is not granted or treasury shares or shares created from authorized capital are not employed to service them. Insofar as they are created by exercise up to the beginning of the Company's ordinary general meeting, the shares have dividend rights from the beginning of the preceding financial year, otherwise from the start of the respective financial year in which they were created through the exercise of pre-emptive rights. The general partner is authorized to determine, with the consent of the Supervisory Board, the further particulars of the implementation of a contingent capital increase. The Supervisory Board is authorized to change the wording of the articles of association in accordance with the extent of the capital increases out of contingent capital.

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is used to recognize differences arising from translation of the financial statements of foreign subsidiaries with functional currencies other than the euro.

NON-CONTROLLING INTERESTS

Acquisition of the non-controlling interest in ADC IT (50.1 %) resulted in a decrease of EUR 757k in free reserves attributable to shareholders of the parent company (see Note 3.1).

The minority interest in SIMTEL was the only non-controlling interest as of 31 December 2010. The non-controlling interests in the previous year consisted of minority interests in SIMTEL and ADC IT.

5.10 PROVISIONS

The provisions shown essentially relate to provisions for financial statement and auditing costs and are all due within one year.

IN EURk	2010	2009
As of 1 January	**65**	**110**
Effects of changes in exchange rates	1	1
Additions	99	64
Utilization	(51)	(103)
Releases	(14)	(7)
As of 31 December	**100**	**65**

5.11 LIABILITIES

Trade payables and other liabilities are valued at acquisition cost carried forward. Cost essentially corresponds to market values. They do not bear interest and are due within one year. The Group has not granted any collateral or guarantees for liabilities.

5.12 CONVERTIBLE BONDS

A total nominal amount of EUR 100,000.00 in convertible bonds authorized by the general meetings of 15 February 2008 and 12 August 2009 was issued effective 1 May 2010 at a price of EUR 0.10 per convertible bond (see Note 5.9). According to the authorization by the general meeting, only Altira AG, Frankfurt am Main, is permitted to subscribe to the convertible bonds. The shareholders' statutory pre-emption rights to subscribe to the bonds were excluded. The convertible bonds have a term running until 30 April 2012 and do not bear interest.

Each convertible bond with a nominal value of EUR 1.00 conveys the right to subscribe to one no-par value registered ordinary share of the Company, and exercise of the conversion right requires an additional payment of EUR 0.90 for convertible bond.

The convertible bond terms were also adjusted in a 5-to-1 ratio as a result of the 5-to-1 capital reduction that was resolved on 24 August 2010. The number of registered convertible bonds subscribed by Altira AG was therefore also reduced in a 5-to-1 ratio from 1,000,000 to 200,000. At the same time, the notional issue price for each convertible bond increased from a nominal value of EUR 1.00 to a nominal value of EUR 5.00, of which 10%, or EUR 0.50, must be paid in. If a bond holder exercises its conversion rights, an additional cash payment of EUR 4.50 must be made to the Company for each convertible bond submitted for exchange.

6. NOTES TO THE INCOME STATEMENT

6.1 REVENUE

IN EURk	2010	2009
Electronic payment services	802	835
Portfolio company consulting services	949	658
Other revenue	286	268
Total	**2,037**	**1,761**

6.2 PROCEEDS FROM THE SALE OF SECURITIES AND FINANCIAL ASSETS

The Company sold its participation in BRD for EUR 4,941k in 2009, with the sale resulting in a profit of EUR 425k. No proceeds were received from the sale of securities and financial assets in 2010.

6.3 OTHER OPERATING INCOME

Other operating income consisted primarily of foreign currency gains of EUR 177k (previous year: EUR 0k), and reversals of SIMTEL specific valuation allowances of EUR 154k (previous year: EUR 0k).

6.4 COST OF MATERIALS AND PURCHASED SERVICES

This item primarily consists of purchased technical support services (EUR 1,890k; previous year EUR 788k) and SIMTEL costs (EUR 169k; previous year: EUR 140k). Purchased consulting services for advice on the portfolio companies were EUR 1,130k (previous year: EUR 661k).

6.5 PERSONNEL EXPENSES

In addition to current salaries, personnel expenses also include old-age pension expenses of EUR 5k for defined-benefit pension plans in the Republic of Rwanda (previous year: EUR 6k) that ADC paid in connection with statutory pension insurance in the amount of 5% of gross salary.

The average number of employees in 2010 was 24 (previous year: 29). They are broken down into the following areas:

NUMBER	2010	2009
Accounting and administration	9	15
Sales	3	2
Technical services	11	11
Other	1	1
Total	**24**	**29**

6.6 DEPRECIATION, AMORTIZATION AND WRITE-DOWNS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

This item includes depreciation, amortization and write-downs of intangible assets (EUR 244k; previous year: EUR 54k) and property, plant and equipment (EUR 203k; previous year: EUR 100k).

6.7 OTHER OPERATING EXPENSES

IN EURk	2010	2009
ADC BDS consulting services (see Note 12)	(669)	(577)
Legal and consulting costs	(210)	(448)
General partner compensation for services and assumption of liability (see Note 12)	(611)	(535)
Insurance	(105)	(297)
Marketing	(139)	(63)
Travel expenses	(265)	(252)
Audit, accounting and administrative services, including preparation of financial statements	(213)	(348)
Derecognition of receivable from exercised Hydrotech put option (see Note 3.2)	(350)	0
Specific valuation allowance	0	(115)
Expense related to the SIMTEL realignment	(552)	0
Other expenses	(500)	(360)
Total	**(3,614)**	**(2,995)**

6.8 FINANCIAL RESULT

Short-term fixed-time deposits are made for different periods of time that, depending on the Group's need for cash at any given time, are between one day and three months. They pay interest at the interest rates then in effect for short-term deposits.

In financial year 2010 and in the previous year, no interest income was accrued on impaired financial assets.

IN EURk	2010	*adjusted* 2009
Interest income from term money and current accounts	220	158
Interest income from loans	3	129
Total finance income	223	287
Interest expenses for loans	(6)	0
Total finance costs	(6)	0
Financial result	**217**	**287**

6.9 INCOME TAXES

Due to the use of the existing loss carry-forwards in the Group, income taxes relate exclusively to deferred taxes. As in the previous year, the Group income tax rate is comprised of the corporate income tax rate of 15.0% and the trade tax of 15.0%.

The tax reconciliation statement explains the relation between the effective tax expense and the notional tax expense that arises from the consolidated annual results (before income taxes) by application of the consolidated income-tax rate of 30.0% (previous year: 30.0%) as follows:

IN EURk	2010	2009
IFRS result before tax	6,360	717
Notional tax income (Group tax rate)	(1,908)	(215)
Non-deductible expenses	(427)	(193)
Tax-exempt income	1,819	647
Change in non-utilizable loss carryforwards	108	(69)
Carryforward of unused tax gains	(448)	(130)
Difference in tax rates	1,083	274
Other	5	(26)
Effective income tax (original and deferred taxes)	**232**	**288**

7. SEGMENT REPORTING

For purposes of enterprise management, the Group is organized by products and services into business units and has the following three reporting business segments:

FINANCIAL SERVICES & CORPORATE DEVELOPMENT

ADC's vision is to become one of the leading investment holding companies for banks and financial services companies in the target region of sub-Saharan Africa. Through its subsidiary ADC FS&CD, investments have primarily been made in commercial and lending banks in Equatorial Guinea, Rwanda and Zimbabwe. Consulting services are provided to the investments primarily through ADC FS&CD.

IT & PAYMENT SOLUTIONS

ADC's investment strategy consists not just of investing in commercial and lending banks, but also encompasses companies in the target region of sub-Saharan Africa that are active in the IT and telecommunications areas and as providers of payment solutions. The focus is on, in particular, the credit card business, automated teller machines and specially fashioned solutions for internet and mobile banking.

SUPPORTING SERVICES

The supporting services of the Company encompass areas of responsibility such as identifying investment opportunities, monitoring the net assets, financial position and results of operations of Group and portfolio companies and providing them with technical support. In addition, portfolio structuring is handled, active risk management is coordinated, measures are taken to obtain capital and investor relations are attended to.

To create the above reporting business segments, no business segments were combined.

The operating results of the business units are separately monitored by management, in order to make decisions on the allocation of resources and to determine the earnings power of the units. The earnings power of the segments is evaluated on the basis of the operating result. In this connection, the determination of the operating result may deviate in a particular respect from the consolidated financial statements (see following table). Group financing (including financial expenditures and earnings) is uniformly managed for the Group and is not allocated to the individual segments.

FINANCIAL YEAR AS OF 31 DECEMBER 2010

IN EURk	FS&CD	IT	SUPPORTING SERVICES	CONSOLIDATION	TOTAL
Revenue					
Revenue from outside clients	1,119	918	0	0	2,037
Revenue from transactions with other segments	0	1,796	0	-1,796	0
Total revenue	**1,119**	**2,714**	**0**	**-1,796**	**2,037**
Other operating income	157	173	158	-81	407
Portfolio company measurement gains	6,439	249	0	0	6,688
Measurement of derivative financial instruments	4,640	0	0	0	4,640
Personnel expenses	0	-307	-72	0	-379
Cost of materials and purchased services	-1,130	-2,977	0	918	-3,189
Compensation for management services and assuming liability	0	0	-611	0	-611
Other operating expenses	-491	-1,213	-1,368	69	-3,003
Earnings before interest and taxes, depreciation and amortization (EBITDA)	**10,734**	**-1,361**	**-1,893**	**-890**	**6,590**
Depreciation, amortization and write-downs	-3	-435	-9	0	-447
Earnings before interest and taxes (EBIT)	**10,731**	**-1,796**	**-1,902**	**-890**	**6,143**

Revenue from transactions with other segments is eliminated for the purposes of consolidation.
The segment results for the individual business segments do not include finance income (EUR 223k), finance costs (EUR 6k) or deferred taxes (EUR 231k).

FINANCIAL YEAR AS OF 31 DECEMBER 2010

IN EURk	FS&CD	IT	SUPPORTING SERVICES	CONSOLIDATION	TOTAL
Assets					
Goodwill	0	838	0	0	838
Shares in associated companies	17,875	677	0	0	18,552
Other financial assets	4,640	0	0	0	4,640
Trade receivables and other receivables	6,974	2,508	566	-8,657	1,391
Cash and cash equivalents	4,429	288	39,311	0	44,028
Segment assets as of 31 December 2010	**33,918**	**4,311**	**39,877**	**-8,657**	**69,449**

Segment assets do not include the following assets monitored at the Group level:	
Other intangible assets	134
Property, plant and equipment	675
Inventories	146
Deferred taxes	551
Total assets	**70,955**

FINANCIAL YEAR AS OF 31 DECEMBER 2009

IN EURk	FS&CD	IT	SUPPORTING SERVICES	CONSOLIDATION	TOTAL
Revenue					
Revenue from outside clients	758	1,004	0	0	1,762
Revenue from transactions with other segments	0	897	254	-1,151	0
Total revenue	**758**	**1,901**	**254**	**-1,151**	**1,762**
Accounting profit from the disposal of financial assets	425	0	0	0	425
Other operating income	27	0	84	-53	58
Portfolio company measurement gains	3,235	207	0	0	3,442
Personnel expenses	-25	-332	-88	0	-445
Cost of materials and purchased services	-730	-1,826	0	894	-1,662
Specific valuation allowances for trade receivables	0	-115	0	0	-115
Compensation for management services and assuming liability	0	0	-535	0	-535
Other operating expenses	-1,155	-545	-913	267	-2,346
Earnings before interest and taxes, depreciation and amortization (EBITDA)	**2,535**	**-710**	**-1,198**	**-43**	**584**
Depreciation, amortization and write-downs	-2	-146	-6	0	-154
Earnings before interest and taxes (EBIT)	**2,533**	**-856**	**-1,204**	**-43**	**430**

Revenue from transactions with other segments is eliminated for the purposes of consolidation.
The segment results for the individual business segments do not include finance income (EUR 287k), or deferred tax income (EUR 288k).

FINANCIAL YEAR AS OF 31 DECEMBER 2009

IN EURk	FS&CD	IT	SUPPORTING SERVICES	CONSOLIDATION	TOTAL
Assets					
Goodwill	0	838	0	0	838
Shares of affiliated companies	9,411	428	0	0	9,839
Trade receivables and other receivables	3,942	2,802	597	-5,657	1,684
Cash and cash equivalents	4,154	163	2,965	0	7,282
Segment assets as of 31 December 2009	**17,507**	**4,231**	**3,562**	**-5,657**	**19,643**

Segment assets do not include the following assets monitored at the Group level:	
Other intangible assets	356
Property, plant and equipment	727
Inventories	17
Deferred taxes	311
Total assets	**21,054**

REVENUE FROM OUTSIDE CLIENTS

IN EURk	2010	2009
Rwanda	918	1,004
Mauritius	1,119	757
Total	**2,037**	**1,761**

The above information on segment revenue is broken down according to Group company location.
EUR 781k of the total revenue in the FS&CD segment, or 38%, was generated by one client (previous year: EUR 758k or 43%).

NON-CURRENT ASSETS

IN EURk	2010	2009
Rwanda	736	986
Mauritius	36	53
Germany	37	45
Total	**809**	**1,084**

The non-current assets reported here are comprised of intangible assets and property, plant and equipment.

8. EARNINGS PER SHARE

In calculating basic earnings per share, the earnings to be attributed to the owners of the parent company's ordinary shares are divided by the weighted average number of ordinary shares in circulation during the year.

In the time period between the balance sheet date and the preparation of the consolidated financial statements, no transactions took place with ordinary shares or potential ordinary shares.

9. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement has been prepared in accordance with IAS 7 using the indirect method, divided into cash flows from operating, investment and financing activities. Cash and cash equivalents include the cash on hand and bank balances reported in the consolidated financial statements. Significant non-cash transactions in financial years 2010 and 2009 were related primarily to the fair value measurement of the Company's financial assets. Payments made and received in connection with investments / disinvestments for portfolio companies are reported in the investing cash flow. Due to the business model, operating cash flow will generally be negative during the investment phase. Positive operating cash flows are possible if dividend payments are made. Positive operating cash flows can be expected in particular when portfolio companies are sold.

FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

9.1 FINANCIAL RISK MANAGEMENT

As part of its operating business activities, the Group, as in the previous year, is exposed to various financial risks: market risk, credit risk and liquidity risk. The Group guarantees the systematic identification, measurement and management of these risks by means of a risk management system. The results of risk and opportunity analysis influence the Company's strategic and operating decision-making processes.

Market risk is the risk that the fair value of future cash flows from financial instruments will fluctuate because of changes in market prices. Market risk consists of currency risk, interest-rate risk and other market risks.

Interest-rate risk, i.e. possible fluctuations in the value of a financial instrument because of changes in market interest rates, is a threat above all with medium and long-term liabilities. Because the Group currently has only short-term liabilities, it is not exposed to any significant interest-rate risks.

Foreign currency risks arise when future business transactions, balance-sheet assets and liabilities are stated in a currency that is not the same as the Group's functional currency. As a result of its international activities, the Group is exposed to foreign currency risk that mainly results from changes in the euro exchange rate versus the Rwanda franc, the currency of the Economic and Monetary Community of Central Africa (CFA franc), the U.S. dollar and the South African rand. The following Table shows, from the Group's perspective, the sensitivity of a 1% rise or fall of the euro compared to the foreign currency in question. A positive number below refers to an increase in net earnings and in equity capital when the euro rises by 1% compared to the currency in question. If the euro fell by 1% compared to the currency in question, this would have an equally large and opposite effect on net earnings and equity capital; i.e. the items would thus be negative.

	2010 EXCHANGE RATE ON 31 DECEMBER	CHANGE IN EURk	2009 EXCHANGE RATE ON 31 DECEMBER	CHANGE IN EURk
Rwanda franc	0.0012900	(1)	0.0012200	30
CFA franc	0.0015200	189	0.0015200	61
US dollar	0.7545500	44	0.6959000	45
Kenya shilling	0.0090600	24		
South Africa rand	0.1134700	7	0.0861800	4
Total		**263**		**140**

If the euro had been 1% stronger (or weaker) on the balance sheet date compared to these currencies, earnings before tax and equity would have been EUR 263k (previous year: EUR 140k) higher (or lower).

The other market risks that affect the Group are essentially the risk of fluctuations in the fair value of the financial assets. If the fair value had been 10% higher (lower) on the balance sheet date, the financial assets would have been EUR 2,319k higher (lower) (previous year: EUR 984k).

The credit risk describes the risk that the Company's contractual partners will cause financial loss by breaching their obligations to the Company. ADC counteracts credit risk in particular by real-time monitoring of business partners. Before accepting a new customer, the Group undertakes a creditworthiness review so as to assess the credit quality of potential customers. For trade receivables, a payment term of 21 days is normally (previous year: 21 days) allowed. Accordingly, management is of the conviction that no risk provision exceeding the already recognized value reduction is necessary.

For the purposes of risk spreading and diversification, the Group distributed its liquid assets among a number of banks in the following countries as of 31 December 2010:

COUNTRY	IN EURk	IN %	INTEREST RATE	TYPE OF INVESTMENT
Germany	39,219	90%	1.00–2.00%	Call money, term money
Mauritius	1,565	3%	0.00%	Call money
Zimbabwe	2,997	7%	5.00–8.00%	Call money, term money
Rwanda	247	1%	0.00%	Call money
Total	**44,028**	**100%**		

As part of its opportunity-risk management, the Group monitors its liquid assets to ensure that no more than approximately 10% is invested with foreign banks. Higher amounts may be deposited in interest-bearing accounts with foreign banks based on a balanced opportunity-risk analysis.

The Group is not exposed to any significant default risks on the part of a contractual party or a group of contractual parties having similar features. The Group defines contractual parties as having similar features when related companies are involved. The default risk arising from liquid funds is low because the contractual parties are banks with excellent credit ratings from international credit-rating agencies. The Group's maximum default risk is equal to the carrying amount of the financial assets on the balance sheet date (see Note 5). Liquidity risk describes the risk that financial liabilities will not be able to be paid when due. ADC counteracts liquidity risk in particular by flexible liquidity planning.

During the financial year, there were no delays in payment or breaches of contract on part of the Group. As for the contractually agreed, non-discounted cash flows of the original financial liabilities, they are due in the year following the applicable balance sheet of 31 December 2010 or 31 December 2009. The payments determined by contract correspond to the respective carrying amounts (see Note 5.).

9.2 CAPITAL RISK MANAGEMENT

The Group manages its capital with the goal that, in the future as well, its ability to repay debts and its financial substance will continue to remain and the Company's value will steadily increase. At the same time, it ensures that all Group companies are able to operate on the assumption of a going concern.

As in the previous year, the Group's managed capital consists of debt, cash and cash equivalents, as well as equity capital (see discussion in Note 5.). It is composed of subscribed capital, capital reserves and the net retained profits (previous year: net accumulated losses).

The Company can manage the capital structure by adjusting dividends, reducing capital and issuing new shares as well as by issuing financial instruments that under IFRS are classified as equity capital. The goal is a capital structure adapted to business risk. The debt of individual companies within the Group is monitored by means of the ratio of net indebtedness (short-term liabilities minus cash and cash equivalents) to equity capital. As of the balance sheet date, all of the Group's short-term liabilities were covered by cash.

The parent company is subject to minimum capital requirements for stock corporations. Adherence to these requirements is routinely monitored. The requirements were adhered to during the financial year.

10. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

As of the balance sheet date, there were no contingent assets and no significant contingent liabilities, or other financial obligations that do not appear in the consolidated balance sheet or consolidated income statement.

11. RELATED PARTY TRANSACTIONS

The group of related persons includes its management and senior executives, the Supervisory Board and close relatives of these individuals.

The group of related companies includes, in addition to the shareholders, all consolidated subsidiaries and associated companies. The following table shows the total amount of transactions with related parties in the relevant financial year:

IN EURk	YEAR	SERVICES *provided to related parties*	PURCHASED *from related parties*	SERVICES *purchased from related parties*	RECEIVABLES *from related parties*	LIABILITIES *to related parties*
Associated Companies:						
Hydrotech International Ltd., Hong Kong	2010	0	0	0	0	0
	2009	1	0	0	1	0
Premier Finance Group Ltd., Zimbabwe	2010	167	0	0	38	0
	2009	7	0	0	7	0
Banco Nacional de Guinea Ecuatorial, Equatorial Guinea	2010	781	0	0	577	0
	2009	758	0	0	247	65
Other Transactions:						
ADC BDS Ltd., Republic of Mauritius	2010	0	0	669	120	0
	2009	0	0	557	0	0
XCOM AG, Willich, Germany	2010	0	1530	0	0	0
	2009	0	791	0	363	598

ADC Business Development Services Ltd. ("BDS"), Republic of Mauritius, provides consulting services to Group companies under service agreement of 5 January 2009. BDS is a fully owned subsidiary of Altira AG, Frankfurt am Main. BDS has a team of experts including investment managers and executives working in the areas of deal sourcing, due diligence and coordination of company purchases and sales.

IN EURk		**SERVICES** *purchased from related parties*	*of which capital increase costs*[1]	**LIABILITIES** *to related parties*
Other transactions:				
Altira AG, Frankfurt am Main	2010	234	60	169
	2009	56	0	56
ADC Altira Management GmbH, Frankfurt am Main	2010	1,484	873	826
	2009	535	0	0
biw Bank für Investments und Wertpapiere AG, Willich 2010 (via Silvia Quandt & Cie. 2009 AG, Frankfurt am Main)	2010	2,423	2,423	0
	2009	0	0	0

On 9 March 2010, the Company engaged VCH Vermögensverwaltung AG ("VCH"), Cologne, as its selling agent to perform a rights issue together with a private placement of shares in selected countries. As VCH did not perform the placement, no fee was charged.

Acting through Silvia Quandt & Cie. AG ("SQC"), Frankfurt am Main, the Company entered into agreements for capital market consulting services with biw Bank für Investments und Wertpapiere AG ("biw"), Willich. As a result of the interest they hold, the shareholders of Angermayer, Brumm & Lange Unternehmensgruppe GmbH, Frankfurt am Main, have a significant influence on Silvia Quandt & Cie. AG, Frankfurt am Main. Angermayer, Brumm & Lange Unternehmensgruppe GmbH, Frankfurt am Main, has an indirect significant influence on biw. A list of existing agreement follows below.

Acting through Silvia Quandt & Cie. AG ("SQC"), Frankfurt am Main, the Company engaged biw Bank für Investments und Wertpapiere AG ("biw"), Willich, as its selling agent on 10 March 2010 to perform a rights issue together with a private placement of shares in selected countries. For services that require a banking license under the Banking Act (Kreditwesengesetz – KWG), SQC acts as a tied agent (gebundener Agent) of biw on behalf of and for the account of biw. The Company was charged a fee of EUR 307k for services provided.

1 The capital increase costs were offset against capital reserves with no effect on profit or loss

Acting through Silvia Quandt & Cie. AG ("SQC"), Frankfurt am Main, the Company engaged biw Bank für Investments und Wertpapiere AG ("biw"), Willich, as lead manager on 30 September 2010 for the ordinary capital reduction, performance and implementation of the 5-to-1 reverse stock split, consulting services for the Company with respect to the transaction, and coordination of the entire process. The Company paid biw a fee of EUR 5k for performing the reverse stock split.

Acting through Silvia Quandt & Cie. AG ("SQC"), Frankfurt am Main, the Company engaged biw Bank für Investments und Wertpapiere AG ("biw"), Willich, as a financial services institution on 14 October 2010 to act as its agent in applying for inclusion of the Company's shares in trading on the Open Market (Entry Standard) of the Frankfurt Stock Exchange. Acting through SQC, the Company also engaged biw in its capacity as Deutsche Boerse listing partner to assist it before, during and after inclusion of the shares in trading on the Open Market (Entry Standard), and assist it with the prescribed or compulsory publications provided for in the rules for the Entry Standard segment of the Frankfurt Stock Exchange. Acting through SQC, the Company also engaged biw to be lead manager bookrunner for all matters related to the placement of new shares for the capital increase mentioned above. biw invoiced EUR 2,111k in services for the engagement described above as of the 31 December 2010 balance sheet date.

On 26 November 2010, the Company entered into an agreement with Silvia Quandt & Cie. AG ("SQC"), Frankfurt am Main, for consulting services related to the strategic orientation of the Company with respect to capital market-related measures and actions, such as financial and capital market communications, road shows, capital market presence, and the preparation of capital market measures. The annual fee is EUR 5k. The first year begins when the Company's shares begin trading on the Frankfurt Stock Exchange. No fee was charged in financial year 2010.

Acting through Silvia Quandt & Cie. IG ("SQC"), Frankfurt am Main, the Company contracted with biw Bank für Investments und Wertpapiere AG ("biw"), Willich, for designated sponsoring on 30 November 2010. The Company also engaged SQC on 7 December 2010 in its capacity as Deutsche Boerse listing partner and, acting through SQC, biw as a trading participant to assist the Company and ensure regular trading. SQC was also engaged to continuously monitor compliance with Open Market rules on required publications following inclusion of the Company's shares in the Entry Standard segment, and to assist with preparation of these publications. The designated sponsor receives an annual fee of EUR 25k starting as of 1 January 2011.

The general partner, Altira ADC Management GmbH, is alone authorized and obligated to manage the Company. Altira ADC Management GmbH is a wholly owned subsidiary of Altira Aktiengesellschaft, Frankfurt am Main. Altira Aktiengesellschaft's majority shareholder is Angermayer, Brumm & Lange Unternehmensgruppe GmbH, Frankfurt am Main. Beginning 1 October 2009, a master service agreement has existed with Altira Aktiengesellschaft that encompasses services in the areas of marketing, legal affairs and bookkeeping & consolidation. Altira AG paid EUR 217k for these services during the financial year (previous year EUR 56k), of which EUR 60k relate to additional consulting services directly connected with the capital increases performed. A liability of EUR 169k (previous year: EUR 56k) was owing to Altira AG as of the balance sheet reporting date.

In addition, Altira AG recharged EUR 17k (previous year: EUR 17k) to the Company in connection with liability insurance.

Other expenses include EUR 611k (previous year: EUR 535k) in compensation in accordance with the articles of association for assuming responsibility for management activities and assuming the personal liability of Altira ADC Management GmbH. A fee of EUR 873k for the performance and organization of capital increases (of which EUR 109k was for the capital increase of 25 June 2010, and EUR 764k for the capital increase of 9 December 2010) charged by Altira ADC Management GmbH was also deducted from capital reserves as a cost of raising capital (see Note 5.9). A liability of EUR 826k (previous year: EUR 0k) was owing to Altira ADC Management GmbH as of the balance sheet reporting date.

The general partner's managing directors are:

- Sonja Rossteuscher, Frankfurt am Main (from 22 January 2009 to 28 September 2010)
- Olaf Meier, Frankfurt am Main (beginning 1 July 2009)

The following have been appointed as members of the Supervisory Board:

- Christian Angermayer, businessman, Wiesau – Chairman
- Alastair Newton, political analyst, London (Great Britain) (beginning 13 August 2009)
- Dr. Sebastian Grabmeier, lawyer, Grünwald – Deputy Chairman (from 1 September 2009 to 31 August 2010)
- Ron Bravermann, founder of Danover Capital, Penn Valley, Pennsylvania (USA) – Deputy Chairman (beginning 1 September 2010)

The Supervisory Board received compensation of EUR 61k (previous year: EUR 0k) during the reporting period.

In the Company's view, the managing directors of the included subsidiaries and associated companies do not hold key positions within the meaning of IAS 24.

Olaf Meier, managing director of ADC Altira Management GmbH, Frankfurt am Main, Germany, received the following compensation in financial year 2010:

IN EURk	
Fixed compensation component	120
Short-term variable compensation component (annual bonus)	55
Company car	yes
Total	**175**

In addition, in 2010 and/or until the time these financial statements were prepared, there were no transactions (purchase or sales agreements, services procured or received, loans or collateral furnished or received, rental or lease payments made or received) with other related individuals or relatives of these individuals and/or with other related companies.

Outstanding items as of the close of the financial year are not collateralized, do not bear interest and are settled through payments.

12. ACCOUNTING ASSUMPTIONS, ESTIMATES AND EXERCISES OF DISCRETION MADE BY MANAGEMENT

For a number of items, IFRS accounting rules require that assumptions relating to the future, and estimates be made that affect the amount and identification of balance-sheet assets and liabilities, income and expenses, as well as contingent assets and liabilities. Actual amounts may differ from estimates.

Estimates and assumptions are specifically required for

- determining the fair value of financial assets,
- determining the fair value of the call option (see Note 5.3),
- determining the useful life of intangible and tangible assets,
- assessing the need for and amount of a scheduled depreciation or value adjustments,
- estimating and measuring provisions,
- determining the ability of deferred tax assets to be realized.

The assumptions underlying the estimates are subject to regular review in the Group. At the time the consolidated financial statements were prepared, no basic change in the underlying assumptions and estimates was assumed, so that as of today, no significant changes to the reported assets and liabilities are expected in financial year 2010.

Management's exercise of discretion in terms of applying accounting policies is essentially required under the following circumstances:

- in cases where IFRS standards permit measurement options
- for specifying the functional currency

The decisions made by the Group with regard to these circumstances are provided in the notes on the accounting policies (see Note 4). The carrying amounts of financial assets, intangible assets, provisions and deferred taxes can be determined from the balance sheet, as well as from the discussion in Note 5.

13. AUDITORS' FEES

The table below lists the amounts for all of the services contracted out to our auditor, Ernst & Young, by ADC African Development Corporation GmbH & Co. KGaA in the financial year 2010:

IN EURk	2010	2009
Auditing	40	28
Other certification services	34	0
Tax consulting	7	13
Total	**81**	**41**

14. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

In February 2011, Ecobank Transnational Incorporated ("ETI") acquired an interest in Premier Finance Group Zimbabwe ("PFG") in Zimbabwe. ETI, a pan-African banking group with more than 11,000 employees and more than 750 business offices operating in 30 African countries, changed PFG's name to Ecobank Zimbabwe and brought the company under its uniform brand presence. Please see the discussion in this regard in the management report.

In March 2011, the Company acquired a 20% interest in the listed company ABC Holdings Limited ("BancABC"), Gaborone, Botswana, for a euro-equivalent purchase price of EUR 9,700k. BancABC is a rapidly growing, profitable banking group operating in the corporate and personal banking areas. The Company feels that its investment in BancABC offers significant synergies with its current activities in the banking and insurance areas. Please see the discussion in this regard in the management report.

No other events relevant to the annual financial statements took place up to the time the accounts were closed for the year.

Frankfurt am Main, 25 March 2011

The Management of Altira ADC Management GmbH
Olaf Meier

AUDITOR'S REPORT

Translation of the German audit opinion concerning the audit of the financial statements prepared in German

AUDIT OPINION

TO ADC AFRICAN DEVELOPMENT CORPORATION GMBH & CO. KGAA

We have audited the consolidated financial statements prepared by ADC African Development Corporation GmbH & Co. KGaA, Frankfurt am Main, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Without qualifying this opinion, we refer to the following matter noted during the audit: as stated in the notes (note 5.3a), uncertainty remains with regard to the course of the valuation of the purchase option BANGE, that depends on the result of future events, especially in connection with the future resolution of the BANGE shareholder meeting about the capital increase, and that cannot be directly influenced by the Group.

Mannheim, 31 March 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Günnewig *Wirtschaftprüfer* *[German Public Auditor]*	Hellmich *Wirtschaftprüfer* *[German Public Auditor]*

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Olaf Meier

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Christian Angermayer
Chairman