ADC AFRICAN DEVELOPMENT
CORPORATION

ANNUAL REPORT 2011

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REGIONAL PRESENCE

CURRENT PORTFOLIO

Equatorial Guinea
BANGE – leading local commercial bank

Rwanda
RSwitch – national payment switch

South Africa
iVeri – payment solutions provider

Zimbabwe
Brainworks – investment company

Kenya
RHEAL – medical insurance provider

Botswana, Mozambique, Tanzania, Zambia, Zimbabwe
BancABC – commercial banking group

TARGET COUNTRIES

Angola

Cameroon

Côte d'Ivoire

Ghana

Mauritius

Mozambique

Nigeria

Sierra Leone

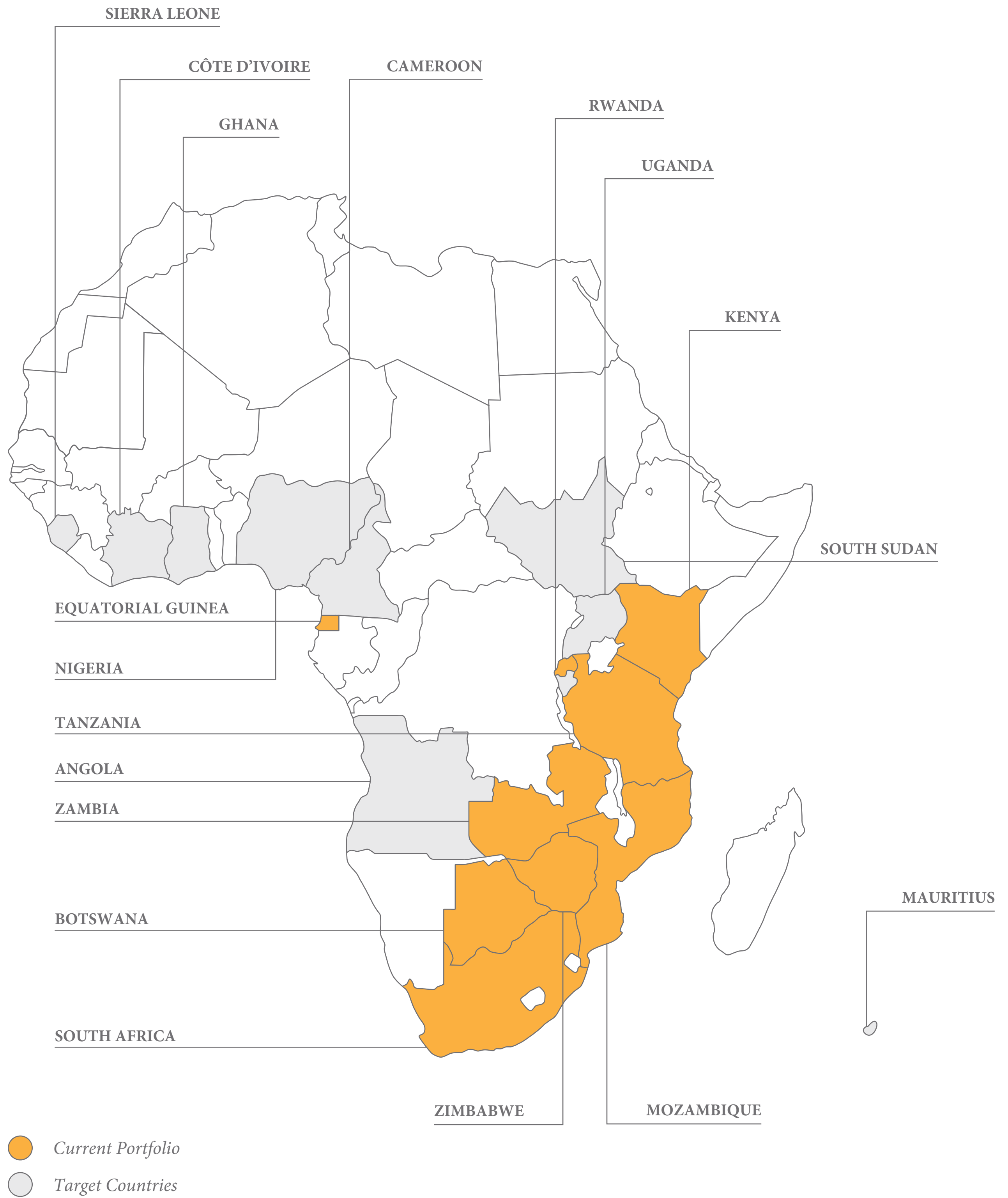
South Sudan

Tanzania

Uganda

Zambia

CURRENT PORTFOLIO LOCATIONS

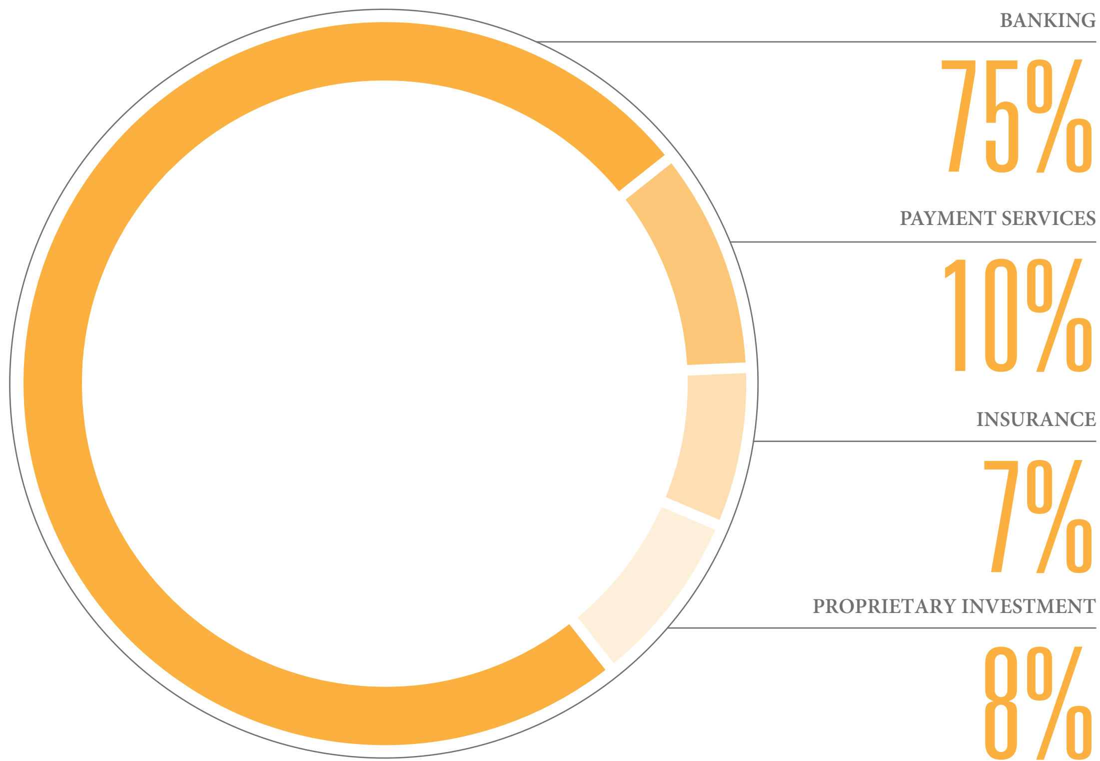


Current Portfolio

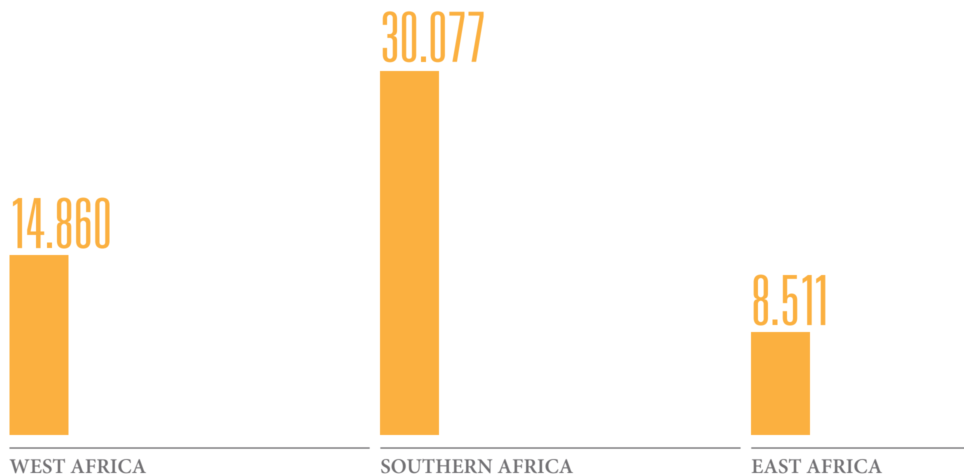
Target Countries

INVESTMENT ALLOCATION

PORTFOLIO ALLOCATION BY SECTOR IN %[1]



PORTFOLIO ALLOCATION BY COUNTRY IN EURK[1]



1 Based on fair value of portfolio companies

PIPELINE

OPPORTUNITY	REGION	INVESTMENT TYPE	AVAILABLE STAKE	INVESTMENT (EUR IN M)	DEAL STAGE
BANGE	CEMAC	Expansion	8-10 %	2.0	Investment Decision
Commercial Bank	West Africa	Restructuring	4 %	14.0	Investment Decision
Commercial Bank	Eastern Africa	Expansion	9.9 %	8.0	Investment Decision
Commercial Bank	Southern Africa	Expansion	10-20 %	20.0-30.0	Due Diligence
Commercial Bank	West Africa	Expansion	51 %	30.0	Verification
Commercial Bank	Eastern Africa	Expansion	30 %	6.0	Verification
Commercial Bank	Eastern Africa	Expansion	20 %-40 %	2.0-5.0	Verification
Payment Services	East Africa	Turn Around	100 %	5.0	Investment Decision
Payment Services	Southern Africa	Expansion	25 %-30 %	1.0	Verification
Insurance	Southern Africa	Expansion	26 %-50 %	1.0	Investment Decision
Insurance	East Africa	Expansion	25 %-75 %	1.5 – 4.4	Verification
Insurance	Southern Africa	Expansion	40 %	1.2 – 1.8	Verification
Insurance	West Africa	Expansion	40 %-45 %	2.5	Verification

KEY FINANCIAL FIGURES 2011

IN EUR K INCOME STATEMENT	2011	2010	CHANGE
Revenue & other income	7,279	2,444	>+100 %
Cost of sales	2,788	3,496	-20 %
Portfolio Professional Fees	2,584	203	>+100 %
Staff costs	471	379	+24 %
Operating expenses	7,139	3,104	>+100 %
Fair valuation of portfolio companies	14,472	11,328	+28 %
EBITDA	**8,768**	**6,590**	**+33 %**
Depreciation & amortization	445	447	-1 %
EBIT	**8,324**	**6,143**	**+35 %**
Interest income	419	217	+93 %
EBT	**8,743**	**6,360**	**+37 %**
Income taxes	-78	231	>+100 %
Net income	**8,666**	**6,591**	**+31%**

BALANCE SHEET	31.12.2011	31.12.2010	CHANGE
Non-current assets	56,228	25,390	>+100 %
Investment in portfolio companies	49,223	18,552	>+100 %
Current assets	46,820	45,565	+3 %
Cash and cash equivalents	20,094	44,028	-54 %
Total assets	**103,048**	**70,955**	**+45 %**
Total shareholders' equity	**88,325**	**66,132**	**+34 %**
Non-current liabilities	7,843	105	>+100 %
Current liabilities	6,880	4,718	+46 %
Total liabilities	**14,723**	**4,823**	**>+100 %**
Number of shares outstanding	8,410,764	7,646,150	
Cash per share in EUR	2.39	5.76	
Equity ratio	**86%**	**93%**	

HIGHLIGHTS OF THE YEAR

JANUARY	Set-up of a new business line ADC Insurance Investments together with strong partners
MARCH	Investment into BancABC and increase of shareholding in October
MAY	Inclusion into Prime Standard segment of Deutsche Boerse (Main Board)
JULY	RSwitch implemented a new technology platform with strong support from ADC
AUGUST	Consortium member in the largest banking transaction in sub-Saharan Africa New institutional investors joined the stock, Trafigura with a strategic 25 % stake
OCTOBER	Creating a central switching business for East and Southern Africa
NOVEMBER	New office in Nairobi and expansion of representation in Malabo
DECEMBER	Sale of Ecobank Zimbabwe by share swap to Brainworks Capital Management

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PORTFOLIO PERFORMANCE

	BANGE	BANCABC	BRAIN-WORKS	RHEAL	RSWITCH	IVERI	ECOBANK ZIMBABWE	BRD
HOLDING	25.0 %	23.1 %	28.0 %	38.7 %[1]	70.0 %[3]	49.0 %	Realized	Realized
INVEST. DATE	Dec 2008	Mar 2011	Dec 2011	Dec 2010	Jun 2008	Oct 2008	Dec 2009	July2008
IRR [2]	78 %	179 %	at cost	62 %	21 %	45 %	15 %	16 %
MULTIPLE	5.6x	2.0x	1.0x	1.6x	1.9x	3.2x	1.3x	1.2x

Audited valuations of non-consolidated portfolio companies as of 31 December 2011

1 25.1 % directly & 13.64 % indirectly controlled.

2 Including dividend payments.

3 RSwitch is consolidated into ADC accounts, valuation according to year-end impairment test of goodwill.

LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS, BUSINESS PARTNERS & FRIENDS OF ADC,

I predict that 2012 will be the Year of the Lion. Investors can no longer ignore the rise and strength of many sub-Saharan African countries, which have only just begun to emerge as the world's fastest growing economies. The GDP growth rate in sub-Saharan Africa (SSA) in 2011 was 4.9% and it is expected increase to 5.5% in 2012[1] with some economies forecasted to grow more than 10% in the coming years.

Many of the traditional "developed" economies have reached stagnation and workers and companies are struggling to adjust to the increasingly interconnected global economy and rise of the "developing world". For many, it is difficult to separate the various countries, economies and cultures in Africa as stereotypes of war and instability remain prominent. But, it's a good time to be invested in sub-Saharan Africa! After decades of economic malaise, political instability and weak policy environments, many countries have reached a tipping point with more stable, democratic governments and a growing middle class that is eager to innovate and expand their businesses.

> "Over the past decade six of the world's ten fastest-growing countries were African. In eight of the past ten years, Africa has grown faster than East Asia, including Japan."
>
> *The Economist, Africa Rising, 03 December 2011*

The sub-Saharan African financial sector was largely unexposed to the global financial crisis and after years of macroeconomic reform and austerity measures imposed by the International Monetary Fund, most countries have low debt to GDP ratios and forecasts of GDP growth rates of between 5 to 10%. More corporates are investing in Africa, setting up operational hubs and investors are slowly shifting their risk / reward profiles in response to the European debt crisis and increased confidence in some of the rapidly growing economies on the continent. According to a recent report published by the Economist Intelligence Unit (EIU) and Invest AD, 51% of investors polled, regardless of their size, agree that Africa's frontier markets will offer the best overall prospects for investment growth in the next decade.[2]

ADC started investing in the financial services sector in sub-Saharan Africa in late 2007. We saw an opportunity to build a portfolio of investments in a fast growing industry that is developing innovative technology that will help to shape the growth of mobile banking worldwide. To date, ADC has invested in a total of 4 banking institutions (2 active investments and 2 divested investments), 2 payment service providers, 1 investment company and 1 insurance company. We have an active pipeline of banking, payment sector and insurance sector opportunities in high growth economies across the continent, many of which will be finalized in 2012.

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1 International Monetary Fund, World Economic Outlook, January 2012

2 Invest AD and Economist Intelligence Unit, Into Africa – Institutional Investor Intentions, 2012

2011 was the first full-year on the stock exchange for ADC and although the stock was negatively affected by the general stock market lapse, the ADC share achieved an impressive rebound increasing by 114% at the end of 2011 since its low in August 2011. In 2011, ADC earned consolidated revenues and other income of EUR 7.3 million versus EUR 2.4 million in 2010. The group recognized a EUR 14.5 million in fair valuation gains in 2011, up from EUR 11.3 million in 2010. The overall net profit for ADC in 2011 was EUR 8.7 million – a 31% gain from 2010 (EUR 6.6 million). The company's total common stock and capital contributions reached EUR 88.3 million increasing by 34% compared to 2010 (EUR 66.1 million). At year end, ADC held total assets of EUR 103.0 million, up from 71.0 million in 2010.

Over the last few years we have worked to build our pipeline and invest in high growth countries with banking sectors that are anticipated to double or triple in size within the next decade. We expect to announce an investment in Nigeria in early Q2 2012 and are actively pursuing deals in Ghana, Mauritius, Kenya and other high-growth sub-Saharan African countries. The development of our shareholding in ABC Holdings Limited – known as BancABC - has proven that the potential for investments in the financial services sector in the frontier markets of sub-Saharan Africa is high and the time is now to buy undervalued assets that have the potential to become market leaders in their segments.

In addition to our banking pipeline, we have developed a team of experts in the electronic payments sector and have spent the last year negotiating with key players in the market to begin consolidating an industry which will act as the backbone to the banking boom on the continent. Our investments in RSwitch and iVeri have been critical to these discussions, showing insight from our early investments in these companies.

> “At a time when the U.S., Europe and Japan are struggling to grow, Africa is beginning to beckon as a consumer of what other nations produce, thanks in part to a young population more upwardly mobile than ever before.”
>
> *Wall Street Journal, A New Class of Consumers Grows in Africa, 02 May 2011*

More strategic investors and multinational companies are recognizing ADC's value in terms of our unique know-how, access to markets, our excellent team and network and most importantly, the strategic importance and potential of our investments. In early 2012, we formally launched an Advisory Service to partners and businesses seeking to enter the frontier markets of SSA. Our team of experts and advisors is well positioned to offer fee-based services, which will help to diversify our revenue stream thereby increasing profits for our investors.

The immediate goal is to transform ADC into the leading pan-African Merchant Bank by growing our balance sheet and investing in banking, payment, insurance and other proprietary investments while also providing Advisory Services on corporate matters to both investee companies and firms seeking to invest in the frontier markets of sub-Saharan Africa.

ADC's share price resilience over the course of the year is a testimonial to the current strength and future potential of the company. The increased trading volumes of EUR 240k on average per day combined with the market capitalization of slightly below EUR 100 million at year-end, brings additional attention to the stock as well as additional buyer groups.

We look forward to the coming year and believe that ADC's hard work since its inception in 2007 will come to fruition in 2012 and predict that ADC will have its best year yet in 2012 with the closure of several deals and a rise in profits due to increased revenues and a stabilization of costs. We would like to thank the whole ADC team for their hard work and commitment during this past year and the year to come.

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

Sincerely,

Dirk Harbecke
Chief Executive Officer

ADC ON THE CAPITAL MARKETS

SHARE INFORMATION

Legal Domicile
Frankfurt, Germany

Legal Form
Partnership limited by shares (GmbH & Co. KGaA)

Shares Outstanding
8,410,764

Listing
XETRA, Frankfurt, Stuttgart, Berlin, Duesseldorf

Market Segment
Deutsche Börse / Prime Standard (Main Board)

ISIN
DE000A1E8NW9

Bloomberg
AZC.GR

PERFORMANCE OF THE ADC STOCK

ADC's stock has performed well this year despite a negative worldwide investment climate, having rebounded by 114% until year-end since its low in August 2011. Due to impressive market fundamentals and company performance, the stock reached a closing price of EUR 11.86 at year end. Over the course of 2011, ADC's stock price decreased by 5.5% but it outperformed the aggregate index for African markets which decreased by 13.7%[1] and the German small-cap equities market which fell by 15.2%.

ADC's stock had a successful launch on the German stock market in December 2010, but the share was affected by the negative worldwide investment climate and general stock market lapse and reached its low point in August 2011 at EUR 5.53 per share. However due to strong market fundamentals and company performance, the stock has rebounded impressively against the general market trend reaching a closing price of EUR 11.86 at year end 14% above its IPO price of EUR 11.00 and just slightly below the price of the recent capital increase placed with existing and new institutional investors at EUR 12.00 in December 2011.

1 Compared to MSCI Frontier Markets Africa

Despite a year of unstable markets, ADC's stock overcame its infancy by uplisting to the Prime Standard, Germany's higher market segment, and substantially increasing its trading volume from an average of around 11k shares per day in the first quarter to around 22k shares (EUR 240k) in the fourth quarter. On average about 17k shares were traded daily during the whole year. Furthermore, due to the successful capital increase in December 2011, the total number of shares outstanding was increased from 7,646,150 to 8,410,764.

"Africa is becoming an increasingly attractive hub for foreign investors in light of various economic, political and social reforms that are sweeping through the continent, resulting in a much improved business environment conducive for foreign direct investment."

Forbes, Top 5 Investment Opportunities in Africa for 2012

Analysts covering the stock have set price targets between EUR 15.00 and EUR 16.00 combined with BUY recommendations on the strength of the region's favourable development and ADC's investments.

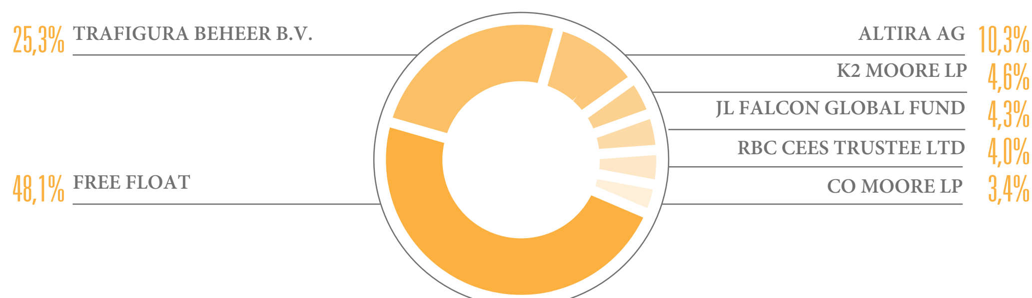
SHAREHOLDER STRUCTURE

ADC's shareholder base consists of a well-diversified base of strategic shareholders, mutual funds, hedge funds and family offices which gives it a strong foundation but also a free-float of approximately 48%, guaranteeing tradability of the stock.

We are particularly pleased and proud to have added the international commodity trader Trafigura as a major shareholder. Trafigura brings extensive and long-lasting expertise in Africa, shares ADC's vision of a positive future for the continent, and provides solid support for our business.

> "Risk is better priced in Africa than in developed markets and underlying fundamentals are stronger"
>
> *Graham Stock, Insparo Asset Management, in the Financial Times, 06 November 2011*

The ADC stock is a highly attractive platform for international investors seeking access to sub-Saharan African frontier markets, but at the same time want to benefit from the full transparency in the stock market with quarterly reporting and German corporate governance. Ongoing discussions with our investors and potential new clients are very promising. ADC has established itself as a bridge for strategic investors and large international corporates into the frontier markets of sub-Saharan Africa, providing contacts and know-how within the markets themselves. ADC has proven that its unique strategy of investing in the frontier markets of sub-Saharan Africa is a viable and profitable venture, bearing significant diversification potential for international investors.



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ADC AFRICAN DEVELOPMENT CORPORATION GMBH & CO. KGAA, *Germany*

100% *Mauritius*
ADC FINANCIAL SERVICES & CORPORATE DEVELOPMENT[1]

100% *Mauritius*
ADC INVESMENTS[2]

100% *Mauritius*
ADC ENTERPRISES[3]

100% *Mauritius*
ADC IT & PAYMENT SOLUTIONS

25.0%[4] *Equatorial Guinea*
BANGE

23.1% *Botswana*
BANCABC

28.0% *Zimbabwe*
BRAINWORKS CAPITAL

25.1%[5] *Kenya*
RHEAL

70.0% *Rwanda*
RSWITCH

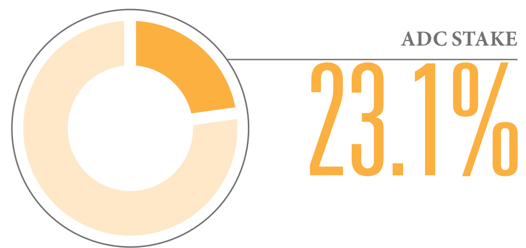
49.0%[6] *South Africa*
IVERI

Banking (BANGE, BANCABC) · *Proprietary* (BRAINWORKS CAPITAL) · *Insurance* (RHEAL) · *Payment servises* (RSWITCH, IVERI)

1 In addtion ADC FS & CD holds 50% of the shares in Loita African Development Ltd., a joint-venture company founded by ADC together with a local partner to explore investment opportunities in South Sudan. Additionally ADC holds further 100% subsidiaries that are either not material or just shells that are described in the appendix
2 Special Purpose Vehicle for the foundation of ADC Insurance Investments (ADCII)
3 Special Purpose Vehicle for an investment into a bankin Nigeria
4 Plus option to acquire another 25.1% at initial valuation
5 25.1% directly and 13.64% indirectly controlled
6 ADC also holds a 25% stake in evriPay, a product line of iVeri

BUSINESS DEVELOPMENT

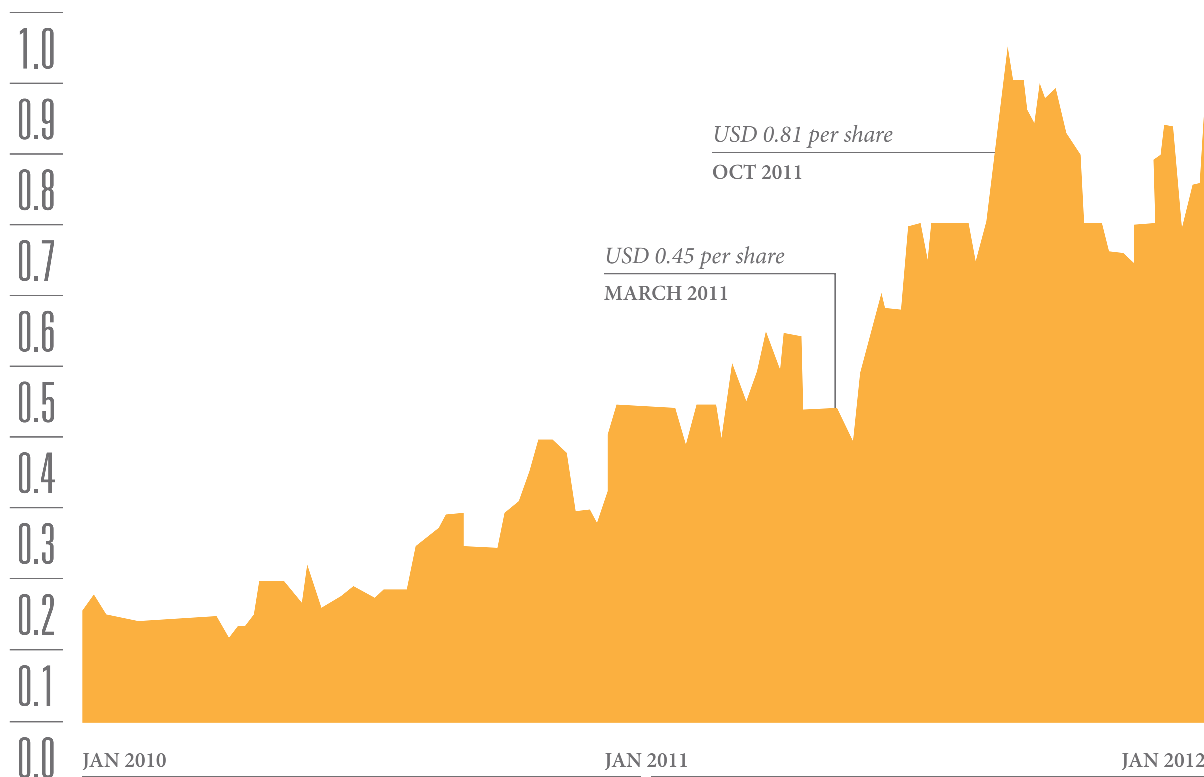
Over the course of the year, ADC became a strategic investor in ABC Holdings Limited ("BancABC"), a medium-sized (TIER 2) pan-African banking group headquartered in Botswana with operational branches located in Zambia, Zimbabwe, Tanzania and Mozambique. ADC's research team and portfolio managers have taken the undervalued bank to the target list already in 2010. ADC's Management met with the Executives at BancABC as well as the shareholders of the bank and continuously monitored the operations of the group. Despite the higher than average Non-Performing Loans (NPLs) booked in 2009 in Zambia and Tanzania, the bank was a solid performer but had been mispriced by the market. In March 2011, ADC made its initial investment of EUR 9.7 million in BancABC at USD 0.45 per share for a 20% stake in the bank. ADC was seen as a strategic long-term partner for the bank by expanding its access to international banking experts and offering opportunities in new markets. The banking group then published excellent half-year 2011 results with net-operating income up by 48% and pre-tax profit up by 84%. Moreover, Management gave a promising outlook for full year results. Furthermore, BancABC secured low-cost financing from both the International Finance Corporation and the African Export-Import Bank to boost lending to Small and Medium-sized enterprises on the continent, which is expected to expand the bank's portfolio and increase its visibility in BancABC's current locations. The bank is expanding its retail banking sector and opened approximately 40 branches in 2011, which will significantly increase the total number of active customers.



ABC HOLDINGS LIMITED (BANCABC)

LOCATION: Gaborone, Botswana
SECTOR: Banking
DATE OF INVESTMENT: March 2011
CAPITAL INVESTED: EUR 12.77 million
CURRENT VALUATION: EUR 25.31 million
ADC STAKE: 23.1 %
MULTIPLE: 2.0x (market value)
IRR: 179 %

SHARE PRICE DEVELOPMENT ABC HOLDINGS LTD.



Due to the sound operational performance and the success in the roll-out of the retail business, ADC further increased its stake to 23.1% in October 2011 for another EUR 3.1 million at USD 0.81 per share, recognizing the potential for the bank's future growth on the African continent.

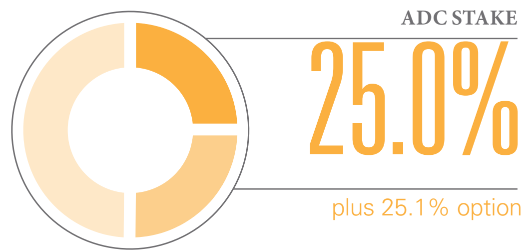
BancABC is ADC's most successful investment to date, having already paid EUR 455k in dividends and has achieved an IRR of 179%, and a multiple on ADC's investment amount of 2x after just nine months of investment. BancABC is in an ideal position to benefit from the forecasted boom in financial services provision across the continent over the next decade, having established itself across East and Southern Africa with plans for additional growth on the horizon. The business is growing fast. BancABC's full year results for 2011 will be published in spring 2012 and will be shared with ADC's investors in Q1 2012.

Banco Nacional de Guinea Ecuatorial (BANGE), the national bank of Equatorial Guinea, continued to grow in 2011. While profits are lower than budgeted due to higher than anticipated provisions on unpaid loans, ADC views the development as very positive as the bank continues to optimize their lending operations and improve internal processes and corporate governance structures to reduce the volume of NPLs.

BANGE deposits increased 82%, reaching EUR 294.2 million at the end of the year while the total number of accounts also increased by 26% over the course of the year. Loans increased by a modest 15% to EUR 83.3 million and are expected to remain at this level in 2012 while management concentrates on recovering unpaid debts. In order to recover unpaid debts from clients, the bank has launched a loan recovery team which has already been successful in re-establishing payments from delinquent borrowers.

The African Cup of Nations held in Equatorial Guinea in January and February 2012 saw the launch of BANGE ATMs and Point-of-Sales (PoS) terminals, installed by ADC's portfolio company iVeri, on the mainland so that the main restaurants, hotels and distributors in the country could accept electronic payments. This was an important milestone for the bank and achievement for the country.

Focus for the coming year will be on reducing NPLs and stabilizing current processes as well as acquiring new business contracts and expanding the branch network. After two years of rapid growth, management would like to ensure that the quality of service remains high and future revenue streams continue to grow for its investors. BANGE will now look ahead to the next positive year after tiding up its balance sheet.



BANCO NACIONAL DE GUINEA ECUATORIAL (BANGE)

LOCATION: Malabo, Equatorial Guinea
SECTOR: Banking
DATE OF INVESTMENT: December 2008
CAPITAL INVESTED: EUR 2.70 million
CURRENT VALUATION: EUR 14.85million
ADC STAKE: 25.0 % plus 25.1 % option
MULTIPLE: 5.6x (fair market value)
IRR: 78 %

EXIT: ECOBANK ZIMBABWE

LOCATION: Harare, Zimbabwe
SECTOR: Banking
DATE OF INVESTMENT: December 2009
DATE OF DIVESTMENT: December 2011
CAPITAL INVESTED: EUR 2.98 million
REALIZED VALUE: EUR 4.00 million
IRR: 15 %
MULTIPLE: 1.3x

In December 2009, ADC acquired a 45% stake in 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 ("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 rebranded as Ecobank Zimbabwe and in 2011 registered a 490% year-on-year growth in net interest income despite lower margins in an increasingly competitive environment. Non-interest income grew by only 5% in the year due to slower than anticipated growth of the loan book, thereby reducing the amount of arrangement fees and commissions earned by the bank. There will be a strong push for growth in 2012 in order to increase income by expanding the bank's presence and launching 10 new branches while simultaneously launching new products and mobilizing deposits.

ADC exited its shareholding in Ecobank Zimbabwe in December 2011 for EUR 4.0 million, registering its second successful exit after the profitable cash exit of Banque Rwandaise de Developpement in 2009. The exit price was set at market rates determined by Ecobank Zimbabwe's capital increase at the end of 2011, reflecting the growth in the business since ADC's investment in 2009.

As of September 30, 2011, ADC had valued its shareholding in Ecobank Zimbabwe at EUR 1.25 million due to the restructuring in 2010, which resulted in a profit of EUR 2.75 million in consideration of a transaction price of EUR 4.0 million. The transaction took place via a share swap deal whereby ADC swapped its shares in Ecobank Zimbabwe for a 28,0% shareholding in Brainworks Capital Management Limited, a Zimbabwean investment company focusing on investments in banking, insurance, the mining and energy sectors.

After acquiring shares from ADC, Brainworks Capital increased its total shareholding in Ecobank Zimbabwe to 36.91%, allowing ADC to maintain a stake in the growing commercial bank while ensuring that ADC abides by the country's indigenization laws[1]. With this transaction, Ecobank Zimbabwe became the first bank in Zimbabwe to comply with the requirement that the majority of overall shareholding in banks be held by local investors. This is not a typical exit scenario for ADC, but we view this transaction as a way to pool the Ecobank Zimbabwe shares in Brainworks Capital, while simultaneously gaining access to Brainworks' existing pipeline of investments.

After integrating the bank into Ecobank's group structure and fulfilling the indigenization requirement, management forecasts a successful year in 2012, capitalizing on new business gained via its new shareholders and the rebranding and reorganization achieved over the last year.

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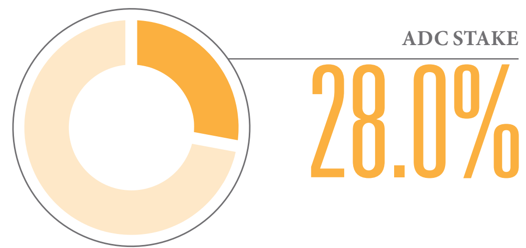
1 The Zimbabwean government's indigenization law, ratified in 2010, requires that all companies be majority owned by indigenous Zimbabweans.

Brainworks Capital Management Limited, is a Zimbabwean financial services and commodity-focused investment company that co-invests with leading international partners in promising high–growth companies in Zimbabwe. The investment company is led by a strong board and managed by professionals, having gained experience in international and local businesses and investment firms over the last two decades.

Brainworks Capital is ADC's first proprietary investment and is a way for ADC to actively invest in a country with abundant investment opportunities while also diversifying into different sectors. Furthermore, the investment into Brainworks Capital strengthens ADC's access to the Zimbabwean market and increases the opportunities for ADC to invest in the banking, insurance, mining and energy sectors since it has been approved by the government as an indigenization partner of choice for international companies interested in investing in Zimbab-we. Brainworks Capital and ADC's newly established ADC Management Services Ltd. and are already in discussions with multinational corporations wishing to enter the Zimbabwean market.



BRAINWORKS CAPITAL MANAGEMENT LIMITED

LOCATION: Harare, Zimbabwe
SECTOR: Proprietary
DATE OF INVESTMENT: December 2011
CAPITAL INVESTED: EUR 4.00 million
CURRENT VALUATION: EUR 4.00 million
ADC STAKE: 28.23 %
MULTIPLE: at cost
IRR: at cost

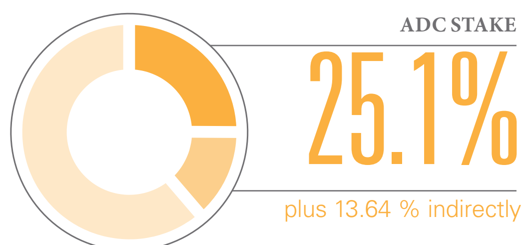
Through the share swap with Ecobank Zimbabwe, ADC acquired a 28,0% stake in Brainworks Capital, a valuation that was accepted by local investors and pension funds who also participated in the capital increase of the company.

Brainworks Capital targets an IRR of above 30% on its investments over a holding period of 3-5 years and will actively add value to its investment through board representation and provide active support as a local shareholder with the required knowledge and capacity to mitigate risks in the recovering and increasingly attractive Zimbabwean investment destination.

Resolution Health East Africa Limited (RHEAL), ADC's health insurance company in Kenya, had a very good first year and continued to grow over the year despite a challenging macroeconomic environment. The company's valuation increased by approximately 40% with loss ratios staying under 60% in a market where the competition has loss ratios above 80%.

The Kenyan shilling suffered losses throughout the year as Kenya struggled with inflation and a growing trade deficit. According to the Central Bank, the inflation rate reached 19.2% in November before dropping sharply in December. Rising inflation affected RHEAL's targeted premium income due to client's decreased purchasing power and higher than anticipated medical costs.

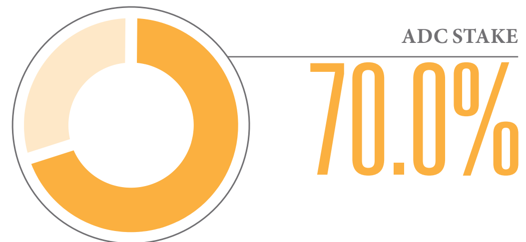
Despite the challenging business environment, RHEAL increased its active members by 42% over the year with net premiums and net income growing 36% and 27% respectively. Management forecasts a challenging year ahead and has reduced growth targets to 25% while simultaneously increasing premiums. The company has recently launched new products targeting the volumes market, which will provide clients access to more affordable hospitals. The new sales system has increased RHEAL's visibility and reputation in the market, which should assist the company in acquiring new corporate business. RHEAL has introduced a co-payment with high-cost providers, which will help to reduce overall claims. The company will also focus on negotiating protocols with providers in order to get better discounts in the coming quarter. The upcoming election year in Kenya provides the company the opportunity to gain investment income from expected returns on the money market, helping to offset higher than anticipated costs and lower growth expectations.



RESOLUTION HEALTH EAST AFRICA LIMITED (RHEAL)

LOCATION: Nairobi, Kenya
SECTOR: Medical Insurance
DATE OF INVESTMENT: December 2010
CAPITAL INVESTED: EUR 2.41 million (EUR 1.69 million equity and EUR 0.72 million debentures)
CURRENT VALUATION: EUR 3.73 million
ADC STAKE: 25.1 % plus 13.64 % indirectly
MULTIPLE: 1.6x
IRR: 62 %

This year, RSwitch, ADC's payment services operations in Rwanda, upgraded its technology base to ensure that it is adequately prepared for the anticipated change in electronic banking practices. A new state of the art data centre was built, a disaster recovery site is in preparation and there is an on-going migration of customers to the new Postilion switch, which provides additional services with increased flexibility for its users. Furthermore, the company rebranded itself from SIMTEL to RSwitch, which reflects the company's new image in the market and also its expansion plans of becoming a regional switch.



RSWITCH LTD. (FORMERLY SIMTEL)

LOCATION: Kigali, Rwanda
SECTOR: Payment Services
DATE OF INVESTMENT: June 2008
CAPITAL INVESTED: EUR 2.29 million
CURRENT VALUATION: EUR 4.42 million
ADC STAKE: 70 %
MULTIPLE: 1.9x
IRR: 21 %

RSwitch's customer service improved exponentially in 2011 and the number of interoperable ATMs increased in 2011 from 50 to 140 with average ATM uptime increasing from around 60% in January to close to 90% in December 2011. RSwitch's card production is steadily improving each month, with 12,000 cards ordered in December 2011. This parallels the total number of withdrawal transactions which grew 480%, increasing from 33,000 transactions per month at the beginning of the year to 192,000 transactions per month at year-end. The introduction of fees for interbank transactions, however, has significantly impacted the growth of the volume of interbank transactions by the banks, which grew by only 40% from the beginning of the year which has negatively affected RSwitch's business case due to lower than expected fee-earning interbank transactions.

Despite significant operational improvements over the year, on group level the company faced an extraordinary write-off of EUR 196k in 2011 due to the above changes in technology.

ADC is preparing to consolidate the payments industry in East and Southern Africa in order to modernize the electronic payments sector and benefit from economies of scale resulting from lower costs and higher margins on each individual transaction. RSwitch's technological capabilities and operational strength have put it at the forefront of the negotiations which are expected to conclude in mid-to late 2012.

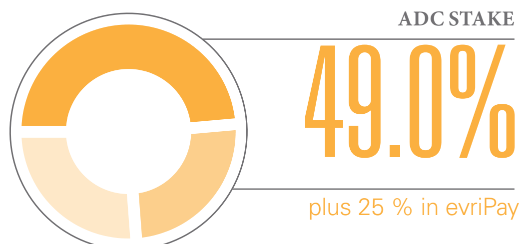
In 2012, the company will focus on completing the migration to the new technology base. The completion of this project will result in the stabilization of RSwitch services and provide the basis for additional value added services (e.g. airtime top-up, utilities settlement, tickets payments).

iVeri Payment Technologies (Pty) LTd. ("iVeri) is ADC's smallest but a strategically important payment services portfolio company on the continent, located in South Africa. iVeri's technology connects banks with merchants and their customers on multiple channels such as mobile phones, internet or Point-of-Sales terminals. iVeri's unique feature is its high-level certification set by the major credit card organizations. The payments systems in Africa are rapidly changing and the mobile payment industry is increasingly being regulated. Within this environment, iVeri is an ideal partner for many payment service operators seeking a secure, reliable payment service. Furthermore, iVeri provides ADC a strategic and up-to-date outlook on the development of the payment services industry on the continent, enabling ADC's portfolio banks and insurance companies to become technological frontrunners that are able to react to changes very quickly.

In 2011 ADC and iVeri, launched a new company called evriPay. evriPay will focus on the aggregation and management of small-and-medium sized merchants, a business opportunity recently approved by the major card associations. This is a virtually untapped market that allows non-banking operators to sign up small merchants, profiting from the increased efficiency that results from lower merchant acquisition and merchant management costs. The reduction of costs will also allow smaller merchants to obtain card acquiring facilities for the first time. TouchPoint, iVeri's point-of-sales terminal developer and distributor, is likely to make a profit in 2012 after breaking even in 2011 after only two years in operation. Management forecasts that 2012 will be a successful year, after many years of expanding its customer, product and service offerings and after many years of new product launches and marketing across the continent.

In Q4 2011 iVeri signed an agreement with a VISA-affiliated company, giving iVeri the right to distribute access to the company's leading fraud prevention system. iVeri negotiated to sell access to the system to smaller merchants who could not normally afford the complex and expensive system at an affordable cost. iVeri will integrate access to the system into their product suite and provide some of the fraud prevention management services. This value-add product provides an additional income stream for new and existing customers.

iVeri worked with two of ADC's portfolio companies – RSwitch and BANGE, over the course of the year and signed contracts in Zimbabwe due to ADC's contacts in the financial services sector.



IVERI PAYMENT TECHNOLOGIES (PTY) LTD.

LOCATION: Johannesburg, South Africa
SECTOR: Payment Services
DATE OF INVESTMENT: November 2008
CAPITAL INVESTED: EUR 236k + EUR 370k in evriPay (business line of iVeri)
CURRENT VALUATION: 761k EUR + EUR 370k in evriPay
ADC STAKE: 49.0 % + 25 % in evriPay
MULTIPLE: 3.2x (fair market value)
IRR: 45 %

Overall, ADC's Management is looking back to a very successful year, which was closed with a better than expected financial result. Operationally, the company developed very well on group level und could expand its market position significantly. Overall, the portfolio companies developed very well and in plan, although we faced some challenges in some markets.

CORPORATE SOCIAL RESPONSIBILITY

In addition to ADC's portfolio of investments, the company also strives to add value to the development of the countries in which we work as well as the continent as a whole. To this end, in order to promote the next generation of African business leaders and support the educational and professional development of local business students, Roland Berger Strategy Consultants and ADC created a scholarship program in 2011. The program runs in partnership with the Lagos Business School and the Frankfurt School of Finance & Management and offers six African students - from Nigeria, Rwanda, Equatorial Guinea and Zimbabwe - financial support as well as the chance to receive professional training. Candidates include aspiring students who cannot afford the tuition and cost of living, but must first qualify for the Lagos Business School's MBA program.

Moreover, ADC, together with Innovation Africa sponsored an Eco Village in Malawi which set up a solar as well as wind powered school, a medical clinic and installed a water pumping system. The project provides electricity in schools, enabling students to study in the evening and provides adults with the possibility of participating in evening adult education courses. Electricity also ensures radio and computer usage. In medical clinics, the new energy system provides electricity in the facility in order for patients to receive night time medical care. With a solar powered water pump, the village has access to clean, constant and abundant water, improving the health and hygiene of the whole community and saving villagers valuable time by not having to fetch and carry water from the nearest source. Furthermore, farmers will be able to use a water irrigation system that efficiently distributes water for their crops.

Additionally, after the humanitarian catastrophe in Somalia and the mass exodus of Somalian refugees to northern Kenya, we financed the drilling of two water holes and solar powered water pumps to provide people access to clean water.

ADC believes that efficient projects can stimulate the development of the continent and that the right support and technology can further enable local participation and drive economic growth.

FINANCIAL RESULTS

RESULTS OF OPERATIONS

In 2011, ADC earned consolidated **REVENUES** of EUR 2,648k vs. EUR 2,037k in 2010. ADC derived its revenues partly from the provision of consulting services to BANGE (EUR 767k) as well as IT related services provided by RSwitch to customers (EUR 925k). Main driver for the increase in revenue was the dividend income from our portfolio companies BancABC (EUR 455k) and BANGE (EUR 306k).

In the position **GAIN FROM SALE OF FINANCIAL ASSETS**, the profit from the sale of Ecobank Zimbabwe in the amount of EUR 2,754k is included.

OTHER OPERATING INCOME of EUR 1,878k versus EUR 407k in 2010 mainly relates to foreign exchange gains. The substantial increase in 2011 reflects foreign exchange gains on our deposits reserved for an investment opportunity in other currencies (EUR 1,527k). Besides that, other operating income mainly includes income related to other periods (EUR 284k).

COST OF MATERIALS for the group totalled in 2011 to EUR 2,788k compared to EUR 3,496k in 2010 and relate to cost of materials at RSwitch as well as costs of providing consulting services to BANGE. RSwitch incurred cost of materials in 2011 of EUR 895k, the cost of consultancy services at BANGE amounted to EUR 795k by the end of the year. In this financial year, costs of RSwitch, which mainly relate to installations and maintenance of ATMs, are classified as cost of sales, as they refer to the operating activity of the company (EUR 770k; FY 2010: EUR 307k). The corresponding expenditures were classified as other operating expenses in 2010. Numbers for 2010 were adjusted. A detailed explanation can be found in section 1 of the notes.

The position **PORTFOLIO PROFESSIONAL FEES** of EUR 2,584k mainly consists of transaction costs of EUR 745k in relation to the acquisition of BancABC as well as restructuring costs at RSwitch. The restructuring of RSwitch, which was successfully finalized in 2011, led to additional consulting costs from third parties including travel expenses of EUR 846k. Furthermore, ADC bore set-up costs for the insurance segment of EUR 628k. The corresponding costs have been classified as other operating costs in 2010 (EUR 203k). Numbers for 2010 were adjusted. A detailed explanation can be found in section 1 of the notes.

OTHER OPERATING EXPENSES for ADC amounted to EUR 7.1 million in 2011 versus EUR 3.6 million in 2010. This includes management fees of EUR 1,574k 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 successfully initiated capital increase. However, this will be accounted for result neutral in the capital reserves. Further to this, operating expenses include EUR 2,399k in consulting services from ADC Business Development Services. The significant increase of ADC BDS consulting services is connected to the volume of investment projects ADC BDS was providing services for. Further other operating costs include advisory, legal and professional

fees of EUR 352k, marketing and media relations costs of EUR 337k including the relaunch of the new website as well as publishing the financial reports, EUR 434k for audit, accounting and administrative services, EUR 399k in exchange losses due to currency movements of EUR/USD, EUR 241k in travel expenses and EUR 129k in insurance expenses. Other administrative expenses at RSwitch amounted to EUR 229k. The remaining EUR 1,045k mainly include sundry expenses at ADC KGaA and ADC FS as well as rental expenses.

The company recognized net **FAIR VALUE GAINS** of EUR 14.5 million in 2011 versus EUR 11.3 million in 2010. Gains were recognized in BancABC with EUR 12.5 million, RHEAL with EUR 1.3 million, BANGE with EUR 600k and iVeri with EUR 84k.

DEPRECIATION AND AMORTIZATION EXPENSE in 2011 amounted to EUR 445k versus EUR 447k in 2010 and included a non-recurring write-off of EUR 196k of technical equipment at RSwitch in relation to the above mentioned restructuring.

The **DEFERRED TAX EXPENSES** at balance sheet date in the amount of EUR 78k mainly refers to a write-off of deferred tax assets, which were built on valuable deferred tax assets in former years. Due to the assessment of deferred tax assets write-downs off EUR 93k have been accounted for in total. In 2010 a tax income of EUR 231k has been accounted for.

As a result, the overall **NET PROFIT** for ADC in 2011 amounts to EUR 8.7 million versus EUR 6.6 million in 2010.

NET ASSETS

At year end, ADC had **TOTAL ASSETS** of EUR 103.0 million versus EUR 71.0 million in 2010. The group held EUR 20.1 million in cash and cash equivalents and further EUR 23.2 million (USD 30.0 million) in cash at banks with restricted access related to a deal opportunity in Nigeria.

Included in EUR 491k **TRADE AND OTHER RECEIVABLES** are mainly receivables towards portfolio companies (EUR 193k), as well as receivables towards RSwitch for rendered services (EUR 156k). Other **CURRENT ASSETS** mainly include EUR 2.046k in receivables towards biw Bank, Willich, Germany, in connection with the capital increase 2011. The bank was bridge financing this capital increase as investors within the rights issue have been in delay with payments. Additionally, current assets include EUR 606k in pre-payments for new software and technical equipment to be installed made by RSwitch (ATMs and card issuing equipment), which occurred within the restructuring. The EUR 323k in inventories are primarily related to RSwitch.

The **NON-CURRENT ASSETS** of EUR 56.2 million at year end 2011 compared to EUR 25.4 million at year end 2010 consist primarily of shareholdings in associates. In 2011, ADC acquired a 23.1%

stake in BancABC (EUR 12.8 million), a medium-sized pan-African banking group headquartered in Botswana. The shareholding in Ecobank Zimbabwe (EUR 1.3 million), was swapped into a 28.0% stake in Brainworks Capital, a Zimbabwean financial services and commodity-focused investment company, valued at EUR 4.0 million as of year-end. Further investments were made into evriPay (EUR 370k, 25% stake), a payment services provider based in South Africa, as well as into Loita African Development (EUR 200k, 50% stake), a joint venture founded to explore investment opportunities in South Sudan. Net additions to investments in portfolio companies totalled to EUR 16.2 million next to EUR 14.5 million in fair value gains. Beyond the EUR 49.2 million in fair value of portfolio companies and EUR 4.7 million of derivative financial assets – call option for BANGE (EUR 4,640k) and a call option related to a banking opportunity in sub-Saharan Africa (EUR 79k), the non-current assets include EUR 838k in goodwill on the purchase of RSwitch, EUR 552k in property, plant & equipment, EUR 441k in intangible assets and EUR 456k in deferred tax assets. Goodwill is due to RSwitch valuation at time of purchase, including its exclusive rights to process all electronic payments in Rwanda. The intangible assets are mainly new software and licenses purchased and implemented by RSwitch in the restructuring phase. Property, plant and equipment relates almost exclusively to IT equipment at RSwitch.

The group´s **LIABILITIES** at 31 December 2011 total to EUR 14.7 million compared to EUR 4.8 million in 2010. The increase is due to a convertible, received from BancABC (EUR 7.7 million; USD 10.0 million), with limited usage for an investment in Nigeria following equity rules. It is not available as debt facility for ADC. The increase in company's liabilities is besides that due to a short-term debt facility from biw Bank (EUR 4.0 million), Willich, Germany, in respect to the capital increase 2011 as mentioned above. Trade payables of EUR 2.388k primarily include liabilities for purchased services from ADC BDS at ADC FS level (EUR 392k) as well as payables for the purchase of new software and technical equipment at RSwitch level (EUR 1.1 million). Furthermore, ADC KGaA had EUR 164k in payables to Altira ADC Management GmbH, resulting from the capital increase in 2011 and EUR 162k due to Altira AG for provision of accounting and marketing services. Further, at year-end there were EUR 115k in provisions for invoices pending for audit fees and provisions for outstanding invoices for provided consulting and marketing services (EUR 110k). ADC had no significant lease or rental liabilities during 2011.

A **CONVERTIBLE BOND** with a nominal amount of EUR 100k, was issued in 2010 by the company to Altira AG, Frankfurt am Main, Germany, as approved by the Annual General Meeting of Shareholders in 2009.

Total **EQUITY** of EUR 88.3 million included EUR 58.4 million in share capital and capital reserves, retained earnings of EUR 19.7 million, EUR 11.3 million in other reserves and EUR -1.1 million in non-controlling interests of capital for the period from 2007 to 2011. As of year-end, EUR 495k in unpaid capital from the capital increase 2010 were outstanding and deducted from the capital

reserve. In January 2012 this amount was paid to ADC. In addition, transaction costs of EUR 671k were deducted from shareholders´ equity.

FINANCIAL POSITION

The net cash flows from operating activities for the year resulted in a net cash outflow of EUR -13.0 million versus EUR -2.7 million in 2010. Main cash relevant outflows from operations include the ADC BDS consulting fees (EUR 2,399k), the general partner fee (EUR 1,574k), RSwitch restructuring fees (EUR 1,940k), deal costs (EUR 745k), costs for legal and professional advisory (EUR 352k) as well as set up costs for the insurance segment (EUR 628k). For further explanation please refer to the section "Results of Operations".

Net cash outflows from investing activities amounted to EUR -14.1 million mainly due to the purchase of BancABC of EUR 12.8 million. Net cash inflows from financing activities in 2011 were EUR 25.0 million resulting from the capital increase and short as well as long term borrowing.

At year end, all **INTERCOMPANY LOANS** are provided to ADC Mauritius entities, and are given at an interest rate of 5% p.a. In addition, ADC had short-term debt financing of EUR 4.0 million in relation to the capital increase and a long-term convertible loan of EUR 7.7 million with limited usage for a future investment in Nigeria following equity rules. It is not available as debt facility for ADC. **WORKING CAPITAL** position was still strong at EUR 32.1 million compared to EUR 40.7 million in 2010.

The Management of ADC assesses its financial position as very positive and is confident, that ADC and its subsidiaries are able to meet its short-term liabilities.

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

MARKET ENVIRONMENT

SUB-SAHARAN AFRICA (SSA)

The GDP growth rate in sub-Saharan Africa in 2011 remained similar to 2010 levels, growing 4.9% in 2011 and is expected to increase to 5.5% in 2012[1]. Inflation rates are likely to continue their downward trend and expected to fall from 8.9% in 2011 to 8.7% in 2012[2].

Institutional investors are increasing their positions on the continent as they look to invest outside of the struggling European and American markets. A report published in early 2012 by the EIU and InvestAD found that institutional investors see Africa as the most promising of all frontier markets, ahead of both Asian and Latin American markets.[3]

According to this report, financial services is one of the three most promising sectors for investment and four of the five countries with the best prospects for future investment returns are located in sub-Saharan Africa. ADC has already made investments, or is prepared for a market entry, in three of these countries - Zimbabwe, Kenya and Nigeria, and has assembled a pipeline of possible investments in Ghana, the other most promising investment destination listed in the report.

ADC began investing in the financial services sector precisely because of the increasing likelihood of high returns and the tangible progress made by most countries at reducing political and economic risk over the last decade. The stabilized environment in many countries has allowed the middle class to build business and wealth, thereby increasing the demand for financial services. ADC's experience, knowledge and existing investments in these frontier markets provides the company with the opportunity to make additional investments more quickly and efficiently than the majority of investors who have limited knowledge and experience at successfully investing in African markets.

An additional publication by the EIU on the Banking Sector in sub-Saharan Africa published in July 2011, conservatively forecasts that the banking industry in 16 key African economies will boost their financial assets by 178% to USD $980 billion by 2020 but realistically believes that the sector will expand by 248% by the end of the decade due to economic growth and financial deepening.[4] Driving the growth is, first and foremost, the race to bank the unbanked and meet the massive unmet banking needs arising on the continent. Mobile banking and other innovative approaches to reach rural customers will be the key to success in reaching the continent's unbanked majority by 2020. Furthermore, the EIU forecasts that the expansion will be most prominent in poorly served, high-growth countries, which are the focus of ADC's strategy.

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1 International Monetary Fund, World Economic Outlook, January 2012.
2 International Monetary Fund, World Economic Outlook, January 2012.
3 Economist Intelligence Unit, Into Africa – Institutional Investor Intentions, 2012.
4 Economist Intelligence Unit, Banking in Sub-Saharan Africa to 2020, 2011.

The increasing amount of deposits being saved with local banks, now 20-30% of GDP for many African countries[1], is a well-publicised and important development that has positive implications for economic progress and financial inclusion. However, deposit growth has increased so rapidly that retail lending lags far behind with lending often as low as 5-10% of GDP[2]. This credit-deposit ratio is a crucial gap that financial services systems must close, requiring the assistance of financial services managers with the experience and technical knowhow from other frontier markets. ADC is proud to be known as one of the only investment companies in the financial services sector on the continent that actively contributes to the growth of their portfolio investments.

Alongside the banking sector growth story, lies the African payment sector which is on the one hand revolutionary, producing the world's first mobile banking platform, and on the other hand a slow and often archaic group of payment switches which do not adequately provide services for the rapidly increasing banked population. One of the biggest problems many businesses face in Africa is the slow payment process, which can take up to 45 days[3]. As growth continues and businesses become larger and more efficient they want to speed up processes and reduce transaction time. Through its investment in RSwitch (formerly SIMTEL), ADC has significantly reduced waiting times while increasing access to electronic banking services for Rwandans.

Lastly, one of the most encouraging findings published in a report published by the EIU, is that investors are moving more towards longer-term investment strategies, rather than more speculative short-term bets seen in the pre-2008 short-term investment practices.[4] Investors have also recognized that African countries have reduced their macroeconomic and political risk profiles and are more concerned at the technical obstacles, which bodes well for ADC's active investment model.

1 World Bank, Financial Structures Database, 2010.

2 World Bank, Financial Structures Database, 2010.

3 CGAP, Financial Infrastructure, http://www.cgap.org/p/site/c/template.rc/1.26.3229/

4 Economist Intelligence Unit, Into Africa – Institutional Investor Intentions, 2012.

PORTFOLIO COUNTRIES AT A GLANCE[1]

	2011 GDP (CURRENT PRICES IN USD BN)	2012 GDP GROWTH PROJECTIONS (IN PERCENT)	2012 INFLATION PROJECTIONS (IN PERCENT)
Rwanda	6.0	6.8	6.5
Equatorial Guinea	19.42	6.8	7.0
South Africa	422.04	3.6	5.0
Zimbabwe	9.2	3.1	6.5
Botswana	16.4	5.3	6.2
Kenya	36.10	6.1	7.4

CURRENCY MOVEMENTS[2]

Relative to the Euro (EUR), the South African Rand (ZAR) depreciated and the US Dollar (USD) appreciated over the course of 2011. The ZAR/EUR exchange rate moved from 8.79 to 10.51 from the beginning to the end of the year. The USD dollar appreciated from 1.32 to 1.29 across the period, positively affecting the value of ADC's investments in Rwanda, Zimbabwe and Kenya. Due to the USD appreciation ADC recognized unrealized foreign exchange gains of EUR 1.5 million on the cash deposits held in USD currency (USD 30.0 million) for an investment opportunity in Nigeria. This gain needs to be recognized although it is likely that it would not be realized due to investment in USD into the asset. The Rwandan Franc is pegged to the USD and moved from 773.63 to 770.24 RWF/EUR. In Zimbabwe, the USD is used as a means of payment since the introduction of a multi-currency system at the beginning of 2009. The Kenyan Shilling (KES) depreciated from 103.41 to 108.27 KES/EUR over the 2011 fiscal year. As Equatorial Guinea is part of the central African currency union, its currency is pegged to the Euro at a fixed exchange rate and therefore is not considered as a foreign exchange exposure for ADC.

1 International Monetary Fund, World Economic Outlook Database, January 2012 for Equatorial Guinea, GDP growth is derived from Economist Intelligence Unit, Country Report Equatorial Guinea, February 2012.

2 http://www.oanda.com

SUPPLEMENTAL REPORT OF

POST BALANCE SHEET EVENTS

TRANSFER OF ADC MANAGEMENT SERVICES LTD., MAURITIUS SHARES TO ADC KGAA

ADC launched a new company called ADC Management Services Ltd. in Mauritius, which was integrated as a 100% subsidiary of ADC African Development Corporation GmbH & Co. KGaA on 9 February 2012. ADC Management Services holds a Management License from the Financial Services Commission in Mauritius and may provide offshore company administration services, including company formation and corporate tax advisory. The company also holds an Asset Management license. ADC Management Services was primarily founded to provide services to the ADC group in close collaboration with our current service provider. ADC Management Services also intends to offer its services to external customers in the future, offering a full package of corporate services to multinationals and investors looking to start a business in sub-Saharan Africa. The services of the company range from administrative support to the set-up of tax optimized special purpose vehicles for co-investors in ADC or other investments.

INCREASE OF SHAREHOLDING IN RSWITCH

A capital increase to ensure the financial soundness and regulatory compliance of RSwitch was initiated in 2011 and successfully concluded in January 2012. RSwitch's key customer participated in the capital increase and ADC took up the remaining shares, resulting in an increase of its shareholding from 70.0% to 88.5%. The transaction was concluded at a company valuation of EUR 6.3 million of which a value of EUR 5.6 million relates to ADC's 88.5% stake and reflects the investments into new systems and the successful restructuring of the company.

SHARE BUY-BACK PROGRAM

In February 2012, ADC launched a share buy-back program, in order to purchase a total of 420,538 shares - 5% of the company's share capital. ADC was authorized in the Annual General Meeting held on 07 June 2011 to acquire its own shares and a decision was made by Management of the General Partner and the Supervisory Board to acquire shares via the stock exchange due to the undervaluation of the company's share price and the favorable possibility to acquire own shares as transaction currency.

CHANGE IN THE SUPERVISORY BOARD

With effect from 28 March 2012, Mr. Pierre Lorinot, Vesenaz, Switzerland, was appointed as a member of the Supervisory Board. Mr. Ron Braverman resigned from his duties effective as of 27 March 2012 and became member of the ADC Advisory Board.

CORPORATE GOVERNANCE REPORT

The German Corporate Governance Code formulates principles of value-based company management and supervision. The code sets out recommendations and suggestions concerning the management and supervision of publicly listed German companies with respect to their shareholders and general meetings, management and supervisory board, transparency, and the reporting and audit of annual financial statements. The general partner and Supervisory Board of ADC African Development Corporation GmbH & Co. KGaA are required by law to submit an annual declaration of conformity disclosing those recommendations which have not been and are not complied with along with an explanation.

The German Corporate Governance Code is based on circumstances at a stock corporation (Aktiengesellschaft). Due to ADC's legal form as partnership limited by shares (Kommanditgesellschaft auf Aktien), a hybrid of a stock corporation (Aktiengesellschaft) and a limited partnership (Kommanditgesellschaft), certain recommendations and suggestions by the Code may only be complied with mutatis mutandis. In particular, a partnership limited by shares is managed and represented by its general partner and not a management board of a stock corporate, therefore recommendations and suggestions in respect of the management board may apply to the general partner itself or its managing directors in turns. ADC has reviewed the recommendations and suggestions to ascertain how the Code may be applied by analogy to a partnership limited by shares to meet its intention. The declaration of conformity can also be accessed through the website of ADC at: http://www.african-development.com/en/investor-relations/corporate-governance/declaration-of-conformity/

DEVIATIONS FROM THE
CORPORATE GOVERNANCE CODE

— According to **SECTION 3.8**, a directors' and officers' liability insurance (D&O Policy) shall include a deductible for the Supervisory Board. The current D&O insurance does not account for a deductible.

— According to **SECTION 4.2.1** the management board shall be comprised of several persons and chairman or spokesman. These recommendations are not complied with as the company is managed and represented by its general partner and the management of the general partner consists of only one director. The general partner's Articles of Association allow for one or more directors.

— According to **SECTION 4.2.2** the Supervisory Board determines the compensation system for the Management Board. This recommendation is not complied with as the compensation of the general partner is laid down in the company's Articles of Association.

— **SECTION 4.2.3** provides measurements for the compensation structure of the management board and its assessment. The recommendations are not complied with to the extent that the responsibility for the compensation is not shared with the Supervisory Board in favor of a detailed and comparable compensation of the general partner including variable and multi-year sustainable components laid down in the company's Articles of Association. The variable compensation (performance fee) in particular accounts for losses of previous financial periods.

— According to **SECTION 5.1.3**, the Supervisory Board shall issue a code of procedure (terms of reference) for its activities. This recommendation is not complied with as such measure is not expected to lead to any increase in efficiency.

— **SECTION 5.2** sets out recommendations concerning the duties and powers of the Supervisory Board Chairman. The recommendations concerning the composition of committees are not complied with. The company's Supervisory Board consists of only three members which jointly agree and resolve on all important matters and has not formed committees.

— **SECTION 5.3** recommends that the Supervisory Board shall form committees. This recommendation is not complied with as the Supervisory Board is comprised of three members and the formation of committees will not increase efficiency as any committee that allows a voting on resolutions requires a minimum quorum of three members.

— According to **SECTION 5.4.1**, the Supervisory Board shall specify an age limit for its members. No such age limit for Supervisory Board members is provided for as the company prefers not to forego the expertise of experienced senior Supervisory Board members.

- According to **SECTION 5.4.6**, members of the Supervisory Board shall, in addition to their fixed compensation, also receive performance-related compensation. In contrary to this recommendation, the total compensation of the Supervisory Board as a total sum resolved by the shareholder's meeting exempts a variable component while its distribution is resolved among the members.
- **SECTION 5.6** recommends that the Supervisory Board shall regularly review the efficiency of its activities. Such efficiency review is not regarded expedient, as the small size of the Supervisory Board allows an effective and continuous review whereas a formal audit is not expected to lead to any efficiency enhancements.
- **SECTION 7.1.2** is not complied with to the extent that the consolidated financial statements are published within 120 and not 90 days, and interim reports within 60 and not 45 days, following the end of the previous financial reporting period in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz)

REMUNERATION REPORT

The remuneration of the Managing Director of the General Partner is made up of two components: a fixed and a variable component. The fixed component of compensation is determined by contract and paid in twelve equal monthly installments. The variable remuneration component is based on the business performance and is determined by the shareholder of the management company on unspecified criteria. In the past, the Managing Director of the general partner was paid 50% of fixed remuneration as variable remuneration. For fiscal year 2012, specific criteria related hereto should be defined. This was previously not necessary because the company had a far less complex structure prior to the IPO in late 2010. In addition, non-cash and fringe benefits mainly consist of a company car. Stock option plans and similar incentive schemes did not exist on the date of reporting. After the end of the fiscal year, Mr. Meier as Managing Director of the General Partner was given subscription rights in the convertible bond held by Altira AG and was entitled to receive 4,000 shares at a purchase price of EUR 2,000. After conversion, the entry price is EUR 20,000. All compensation components are appropriate, both individually and in total.

The remuneration of the Supervisory Board is specified in § 15 para 6 of the Articles of Association. Thereafter, each member of the Supervisory Board receives a refund of the expenses incurred in connection with the participation in the meetings. Any additional compensation to the members of the Board is only granted if the General Assembly with the consent of all general partners so decide.

The information referred to in § 314 Paragraph 1 No. 6 Commercial Code is contained in the notes.

RISK REPORT AND
RISK MANAGEMENT SYSTEM

ADC's Risk Management System has been developed further and reflects on-going political, economic, market and operational risks in ADC portfolio companies as well as the wider investment situation both locally and globally. Management reports help to update portfolio risk while investment and finance managers evaluate current and future risks to refine a scenario analysis that is used for realistic up-to-date forecasts

PORTFOLIO RISK

Through its well-established network in sub-Saharan Africa, ADC has the potential to source some of the most promising deals on the continent. ADC's investments are acquired after a thorough examination process, which includes external and market influences. To assure a successful and sustainable development of the portfolio companies, ADC's strategy is characterized through detailed attendance to all significant factors, 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 a careful selection, all existing and future investments of ADC may be subject to above average risks as investments are undertaken in frontier markets with high-growth potential which comes along with an early mover advantage. The performance of the investments will impact on the company's net assets, earnings and financial situation. 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 and predominant market conditions.

ADC's long-term financial performance is highly dependent on the development of its promising portfolio companies. Returns are determined as the difference between entry and exit price plus any dividends paid. These prices are affected by the performance of similar companies on relevant stock markets and to interest rates prevailing, which makes the company dependent on general capital market conditions.

CURRENCY RISK

Currency movements may affect the value of ADC's capital. While ADC's capital is denominated in Euro (EUR), the majority of the portfolio investments have exposure to United States Dollar (USD), Rwandan Franc (RWF), Kenyan Shilling (KES), South African Rand (ZAR) or Botswana Pula (BWP). In order to control the exchange rate risk, where possible management seeks denomination of investments in USD, EUR or in currencies pegged or closely linked to either of these two. Due to the USD appreciation in 2011 ADC recognized unrealized foreign exchange gains of EUR 1.5 million on the cash deposits held in USD currency (USD 30.0 million) for an investment opportunity in Nigeria. The relation of the USD to the EUR can therefore be considered as biggest chances and risk exposure to ADCs accounts. Furthermore, the movement of the KES is closely monitored by Management as the inflation in Kenya increased significantly in 2011 but is on a decreasing trend again. The largest part of ADC's KES exposure is the investment in Resolution Health.

POLITICAL RISK

Frontier markets offer high chances of benefiting from above average growth but many countries lack strong democratic structures and are subject to potential political unrest. Insufficient governance structures bear considerable risk of unforeseeable changes in the political climate, which might not only affect 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 sub-Saharan Africa nations are eligible to be covered against political risks: Exchange controls, FX (Foreign Exchange) transfer risk, war and civil disturbance and 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 RSwitch, iVeri and RHEAL are covered in full by MIGA insurance; BancABC is expected to have coverage within the first few months of 2012.

EXTERNAL RISKS

The fast growing frontier markets in sub-Sahran Africa are also affected by global macroeconomic developments as some of them have a high wealth of natural resources, which is a large growth driver, but also makes them dependent on global commodity prices. ADC addresses external risks in multiple ways: through a stringent investment and approval process, extensive market and sector experience and portfolio diversification and insurance. ADC focuses on long-term value creation and bases its investment decisions on strong fundamentals of the underlying assets.

PERSONNEL RISK

ADC's management consists of a well-established network in the region and beyond that can be leveraged, but this makes the company also dependent 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' experience across various sectors and emerging markets, possess the necessary expertise and the networks of contacts for success. Through performance related compensation packages ADC ensures a minimization of the personnel risk. This includes bonus payments which relate to long-term performance of the company and individual projects. Further disclosures of Management compensation can be found in the notes.

INTERNAL CONTROL SYSTEM BASED ON ACCOUNTING

The management of the ADC and its consolidated subsidiaries, is responsible for establishing, applying and maintaining adequate internal control system related responsibility of the accounting process. Our accounting-related internal control system is under the supervision of the Managing Director of the General Partner and the Managing Director of the subsidiaries in Mauritius. It is intended to provide reasonable assurance that the composition of the consolidated financial statements is in accordance with International Financial Reporting Standards (IFRS) and the external financial reporting is reliable.

The main risks in the financial reporting process are that financial statements due to unintentional errors or intentional (fraud) do not provide a true and fair view of assets, liabilities, financial position and results or their publication is delayed. These risks may cause that trust of investors is lost and the reputation of the society is negatively affected. They may also consider imposing sanctions such as intervention by the securities comission itself. The company may have a negative impact

on the asset, financial and earnings position. The accounting does not give a true and fair view of assets, liabilities, financial position and results, if significant numbers contained in the financial statements or notes shall deviate from the correct information. Deviations are considered significant if they could, individually or collectively influence the decisions on the basis of the economic decisions of users of financial statements. To counter this risk, the ADC in all group companies applies for example, a four-eye principle for the preparation of financial statements and accounting. In addition, the accounting is done by professional, licensed service providers in Mauritius and subject to strict control during the consolidation of employees of Altira AG.

MANAGEMENT CONTROL SYSTEM

ADC controls the development of its investments and subsidiaries with classical key performance indicators such as revenue, EBITDA, profitability, margins, etc. At the time of investment into the target company, a plan is established together with the target companies Management, which is controlled each month in the form of pre-defined monthly reports, which contains quantitative as well as qualitative information. At weekly team meetings, developments and if necessary intervention measures are discussed. The management of the ADC is closely involved in the processes of portfolio companies, including supervisory or control functions in the investments.

STATEMENT ON CORPORATE GOVERNANCE

The statement on corporate governance in accordance with § 289a HGB together with the Declaration of the "German Corporate Governance Code" pursuant to § 161 is available on the Internet under www.african-development.com. The corporate governance report is published in the annual report.

EXPLANATORY REPORT

ON THE INFORMATION IN ACCORDANCE WITH § 289. 4 OR § 315. 4 GERMAN COMMERCIAL CODE (HGB)

ADC's share capital amounts to EUR 8,410,764.00 and is divided into 8,410,764 no-par value registered ordinary shares (no-par shares) with a nominal value of EUR 1.00. Each share grants the same rights, especially voting rights. There are no different classes of shares.

The voting rights of shareholders are neither limited by law nor by statute. Restrictions on voting rights or the transfer of shares that could result from agreements between shareholders, are not known to the General Partner.

On 31 December 2011, Trafigura Beheer BV, Netherlands, held 20.12% of the voting rights in ADC. Other direct or indirect shareholdings exceeding 10% of the voting rights were not communicated to the Company during the reporting period. ADC has not issued any shares with special rights. In addition, the General Partner is neither aware of employees being shareholders of the Company nor of employees exercising their control rights directly. ADC is a partnership limited by shares responsible for managing and representing the company in accordance with § 278 paragraph 2 of the Companies Act instead of a board of directors of the personally liable General Partner. The General Partner will cease to be a General Partner in the stipulated cases in accor-dance with § 13, paragraph 1 of the Articles of Association or by excluding the cases referred to § 289 paragraph 5 of the Companies Act in connection with § 140 of the Commercial Code. In the case of termination, the Annual General Meeting shall decide upon a new General Partner pursuant to § 13 paragraph 2 of the Articles of Association. In addition, the statutory provisions of § 179 and § 133 of the Companies Act shall apply.

By resolution of 28 August 2008 and with the consent of the Supervisory Board, the General Partner is authorized to increase the share capital of the Company by 31 July 2013 against cash and / or cash contributions in one or more tranches, by issuing new shares of up to a total of EUR 7,000,000.00 (authorized capital I/2008).

On the basis of this authorization, the management of the General Partner made the decision on 7 December 2011 by using part of the authorized capital in accordance with § 5 paragraph 3 of the Constitution to increase the subscribed capital of EUR 7,646,150.00 by EUR 764,614.00 to EUR 8,410,764.00 against cash contributions. The new shares with dividend rights were issued as of 1st January 2011. The capital increase was carried out in the amount of EUR 764,614.00. The 64,614 new shares were issued at EUR 12.00 per share. The premium of EUR 8,410,754.00 has been transferred to the capital reserve.

The authorized capital amounts to EUR 6,235,386.00 after utilization.

There are no material agreements of the company that are subject to a change of control as a result of a takeover bid.

There are no compensation agreements between the company and the General Partner, which are affected in the event of a takeover bid.

In February 2012, ADC launched a share buy-back program, in order to purchase a total of 420,538 shares - 5% of the company's share capital. ADC was authorized in the Annual General Meeting held on June 07, 2011 to acquire its own shares.

OUTLOOK

Four years ago ADC launched a company to invest in the financial services sector in high growth countries in sub-Saharan Africa. Upon establishing the company and making our first investments, we had three operational priorities: 1) Manage our existing investments, 2) Expand into new countries in sub-Saharan Africa and 3) Targeted growth and leverage of synergies within the financial services sector.

We now have active investments in the banking sector, the payment sector and the insurance sector in ten countries in East, Southern and Central Africa and have grown our team and our network of consultants and advisors to manage existing investments and actively pursue banking and insurance opportunities in East, Central, West and Southern Africa.

Having achieved our early operational priorities, we have decided to take ADC to the next level and revise our operational goals in line with ADC's growth. As such, over the next 2-3 years we will focus on the following three priorities: 1) Manage existing investments and embed them into ADC's Merchant Banking Strategy, 2) Grow ADC's portfolio and presence in sub-Saharan Africa and 3) Launch a new business line, offering advisory services to partners and businesses seeking to enter the frontier markets of sub-Saharan Africa.

> "Africa is an important frontier for economic growth. We believe the regional economy could double by 2020 to nearly US$3 trillion"
>
> *Dennis Nally, Chairman of PwC International.*

1. MANAGE EXISTING INVESTMENTS AND EMBED THEM INTO ADC'S MERCHANT BANKING STRATEGY

In 2012, ADC will begin to transform its structure to form a pan-African Merchant Bank which will continue its expansion in 2013. The goal is to strengthen our balance sheet in order to offer a wide range of services, including portfolio management, acquisitions and mergers, advisory services and more. ADC has the potential to grow exponentially by consolidating assets and forming a Merchant Bank entity, thereby gaining access to a large number of pipeline opportunities in all of ADC's core investment sectors: ban-king, payment services and insurance.

As a company, we will continue to actively manage our investments building each single entity to become a local or regional leader and ensure that we have direct or indirect decision-making power through management, the board or with a consortium of like-minded investors.

ADC believes that facilitating and strengthening local management is the most effective way of operating. Our strategy has been to leverage synergies wherever possible between existing investments so that our portfolio companies may benefit from each other's expertise and established networks.

ADC's investments in RSwitch and iVeri are examples of businesses which will benefit alongside the growth of the banking sector. iVeri has launched two new subsidiary companies over the last two years, which will each deliver products and services to many customers that are not currently served in the market as well as delivering services to ADC's investments in Rwanda, Zimbabwe and Equatorial Guinea.

2. GROW ADC'S PORTFOLIO AND PRESENCE IN SUB-SAHARAN AFRICA

ADC has a very promising investment pipeline and expects to announce an investment in Nigeria in early Q2 2012. Union Bank of Nigeria (UBN) is a bank with 379 branches across the country that made a profit of Nigerian Naira (NGN) 118 million (EUR 580k) in 2010. The issuance of shares and closure of the deal is expected to be finalized in April 2012.

We see Nigeria as a market with high potential for growth in the coming decade. Despite the country's sophisticated banking sector, the majority of banking services focus on corporate and high-income customers, neglecting the majority of the population who has limited access to financial services. The Economist Intelligence Unit foresees that the banking sector will nearly double its assets in the next decade, reaching USD 200 – 290 billion in 2020[1]. ADC's entry into Nigeria is well timed, having missed the country's banking crisis in 2009 and entering as the central bank implements reforms in order to ensure better corporate governance and an expansion of products and services to the wider population.

ADC's pending investment in Nigeria will provide the company a hub in West Africa, one of the continent's most dynamic regions. We have a number of pipeline opportunities in high-growth countries across the continent and are actively pursuing deals in Mauritius, Ghana, Kenya, Tanzania, Zambia, Angola and Mozambique which have growth projection of between 5 – 10% over the next decade with banking sectors expected to double or treble in size.

We believe that the rapid rise in retail banking will require strong regional banking switches that are able to accept a multitude of electronic payment cards and devices to transmit data regionally and internationally in an efficient and timely manner. To this end, ADC has been actively negotiating

1 Economist Intelligence Unit, Banking in Sub-Saharan Africa to 2020, 2011

with switches in East and Southern Africa to merge and begin consolidating an industry which will be the backbone of the banking boom over the next decade.

The rise of the banking sector will also help to increase the growth of the insurance sector as overall economic growth drives the need to protect assets and save for the future. Both from an aspirational and risk management perspective, insurance is beginning to blossom across the continent. Businesses require products and services and the newly emerging middle class seeks to protect themselves and their families from now insurable risks. ADC already has one active investment in the insurance industry and several pipeline opportunities in high growth markets. Our team has spent the year researching possible investments, setting up the company and negotiating with several partners interested in joining ADC in an investment vehicle that will invest in insurance companies in sub-Saharan Africa. We are confident that with the partners now lined up 2012 will see the emergence of this new and exciting company under the ADC banner.

> “The continent’s financial services will grow by 15 percent a year over the next decade, and account for nearly 20 percent of regional output in 2020, from 11 percent now”
>
> *Bain & Company, African Consumer stands tall amid commodity boom, 10 March 2011*

3. ADVISORY SERVICES

After four years of growing our on-the-ground presence and building a network of international and local experts, ADC has decided to launch a new advisory business in order to capitalize on our valuable network and knowhow. This revenue generating activity will provide ADC yearly revenues for advisory services. To this end, we have expanded our network in Africa and opened an additional office in Nairobi and expanded our presence in Equatorial Guinea. This adds to ADC’s presence in Kigali, Rwanda and our African headquarter, located in Mauritius.

Our team, advisory council and network provide invaluable contacts for international companies seeking a footprint on the African continent and will diversify our revenue stream, thereby providing more returns for our investors.

The financial outlook for 2012 and 2013 is very positive as all portfolio companies are roaring and as we will additionally monetize our network by providing advisory services to international corporates via our newly established ADC Management Services located in Mauritius. ADC

Management Services was set up in early 2012 to manage ADC's growth and diversification into advisory service provision. We expect these advisory fees to contribute EUR 3.0 – 5.0 million in revenues in 2012. We also expect our current and soon to be closed portfolio investments to out-perform their bud-gets. For 2012, we expect a post tax profit of at least EUR 10 million. We expect to significantly surpass this result in 2013. ADC is well positioned to benefit from the rise of Africa over the coming decade. We have an excellent team, a strong initial portfolio of investments and a pipeline that will ensure continued growth in the future. We look forward to the coming year and believe that 2012 will be a very good one for ADC.

Frankfurt am Main, 30 March 2012

Olaf Meier
Managing Director

CONSOLIDATED ANNUAL FINANCIAL STATEMENT

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2011

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

IN EURk

ASSETS	NOTES		2011		2010
Non-current assets					
Goodwill	(5.1)		838		838
Intangible assets	(5.1)		441		134
Property, plant and equipment	(5.2)		552		675
Investments in associates	(5.3)		49,223		18,552
Other financial assets	(5.3)		4,719		4,640
Deferred taxes	(5.5)		456		551
Non-current assets, in total				**56,228**	**25,390**
Current assets					
Inventories	(5.6)		323		146
Trade and other receivables	(5.7)		491		1,005
Income tax receivables	(5.7)		76		14
Other current assets	(5.7)		2,652		372
Cash and cash equivalents		20,094			44,028
Restricted Cash		23,183			0
Cash at banks	(5.8)		43,278		44,028
Current assets, in total				**46,820**	**45,565**
Total assets				**103,048**	**70,955**

IN EURk

EQUITY AND LIABILITIES	NOTES			2011	2010
Equity					
Share capital	(5.9)	8,411			7,646
Uncalled capital contributions		0			-517
			8,411		**7,129**
Capital reserve	(5.9)		50,030		37,611
Other reserves	(5.9)		11,286		11,408
Retained earnings	(5.9)		19,701		10,033
Equity attributable to equity holders of the parent				**89,428**	**66,181**
Non controlling interests	(5.9)			-1,103	-49
Equity, in total				**88,325**	**66,132**
Non-current liabilities					
Convertible debentures	(5.12)	100			100
Shares of general partner		5			5
Convertible Bond	(5.13)	7,738			0
Non-current liabilities, in total				**7,843**	**105**
Current liabilities					
Bank liabilities	(5.11)	4,002			0
Provisions	(5.10)	247			100
Trade and other payables	(5.11)	2,388			1,937
Other current liabilities	(5.11)	243			2,681
Current liabilities, in total				**6,880**	**4,718**
Liabilities, in total				**14,723**	**4,823**
Total equity and liabilities				**103,048**	**70,955**

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2011

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

IN EURk	NOTES	2011	*restated*[1] 2010
Revenue	(6.1)	**2,648**	**2,037**
Consulting services	(6.1)	1,692	2,037
Revenue from Dividend Income	(6.1)	761	0
Other Revenue	(6.1)	195	0
Gain from Sale of financial assets	(6.2)	2,754	0
Other operating income	(6.3)	1,878	407
Total Revenue & other operating Income		**7,279**	**2,444**
Cost of materials	(6.4)	-2,788	-3,496
Portfolio Professional Fees	(6.5)	-2,584	-203
Personnel expenses	(6.6)	-471	-379
Other operating expenses	(6.7)	-7,139	-3,104
Fair value measurement	(6.8)	14,472	11,328
Earnings before interest, taxes and depreciation & amortization (EBITDA)		**8,768**	**6,590**
Depreciation and amortization of intangible and tangible assets	(6.9)	-445	-447
Earnings before interest and taxes (EBIT)		**8,324**	**6,143**
Interest income	(6.10)	422	223
Interest expense	(6.10)	-3	-6
Earnings before taxes (EBT)		**8,743**	**6,360**
Tax income (+)/expense (-)	(6.11)	-78	231
Profit for the year		**8,666**	**6,591**
attributable to:			
Non-controlling interests		-1,003	-658
Equity holders of the parent		9,668	7,249
Average number of shares (basic/diluted)	**(8)**	**7,652,434**	**12,603,016**
Earnings per share (basic/diluted)			
basic, for profit for the year attributable to ordinary equity holders of the parent		1,26	0,58
diluted, for the year attributable to ordinary equity holders of the parent		1,26	0,58
Earnings per share (basic/diluted) - retrospective adjustments[2]			
basic, for profit for the year attributable to ordinary equity holders of the parent		1,26	3,47
diluted, for the year attributable to ordinary equity holders of the parent		1,26	3,47

1 Certain amounts shown here do not correspond to the 2010 consolidated financial statements and reflect adjustments made as detailed in Note 1.

2 When calculating the earnings per share in the prior-year financial statements, the capital decrease from 2010 was not accounted for retro-spectively as required by IAS 33.64. Calculation of the earnings per share for fiscal year 2010 was there adjusted in these financial statements, which involved correcting the weighted average number of shares outstanding from 12,603,016 to 2,091,627. Earnings per share (basic and diluted) for fiscal year 2010 therefore changed from EUR 0.58 to EUR 3.47.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2011

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

IN EURk	2011	2010
Profit for the year	**8,666**	**6,591**
Exchange differences	-173	113
Other comprehensive income (loss) for the period, net of tax	-173	113
Total comprehensive income for the period, net of tax	**8,492**	**6,704**
Attributable to:		
Equity holders of the parent	9,546	7,378
Non-controlling interests	-1,054	-674
	8,492	**6,704**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED DECEMBER 31, 2011

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

IN EURk	SHARE CAPITAL	CAPITAL RESERVE
	Note 5.9	Note 5.9
At January 1, 2010	**14,429**	**5,527**
Exchange differences	0	0
Total comprehensive income	**0**	**0**
Profit for the year	0	0
Total comprehensive income	**0**	**0**
Capital increase	7,802	41,103
Transaction costs (net of tax)	0	-3,849
Reduction of share capital	-14,585	0
Uncalled capital contribution	-517	-5,170
Acquisition of non-controlling interests	0	0
At December 31, 2010	**7,129**	**37,611**
At January 1, 2011	**7,129**	**37,611**
Exchange differences	0	0
Total comprehensive income	**0**	**0**
Profit for the year	0	0
Total comprehensive income	**0**	**0**
Capital increase	765	8,411
Transaction costs (net of tax)	0	-671
Called capital contribution	517	4,680
At December 31, 2011	**8,411**	**50,030**

RETAINED EARNINGS	OTHER RESERVES	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	Note 5.9		Note 5.9	
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**
10,033	**11,408**	**66,181**	**-49**	**66,132**
0	-122	-122	-51	-173
0	**-122**	**-122**	**-51**	**-173**
9,668	0	9,668	-1,003	8,666
9,668	**-122**	**9,546**	**-1,054**	**8,492**
0	0	9,175	0	9,175
0	0	-671	0	-671
0	0	5,197	0	5,197
19,701	**11,286**	**89,428**	**-1,103**	**88,325**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED DECEMBER 31, 2011

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

IN EURk		NOTES	2011	2010
	Profit after tax		**8,666**	**6,591**
-	Current taxes	(6.11)	78	-231
+	Interest received	(6.10)	419	223
+	Dividends received	(6.1)	761	0
+	Depreciation and impairment of property, plant and equipment	(6.9)	347	203
+	Amortization and impairment of intangible assets	(6.9)	98	244
+/(-)	Decrease (+)/ Increase (-) in fair value of financial assets	(5.3)	-14,472	-6,688
(-)/+	Gain/(Loss) on sale of financial assets	(6.2)	-2,754	0
+/(-)	Decrease (+)/ Increase (-) in fair value of derivative financial instruments	(5.3)	0	-4,640
+/(-)	Other non-cash expenses / income	(6.3)	-1,267	0
+/(-)	Increase (+)/ Decrease (-) in provisions	(5.10)	148	35
+/(-)	Increase (-)/ Decrease (+) in trade and other receivables	(5.7)	-2,589	642
+/(-)	Increase (-)/ Decrease (+) in inventories	(5.6)	-177	-128
+/(-)	Increase (+)/ Decrease (-) in trade and other payables	(5.11)	-2,207	1,018
=	**Net cash flows from / (used in) operating activities**		**-12,950**	**-2,732**
-	Purchase of intangible assets	(5.1)	-429	0
-	Purchase of property, plant and equipment	(5.2)	-333	-120
-	Purchase of financial assets	(5.3)	-13,252	0
-	Acquisition of a joint venture	(5.3)	-200	0
+	Proceeds from disposal of property, plant and equipment	(5.2)	97	0
=	**Net cash flows from / (used in) investing activities**		**-14,116**	**-120**
-	Transaction costs of issue of shares	(5.9)	-671	-3,849
+	Proceeds from capital increase	(5.9)	14,372	43,217
+	Proceeds from bank loans	(5.11)	4,000	0
+	Proceeds from convertible bonds and debentures	(5.12)	7,348	100
=	**Net cash flows from / (used in) financing activities**		**25,049**	**39,469**
	Net increase in cash and cash equivalents		-2,017	36,617
+	Net foreign exchange difference		1,267	128
+	Cash and cash equivalents at beginning of the period		44,028	7,282
	Cash and cash equivalents at the end of the period	**(5.8)**	**43,278**	**44,028**
	thereof cash and cash equivalents		20,094	44,028
	thereof restricted cash		23,183	0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

OF ADC AFRICAN DEVELOPMENT CORPORATION GMBH & CO. KGAA, FRANKFURT, (INTERNATIONAL FINANCIAL REPORTING STANDARDS - IFRS) AS OF 31 DECEMBER 2011

1. GENERAL INFORMATION

ADC African Development Corporation GmbH & Co. KGaA (hereinafter "the Company" or "the Group") has its registered offices at Grüneburgweg 18 in Frankfurt am Main, Germany. The purpose of the Company is to initiate and search in a targeted manner for investment opportunities in Africa. This includes in particular the provision of the Company's existing network in Africa for setting up or identifying appropriate investment teams and for acquiring, holding and managing investments as well as providing advisory services. Investments relate to majority or non-controlling interests in all types of private or public (investment) companies. The Company does not provide legal or tax advice or other activities that require a permit.

ADC African Development Corporation GmbH & Co. KGaA is listed on the regulated market of the Frankfurt Stock Exchange and included in the Prime Standard segment as of the reporting date. The switch to the Prime Standard took place on 27 May 2011. In fiscal year 2011 prior to that, the Company was listed on the open market and included in the Entry Standard in fiscal year 2011.

The consolidated financial statements have been prepared in euro (EUR). All figures including the prior-year figures are stated in thousands of euro (EUR k) in these notes to the consolidated financial statements.

The income statement has been prepared using the nature of expense method.

The Company's fiscal year is the calendar year.

Areas that involve a greater degree of judgment or higher complexity or areas where assumptions and estimates are of material significance for the consolidated financial statements are listed in note 14.

By a resolution of management on 30 March 2012, the consolidated financial statements and the group management report for the fiscal year 2011 were released to the supervisory board for approval and publication.

The costs from RSwitch disclosed in the prior-year financial statements under other operating expenses, which were mainly incurred in connection with the repairs and maintenance of installed ATMs, are disclosed in the 2011 consolidated financial statements under cost of materials, since they relate to the operating business of RSwitch (EUR 770k; prior year: EUR 307k). In addition, consulting fees and similar expenses incurred for the portfolio companies were reclassified from other operating expenses to consulting fees and similar expenses (EUR 2,584k; prior year: EUR 203k), since they relate to consulting expenses in connection with ADC's operating business; in this way transparent presentation is achieved. The prior-year figures have been restated.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements are generally prepared in accordance with the historical cost convention, except for the shares in the portfolio companies, which were measured at fair value. If due in more than one year, assets and liabilities are broken down into current and non-current items.

STATEMENT OF COMPLIANCE WITH IFRS

The consolidated financial statements of ADC African Development Corporation GmbH & Co. KGaA as of the reporting date 31 December 2011 were prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) – as adopted by the European Commission for application in the EU – the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) that have binding effect for the period for which the financial statements were prepared.

CONSOLIDATION PRINCIPLES

The consolidated financial statements include the financial statements of the Company and its subsidiaries as of 31 December 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

— derecognizes the assets (including goodwill) and liabilities of the subsidiary
— derecognizes the carrying amount of any non-controlling interest
— derecognizes the cumulative translation differences, recorded in equity
— recognizes the fair value of the consideration received
— recognizes the fair value of any investment retained
— recognizes any surplus or deficit in profit or loss
— reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

2.2 NEW STANDARDS AND INTERPRETATIONS AND STANDARDS AND INTERPRETATIONS THAT HAVE TO BE ADOPTED FOR THE FIRST TIME

The accounting principles applied were unchanged on the prior year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2011:

- IAS 24 Related Party Disclosures (amendment), effective 1 January 2011
- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (amendment), effective 1 January 2011
- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment), effective 1 January 2011
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- 2010 Improvements to IFRSs (May 2010)

The adoption of the standards or interpretations is described below:

IAS 24 RELATED PARTY DISCLOSURES (AMENDMENT)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definition emphasizes a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The amendment is effective for annual periods beginning on or after 1 January 2011. The adoption of the amendment did not have any impact on the financial position or performance or disclosures of the Group, as all of the information required is already presented in full.

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

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The Group did not enter into any rights issue, options or warrants which would be affected by this amendment. If the Group had such instruments, these would no longer be classified as derivatives with changes in fair value impacting profit or loss. This amendment is effective for annual periods beginning on or after 1 February 2010.

IFRIC 14 PREPAYMENTS OF A MINIMUM FUNDING REQUIREMENT (AMENDMENT)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset. The Group is not subject to minimum funding requirements; therefore the amendment of the interpretation has no effect on the financial position or performance of the Group. However, the amendment is incorporated in the Group's accounting policy.

IFRIC 19 EXTINGUISHING FINANCIAL LIABILITIES WITH EQUITY INSTRUMENTS

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value unless this cannot be reliably measured, in which case the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

2010 IMPROVEMENTS TO IFRSS

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but they have no impact on the financial position or performance of the Group.

- IFRS 3 Business Combinations: The measurement options available for non-controlling interests (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identified net assets. All other components are to be measured at their acquisition date fair value. The amendments to IFRS 3 are effective for annual periods beginning on or after 1 July 2011.
- IFRS 7 Financial Instruments: Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.
- IAS 1 "Presentation of Financial Statements": The amendment clarifies that an entity may present an analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

The other IFRSs mandatory for the first time for reporting periods beginning on or after 1 January 2011 will have no effect on the Company's consolidated financial statements.

ISSUED IFRSS THAT ARE NOT YET SUBJECT TO MANDATORY ADOPTION

	ISSUED BY THE IASB	APPLICABLE FROM
Endorsed by the EU – voluntary first-time adoption possible as of 31 December 2011: permitted		
Amendments to IFRS 7 – Disclosures - Transfers of Financial Assets	Oct 10	01.07.11
No EU endorsement: Adoption as of 31 December 2011: open		
Amendment to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	Dec 10	01.07.11
IFRS 9 Financial Instruments: Classification and Measurement	Nov 09/ Oct 10	01.01.15
Amendments to IFRS 9 (2009), IFRS 9 (2010) and IFRS 7 - Temporal scope and transitional provisions	Dec 11	01.01.15
IFRS 10 Consolidated Financial Statements	May 11	01.01.13
IFRS 11 Joint Arrangements	May 11	01.01.13
IFRS 12 Disclosure of Interests in Other Entities	May 11	01.01.13
IFRS 13 Fair Value Measurement	May 11	01.01.13
Amendment to IAS 1 – Presentation of Items of Other Comprehensive Income	Jun 11	01.07.12
Amendment to IAS 12 – Deferred Tax: Recovery of Underlying Assets	Dec 10	01.01.12
IAS 19 Employee Benefits (revised 2011)	Jun 11	01.01.13
IAS 27 Separate Financial Statements (revised 2011)	May 11	01.01.13
IAS 28 Investments in Associates and Joint Ventures (revised 2011)	May 11	01.01.13
Amendment to IAS 32 and IFRS 7 – Offsetting of Financial Assets and Financial Liabilities	Dec 11	01.01.13

EU ENDORSEMENT COMPLETED

The IASB has published the standards and interpretations listed below, which have already been adopted by the EU in the comitology procedures, but the adoption of which was not yet mandatory for the fiscal year 2011. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to apply this standard when it becomes mandatory.

AMENDMENTS TO IFRS 7 – DISCLOSURES – TRANSFERS OF FINANCIAL ASSETS

The amendment to IFRS 7 was published in October 2010 and is effective for the first time for annual periods beginning on or after 1 July 2011. This amendment sets forth extensive new qualitative and quantitative disclosures for transfers of financial assets that have not been derecognized and for any continuing involvement in a transferred financial asset as of the reporting date.

EU ENDORSEMENT PENDING

The IASB has published the standards and interpretations listed below, the adoption of which was not yet mandatory for the fiscal year 2011. These standards and interpretations have not yet been endorsed by the EU and have not been applied by the Group.

AMENDMENT TO 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 effective for the first time for annual periods beginning on or after 1 July 2011. This amendment removes fixed dates of application for the derecognition of financial assets and financial liabilities and for the requirements to initially recognize a gain or loss pursuant to IFRS 1 and replaces them with the date of transition to IFRSs. The amendment also clarifies how an entity should resume presenting financial statements in accordance with IFRSs after a period of severe hyperinflation, during which the entity had been unable to comply with IFRSs in full.

IFRS 9 FINANCIAL INSTRUMENTS: CLASSIFICATION AND MEASUREMENT

The first part of phase I in the preparation of IFRS 9 Financial Instruments was issued in November 2009. This standard contains new regulations on the classification and measurement of financial assets. It requires debt instruments, depending on their characteristics and taking account of the business model, to be recognized either at amortized cost or at fair value through profit or loss. Equity instruments must always be shown at fair value. However, changes in the value of equity instruments may be presented in other comprehensive income if the instrument-specific option to do so is exercised at initial recognition of the financial instrument. In this case, only certain dividend income from equity instruments is shown in the income statement. Financial assets held for trading purposes are an exception. These must be stated at fair value through profit or loss. The IASB completed the second part of phase I of the project in October 2010. The standard

therefore now includes sections relating to financial liabilities and permits previous classification and measurement policies for financial liabilities to be retained with the following exceptions: The effects of changes in own credit risk for financial liabilities classified as at fair value through profit or loss must be recognized in other comprehensive income and derivative liabilities relating to non-listed equity instruments may no longer be recognized at cost. IFRS 9 is applicable for the first time for annual periods beginning on or after 1 January 2015.

IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS

IFRS 10 was issued in May 2011 and becomes effective for the first time in annual periods beginning on or after 1 January 2013. The new standard replaces the requirements previously in IAS 27 Consolidated and Separate Financial Statements that addressed the accounting for consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities.

IFRS 11 JOINT ARRANGEMENTS

IFRS 11 was issued in May 2011 and becomes effective for the first time in annual periods beginning on or after 1 January 2013. The standard replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

IFRS 12 was issued in May 2011 and becomes effective for the first time in annual periods beginning on or after 1 January 2013. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity’s interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 FAIR VALUE MEASUREMENT

IFRS 13 was issued in May 2011 and becomes effective for the first time in annual periods beginning on or after 1 January 2013. This standard establishes guidance for determining fair value and defines comprehensive quantitative and qualitative disclosures on fair value measurements. IFRS 13 does not change when an entity is required to use fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

AMENDMENT TO IAS 1 – PRESENTATION OF ITEMS OF OTHER COMPREHENSIVE INCOME

The amendment to IAS 1 was issued in June 2011 and is effective for annual periods beginning on or after 1 July 2012. The amendment to IAS 1 concerns the presentation of the items of other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) must be presented separately from items that will never be reclassified.

AMENDMENT TO IAS 12 – DEFERRED TAX: RECOVERY OF UNDERLYING ASSETS

The amendment to IAS 12 was published in December 2010 and must be applied for the first time in annual periods beginning on or after 1 January 2012. The amendment to IAS 12 marks the introduction of a simplification rule. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable property, plant and equipment that are measured using the revaluation model always be measured on a sale basis of the asset.

IAS 19 EMPLOYEE BENEFITS (REVISED 2011)

The revised IAS 19 was issued in June 2011 and becomes effective for the first time in annual periods beginning on or after 1 January 2013. The amendments range from fundamental changes such as the calculation of expected returns on plan assets and removing the corridor mechanism, which was used to evenly spread the volatility resulting from pension obligations over time, to simple clarifications and re-wording.

IAS 27 SEPARATE FINANCIAL STATEMENTS (REVISED 2011)

The revised IAS 27 was issued in May 2011 and becomes effective for the first time in annual periods beginning on or after 1 January 2013. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (REVISED 2011)

The revised IAS 28 was issued in May 2011 and becomes effective for the first time in annual periods beginning on or after 1 January 2013. With the issue of IFRS 11 and IFRS 12 the scope of IAS 28 was extended such that the equity method is applicable not only to associates but also to joint ventures.

AMENDMENT OF IAS 32 AND IFRS 7 – OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The amendment to IAS 32 and IFRS 7 was published in December 2011 and must be applied for the first time in annual periods beginning on or after 1 January 2013. The amendment is to eliminate existing inconsistencies by supplementing the application guidelines. However, the existing fundamental provisions on offsetting financial instruments will be retained. The amendment also defines additional disclosures.

The Group believes the future application of IFRS 10 – Consolidated Financial Statements and IFRS 13 – Fair Value Measurement may impact its financial position and performance as well as the disclosures in the notes to the financial statements. The exact extent of this impact cannot yet be reliably determined. The adoption of other standards and interpretations in the future is not expected to have a significant effect on the Group's financial position or performance. The Group intends to adopt the IFRSs when their adoption becomes mandatory provided that they have been recognized accordingly in the endorsement procedure.

3. BASIS OF CONSOLIDATION, JOINT VENTURES AND ASSOCIATES

3.1 SUBSIDIARIES

The consolidated financial statements comprise the financial statements of ADC African Development Corporation GmbH & Co. KGaA and its subsidiaries as of 31 December 2011. Subsidiaries are all entities (including special purpose entities) over which the Group exercises control with respect to financial and operating policy; the Group generally holds more than 50% of the voting rights in these entities.

Capital consolidation is performed by offsetting the cost of the equity investments against the revalued equity of the consolidated subsidiaries at the time of acquisition or purchase accounting. The recognizable assets, liabilities and contingent liabilities of the subsidiaries are measured in full at fair value regardless of the size of the non-controlling interest.

For each acquisition there is an option that can be exercised separately to measure non-controlling interest either at fair value or at the proportionate share of the net assets. Incidental purchase costs are included in profit or loss. For acquisitions achieved in stages, interests already held are remeasured through profit or loss. Contingent purchase price obligations are initially recognized at fair value on the acquisition date and subsequently measured at fair value. Debit differences (goodwill) resulting from purchase accounting are capitalized and subjected to an annual impairment test in accordance with IFRS 3/IAS 36 (see note 4.3). Credit differences are released directly through profit or loss. For de-consolidations, the net carrying amounts of the debit differences are taken into account in the calculation of the gain/loss on disposal.

IN ADDITION TO THE PARENT, THE FOLLOWING ENTITIES WERE FULLY CONSOLIDATED IN THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2011:

		CAPITAL INTEREST AS OF 31.12.2011[3]				2011	
		DIRECT IN %	INDIRECT IN %	OF	CUR-RENCY (LC)	EQUITY LCk	EQUITY EURk
1.	ADC Financial Services & Corporate Development Ltd., Cybercity, Republic of Mauritius	100			EUR	76,718	76,718
2.	ADC IT & Payment Solutions Ltd., Cybercity, Republic of Mauritius		100	1.	EUR	(1,471)	(1,471)
3.	RSwitch Ltd (fka: Simtel S.A.), Kigali, Republic of Rwanda		70	2.	RWF	(2,694,700)	(3,859)
4.	R Cards Processing Services Limited, Cybercity, Republic of Mauritius[2]		100	3.	EUR	19	19
5.	ADC Real Estate Ltd., Cybercity, Republic of Mauritius[1]		100	1.	EUR	4	4
6.	ADC Rwanda SARL, Kigali, Republic of Rwanda		100	1.	RWF	33.011	42
7.	ADC Enterprises, Cybercity, Republic of Mauritius		100	1.	EUR	(40)	(40)
8.	ADC Ventures, Cybercity, Republic of Mauritius		100	1.	EUR	(4)	(4)
9.	ADC Investments, Cybercity, Republic of Mauritius		100	1.	EUR	(4)	(4)
10.	ADC Petroleum, Cybercity, Republic of Mauritius		100	1.	EUR	(3)	(3)

1 closed in 2010
2 These companies were founded in 2011.
3 The share in capital of the existing subsidiaries as of 2010 did not change in 2011.

Changes in shareholdings which do not lead to a loss of control are recognized in other comprehensive income as an equity transaction between shareholders. These transactions do not lead to the recognition of goodwill or the realization of gains on sale. For sales of interests that lead to a loss of control, the remaining shares are remeasured and the accumulated other comprehensive income recognized in equity in relation to the shareholding is reported in the income statement.

Losses incurred on non-controlling interests are allocated in full to the non-controlling interests, even if this results in a negative carrying amount.

2010		2011		2010	
EQUITY LCk	EQUITY EURk	RESULT LCk	RESULT EURk	RESULT LCk	RESULT EURk
26,976	26,976	13,990	13,990	10,387	10,387
(845)	(845)	(626)	(626)	(447)	(447)
77.267	100	(2,641,990)	(3,767)	(1,021,262)	(1,348)
-	-	17	17	-	-
22	22	(18)	(18)	(7)	(7)
54,078	70	(21,066)	(25)	(102,839)	(136)
-	-	(40)	(40)	-	-
-	-	(4)	(4)	-	-
-	-	(4)	(4)	-	-
-	-	(3)	(3)	-	-

ADC IT & Payment Solutions Ltd., Cybercity, Mauritius ("ADC IT") acquired 70% of the voting shares in RSwitch Ltd (formerly: "Simtel S.A."), Kigali, Rwanda ("RSwitch") on 25 June 2008.

On 11 October 2008, ADC Financial Services & Corporate Development Ltd., Cybercity, Mauritius ("ADC FS"), as the sole shareholder, transferred 50.1% of its interests in ADC IT to XCOM AG, Willich (Germany) at face value. There was no gain or loss from the sale. Because the Group has the possibility to appoint and dismiss most of the members of the corporate bodies and thus to have control over the financial and operating policy of ADC IT despite only having a 49.9% interest, ADC IT continues to be included in the consolidated financial statements according to the acquisition method (full consolidation) even after the sale of the interest. On 15 July 2010, ADC FS and XCOM AG, Willich (Germany), concluded a put/call option agreement in relation to the 50.1% interest held in ADC IT by XCOM. In a letter dated 27 September 2010, XCOM exercised the put option with immediate effect. Consequently, ADC FS is once again the sole shareholder of ADC IT.

In the fiscal year 2011 the following wholly owned subsidiaries were founded: ADC Enterprises ("ADC Enterprises"), Cybercity, Mauritius, ADC Investments ("ADC Investments"), Cybercity, Mauritius, ADC Ventures ("ADC Ventures"), Cybercity, Mauritius, and ADC Petroleum ("ADC Petroleum"), Cybercity, Mauritius.

R Cards Processing Services Ltd. ("R Cards"), Cybercity, Mauritius, was established in 2011 and will be included into the RSwitch subgroup.

The date of first-time accounting of the new consolidated subsidiaries founded by the Group is identical to the date of founding. ADC founded these entities before creating hidden reserves. The acquisition cost thus generally corresponds to pro rata equity. Therefore no goodwill resulted from the purchase accounting for these entities.

On 30 September 2009, a capital increase amounting to RWF 80,834k was performed at ADC Rwanda SARL ("ADC Rwanda"), Kigali, Rwanda. On 17 November 2009, a resolution was passed at an extraordinary shareholder meeting to transfer all interests of ADC IT

AS OF THE REPORTING DATE, THE GROUP HELD INTERESTS IN THE FOLLOWING JOINT VENTURES:

	YEAR
Loita African Development Corporation Ltd, Cybercity, Mauritius	2011

and ADC Real Estate Ltd., Cybercity, Mauritius, in ADC Rwanda SARL, Kigali, Rwanda, to ADC FS effective 31 December 2009.

On 25 February 2010, a capital increase amounting to RWF 100,000k was performed at ADC Rwanda SARL, Kigali, Rwanda.

On 12 May 2010, a capital increase amounting to EUR 500k was performed at ADC FS. Further capital increases of EUR 1,000k and EUR 2,000k followed on 16 July 2010 and 6 September 2010 respectively.

On 21 January 2011, a capital increase amounting to USD 3.3m was performed at ADC FS. Further capital increases of EUR 10.0m followed on 21 February 2011, of EUR 350k on 3 March 2011, of EUR 1,200k on 25 March 2011, of USD 20.0m on 9 September 2011, of EUR 4.0m on 20 September 2011, of EUR 275k on 23 September 2011 and of EUR 1,000k on 12 July 2011, 14 November 2011 and 23 December 2011, respectively. The total translated amount paid into the capital reserves of ADC FS in 2011 amounted to EUR 35,751k.

3.2 JOINT VENTURES

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

As a private equity company, ADC recognizes the interests in joint ventures at fair value pursuant to IAS 39 in accordance with the option in IAS 31.1. Upon initial recognition, these financial assets were allocated to the "assets at fair value through profit or loss category".

As of the reporting date, the Group held interests in the following joint ventures:

CAPITAL INTEREST INDIRECT %	CURRENCY (LC)	ASSETS LCk	LIABILITIES LCk	EQUITY LCk	RESULT LCk	RESULT EURk
50	EUR	393	5	388	(12)	(12)

Together with Loita Capital Partners International Ltd., Mauritius, ADC FS founded Loita African Development Corporation Ltd ("Loita"), Mauritius in July 2011. The joint venture is an investment vehicle for the acquisition of further interests in African banks. Loita will also provide technical and advisory services to the banks as well as management staff. The Group holds 50% of the interests in Loita as of the reporting date. The interests in Loita are reported at fair value of EUR 200k, which corresponds to the pro rata equity.

3.3 ASSOCIATES

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture.

AS OF THE REPORTING DATE, THE GROUP HELD INTERESTS IN THE FOLLOWING ASSOCIATES:

	YEAR
Banco Nacional de Guinea Ecuatorial, Malabo, Republic of Equatorial Guinea[1]	2011
	2010
Resolution Health East Africa Ltd, Nairobi, Kenya[1]	2011
	2010
ABC Holdings Limited, Gaborone, Botswana[1]	2011
Brainworks Capital Management (Private) Ltd, Harare, Zimbabwe[1]	2011
iVeri Payment Technologies (Pty) Ltd, Johannesburg, Republic of South Africa[1]	2011
	2010
evriPay GBL 1, Cybercity, Mauritius[1]	2011

Disclosure of assets, liabilities and equity as well as profit for the year is based on the corresponding financial statements prepared in accordance with national law.
The valuation results of the shares in affiliates recognized at fair value through profit or loss are given in note 5.3a.

1 At the time of preparation of the consolidated financial statements, the annual audits of these companies' financial statements had not yet been concluded.
As a result, the figures are based only on the unaudited financial statements.

As a private equity company, ADC recognizes the interests in associates at fair value pursuant to IAS 39 in accordance with the option in IAS 28.1. Upon initial recognition, these financial assets were allocated to the "assets at fair value through profit or loss category".

The fair value of financial assets not traded on organized markets is calculated using valuation models – comparison with the fair value of another financial instrument that is substantially the same, the analysis of discounted cash flows and other valuation methods. The parameters underlying the valuation methods are applied consistently over time and are based on available company and market data. Changes in value of assets measured at fair value through profit or loss are recognized immediately in profit or loss. In the case of financial investments carried out shortly before the reporting date, the fair value generally corresponds to cost. The need for a write-down or write-up is monitored based on the development of the investment.

CAPITAL INTEREST INDIRECT %	CURRENCY (LC)	ASSETS LCk	LIABILITIES LCk	EQUITY LCk	RESULT LCk	RESULT EURk
25.00	XAF	220,473,947	209,825,953	10,647,994	2,339,715	3,556
25.00	XAF	129,270,403	118,050,191	11,220,212	5,292,754	8,045
38.74	KES	760,188	664,926	95,262	(128,738)	(1.150)
38.74	KES	447,212	403,308	43,904	12,670	115
23.10	BWP	9,407,902	8,474,205	933,697	112,364	11,641
28.00	USD	17,170	5,721	11,449	229	177
49.00	ZAR	4,072	1,565	2,507	556	53
49.00	ZAR	3,671	1,226	2,445	652	74
25.00	EUR	1,952	8	1,944	-56	-56

In fiscal 2011, the Group acquired a 23.1% shareholding of the interests in ABC Holdings Limited ("BancABC"), Gaborone, Botswana. The interest in BancABC is reported at a fair value of EUR 25,313k as of the reporting date.

In 2010, ADC acquired a 25.1% interest in Resolution Health East Africa Ltd. ("RHEAL"), Nairobi, Kenya, via a direct investment. A further 13.64% share in RHEAL is held via a special purpose entity, Proven Track Corporation Ltd. ("PTC"), GBL1, Mauritius. The interests in RHEAL are recognized at a fair value of EUR 3,725k. The purchase price for the acquisition of the interests in RHEAL was paid in fiscal 2011.

In 2008, a 44.95% interest in Ecobank Zimbabwe Ltd. ("Ecobank") (formerly: "Premier Finance Group Ltd": "PFG"), ("Ecobank"), Harare, Zimbabwe was acquired. The purchase price for the interests amounted to EUR 3,334k. This interest was diluted to 13.5% in 2010 and to 11.5% in 2011 on account of not taking part in capital increases performed at Ecobank. The interests in Ecobank were exchanged for interests in Brainworks Capital Management (Private) Ltd (28.0%), Harare, Zimbabwe ("Brainworks"), as part of a share swap effective 28 December 2011. The interests in Brainworks are reported at a fair value of EUR 4,004k as of the reporting date.

As of the reporting date, ADC also holds a 25% interest in evriPay GBL1 ("evriPay"), Cybercity, Mauritius, which was founded effective as of 15 September 2011. The other 75% is held indirectly through iVeri. The interests are reported at a fair value of EUR 370k as of the reporting date.

3.4 CURRENCY TRANSLATION

The Group's consolidated financial statements are presented in euros, which is also the functional and presentation currency. Each entity in the Group determines its own functional currency.

If the functional currency of the foreign subsidiaries does not correspond to that of the Group, their financial statements are translated into euros. Equity items are translated at historical rates, while asset and liability items are translated at the closing rate. The subsidiaries' income and expense items are translated using average rates.

Any resulting currency translation differences are recorded without an effect on profit or loss until the disposal of the subsidiary and reported as a separate item in equity. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments are treated as assets or liabilities of the foreign operation and translated at the closing rate. For the translation of the subsidiaries in the Republic of Rwanda, a closing rate of RWF 770.24 / EUR 1 was used as of 31 December 2011 (31 December 2010: RWF 773.40

/ EUR 1) with an annual average rate of RWF 821.94 / EUR 1 was used (31 December 2010: RWF 757.58/ EUR 1).

If the functional currency of the foreign subsidiary is the euro, transactions in foreign currency are translated using the rates at the time of the transactions. Monetary items of the statement of financial position in foreign currencies are valued at the mean rate on the reporting date. Gains and losses in foreign currency arising from translation are recognized in profit or loss.

The foreign currency effects recognized directly in equity fell by EUR 123k to EUR 99k in the reporting year. The income statement for the reporting year includes gains from foreign currency translation of EUR 1,527k as well as losses of EUR 399k, which stem chiefly from the translation of the cash and cash equivalents in US dollars as of the reporting date. Gains from foreign currency translation totaling EUR 177k were recorded in the prior year.

4. ACCOUNTING POLICIES

4.1 OTHER INTANGIBLE ASSETS AND GOODWILL

Intangible assets which are not acquired in a business combination are capitalized at cost on initial recognition. Incidental purchase costs comprise the purchase price and the costs directly allocable to the acquisition.

The cost of intangible assets acquired in the business combinations is fair value as at the date of acquisition.

Intangible assets acquired for a consideration are measured at amortized cost in the Group.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest in the course of business combinations over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Intangible assets – excluding goodwill – with a finite useful life (software and licenses) are amortized over their economic useful life using the straight-line method (reported separately as amortization, see note 6.9).

The useful life is based on the period in which the intangible asset provides an economic benefit for the Group, with useful lives of two to five years assumed. The useful life and amortization method is reviewed at the end of each reporting period.

4.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation (reported separately as depreciation, see note 6.9) and accumulated impairment losses in the Group.

Property, plant and equipment have useful lives of between four and five years. Depending on the group of assets, the straight-line method or declining balance method is used. The useful life, depreciation method and net carrying amounts are reviewed at the end of each reporting period.

4.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life are not depreciated. They are instead subjected to an impairment test annually and as the need arises.

Other intangible assets and property, plant and equipment is tested for impairment if there is any indication that they may be impaired.

As part of the impairment test, the net recoverable amount of the asset (or cash-generating unit) is assessed to determine the extent of any impairment loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. At the Company, the recoverable amount is determined based on the value in use. In de-

termining value in use, the estimated future cash flows are discounted to present value using the current market interest rate, which reflects the asset's specific risks. When the recoverable amount of an asset (or a cash-generating unit) falls below its carrying amount, the carrying amount of the asset (or a cash-generating unit) is written down to the recoverable amount. The impairment loss is immediately recorded as an expense.

If the reasons for impairment no longer apply, a write-up is performed to the amortized cost that would have resulted if the impairment had not been recognized. If impairments were recorded for goodwill and other intangible assets with indefinite useful lives, no write-up is recorded in later periods if the reasons for impairment no longer apply.

4.4 FINANCIAL ASSETS

Pursuant to IAS 39, financial assets are classified in the following categories:

- Loans and receivables
- Financial assets at fair value through profit or loss
- Financial assets held to maturity
- Financial assets available for sale.

The classification depends on the nature and respective purpose of the financial asset and is designated upon addition.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase or sell an asset.

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group classifies the investments in joint ventures and associates as financial assets measured at fair value upon initial recognition (see notes 3.2 and 3.3).

Subsequent measurement is at fair value. Changes in values in these financial assets are expensed immediately. We refer to note 5.3 for the carrying amounts as of 31 December 2011 and 31 December 2010 respectively; these constitute the maximum credit risk.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

LOANS AND RECEIVABLES

Loans and receivables are measured initially at fair value including transaction costs. For short-term receivables, the fair value generally corresponds to the amount of agreed payment upon addition (nominal amount). They are subsequently measured at amortized cost using the effective interest method less any impairment losses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at fair value. The fair value of cash and cash equivalents generally corresponds to the nominal value. Cash on hand and bank balances in foreign currency are translated to euros using the spot rate (bid rate) on the reporting date.

IMPAIRMENT OF FINANCIAL ASSETS

Whether there is any objective evidence that financial assets are impaired is determined at each reporting date. The Group carries out the impairment tests for example if the customer is encountering payment difficulties or is at risk of insolvency, if there are indications that the amount of receivables is declining or of litigation with the customer and in the case of material delays in payment. The impairment test involves estimating the expected discounted cash flows and comparing them with the carrying amount of the receivable.

The carrying amount is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If the reasons for the impairment loss no longer apply in subsequent periods or no longer apply in full, the impairment loss can be reversed to amortized cost, reported under other income. Impaired receivables are derecognized when they are assessed as uncollectible.

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

The Group does not currently have any held-to-maturity or available-for-sale financial assets.

Apart from financial assets, only loans, receivables and cash and cash equivalents are reported as financial assets on the asset side. In the opinion of the Company, the carrying amounts of the financial assets reported constitute a reasonable approximation of fair value.

The Group did not reclassify any financial assets measured at cost to financial assets measured at fair value, nor did it make any reclassifications the other way around.

Financial assets are generally derecognized when the rights to cash flows have expired or if the right to receive the cash flows has been transferred and the Group has substantially transferred all risks and rewards incidental to ownership.

For additional information, we refer to the comments in note 5.3.

4.5 INVENTORIES

Inventories are measured at the lower of cost or net realizable value. Cost comprises the purchase price and the costs directly allocable to the acquisition. Net realizable value is the estimated sales price less all estimated costs to completion and selling and marketing costs.

4.6 OTHER ASSETS

Other assets that are not financial assets are carried at amortized cost. Identifiable risks of default are accounted for by means of write-downs.

4.7 FINANCIAL LIABILITIES

Financial liabilities are initially measured at fair value less the directly allocable transaction costs. They are subsequently recognized at amortized cost.

For current liabilities, the fair value generally corresponds to the estimated sum of all future payments. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

In the opinion of the Company, the carrying amounts of the financial liabilities reported constitute a reasonable approximation of fair value.

The Group does not have any financial liabilities at fair value through profit or loss.

For additional information, we refer to the comments in note 5.3.

4.8 PROVISIONS

Provisions are recognized if there is a present legal or constructive obligation to a third party from a past event which will probably lead to an outflow of resources in future and the amount of the obligation can be reliably estimated. An outflow of resources is probable if it is more likely than not to take place.

Provisions are measured using the best estimate of the amount of the obligation. For individual risks, this amount constitutes the most probable value in each case. Provisions which do not lead to an outflow of resources in the following year are carried at the present value.

The recognition and measurement of provisions are reviewed at each reporting date and adjusted as necessary.

4.9 INCOME TAX

Deferred tax assets and liabilities are recognized for temporary differences between the tax base of the assets and liabilities and their carrying amounts pursuant to the IFRS financial statements using the liability method. Deferred tax assets for temporary differences and for unused tax losses are recognized at the probable amount of temporary differences or unused tax losses that can be offset against future positive taxable income. Deferred taxes are calculated at the amount of the expected tax burden or tax relief in the following reporting periods on the basis of the tax rate expected on the date of realization.

Current income tax is recognized as a liability and calculated on the basis of expected taxable income less prepayments made. If prepayments exceed the tax burden, the difference is recognized as an asset.

4.10 REVENUE RECOGNITION

Revenue and income from the provision of services is recognized when the amount of income and the costs in connection with providing the services as well as the percentage of completion can be reliably measured as of the reporting date.

Income from the provision of advice to portfolio companies as well as income from the provision of IT consulting services is recognized using the percentage of completion method. Stage of completion is measured by reference to the labor hours incurred as of the reporting date as a percentage of total estimated labor hours for the respective consulting project. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest income is recognized when interest accrues.

Dividend income is recognized when the Group's right to receive the payment of the dividend is established.

The Group has not received any government grants. The Group does not record any earnings from fees or commission.

4.11 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation that arises from past events but is not recognized as a provision because an outflow of resources is not probable or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and contingent assets are not recorded in the statement of financial position; they are disclosed in the notes to the financial statements instead (see note 11).

5. NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.1 OTHER INTANGIBLE ASSETS AND GOODWILL

IN EURk
Historical cost as of 1 January
Change in the consolidated group
Exchange adjustment
Additions
Historical cost as of 31 December
Accumulated amortization and depreciation as of 1 January
Change in the consolidated group
Exchange adjustment
Amortization and depreciation
Accumulated amortization and depreciation as of 31 December
Carrying amount as of 1 January
Carrying amount as of 31 December

As in the prior year, there were no indications in fiscal 2011 of a need for impairment charges pursuant to IAS 36 for intangible assets.

Additions to intangible assets solely relate to assets acquired for a consideration. Additions primarily contain new software acquired as part of the restructuring of RSwitch (EUR 396k).

			2011			2010
	OTHER INTANGIBLE ASSETS	GOODWILL	TOTAL	OTHER INTANGIBLE ASSETS	GOODWILL	TOTAL
	769	**838**	**1.607**	**734**	**838**	**1.572**
	0	0	0	0	0	0
	(21)	0	(21)	35	0	35
	429	0	429	0	0	0
	1.177	**838**	**2.015**	**769**	**838**	**1.607**
	(635)	**0**	**(635)**	**(378)**	**0**	**(378)**
	0	0	0	0	0	0
	(3)	0	(3)	(13)	0	(13)
	(98)	0	(98)	(244)	0	(244)
	(736)	**0**	**(736)**	**(635)**	**0**	**(635)**
	134	**838**	**972**	**356**	**838**	**1.194**
	441	**838**	**1.279**	**134**	**838**	**972**

The goodwill acquired in the course of business combinations was allocated to the "Electronic Payment" cash-generating unit for the purpose of impairment testing. It is expected that this unit will benefit from the synergies of the business combination. The calculations of the value in use of the "Electronic Payment" cash-generating unit are based on medium-term planning on the basis of the estimate of future cash flows as well as an appropriate discount rate of 32.0% (in 2010, a discount rate of 18.81% was used) to calculate present value. Because the recoverable amount exceeds the carrying amount of the cash-generating unit, there was no need for an impairment charge pursuant to IAS 36 (note 5.4).

5.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment almost solely contain technical equipment.

IN EURk	2011	2010
Historic cost as of 1 January	**1,486**	**1,334**
Exchange adjustment	(51)	76
Additions	333	120
Disposals	(307)	(44)
Historic cost as of 31 December	**1,461**	**1,486**
Accumulated amortization and depreciation as of 1 January	**(811)**	**(606)**
Exchange adjustment	53	(33)
Additions	(347)	(203)
Disposals	196	31
Accumulated amortization and depreciation as of 31 December	**(909)**	**(811)**
Carrying amount as of 1 January	**675**	**728**
Carrying amount as of 31 December	**552**	**675**

Additions in 2011 primarily related to the procurement of new hardware as part of restructuring RSwitch (EUR 333k). Disposals include obsolete technical equipment.

In fiscal year 2011, certain items of property, plant and equipment in the "Payment Services" segment were written down to their recoverable amount in accordance with IAS 36 (EUR 196k). As part of the restructuring of RSwitch, existing technical equipment was replaced by new equipment. Besides the above mentioned write-down, there were no indications of a need to recognize impairment losses on property, plant and equipment in accordance with IAS 36 in fiscal year 2011. As before, there are no restrictions on disposal within the Group, nor are property, plant and equipment pledged as collateral for debts.

5.3 NOTES ON THE FINANCIAL INSTRUMENTS

5.3a FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item includes the interests in joint ventures and associates measured at fair value as well as two derivative financial instruments (call options).

IN EURk	31.12.11	31.12.10
Carrying amount at the beginning of the period	**23,192**	**9,839**
Additions	17,528	2,376
Disposals	-1,250	-350
Change in fair values	14,472	11,327
Carrying amount at the end of the period	**53,942**	**23,192**

Financial instruments at fair value through profit or loss

IN EURk	2011	2010
Associates:		
BancABC	25,313	-
BANGE	14,850	14,250
Brainworks	4,004	-
RHEAL	3,725	2,376
Ecobank Zimbabwe (fka: PFG)	-	1,250
iVeri	761	676
evriPay	370	-
Joint venture:		
Loita	200	-
Sub-total	**49,223**	**18,552**
Derivative financial instruments:		
Purchase option (BANGE)	4,640	4,640
Purchase option (banking group in Sub-Saharan Africa)	79	0
Sub-total	**4,719**	**4,640**
Total investments in associates and derivative financial instruments	**53,942**	**23,192**

The Group holds non-controlling interests (between 25 and 49%) in entities where the Group has entered into collaboration. The fair value of the unquoted interests has been estimated using a discounted cash flow model (stage 3). The valuation requires management to make certain assumptions about the model inputs including credit risk and volatility. The valuation using the discounted cash flow method is verified using other methods (e.g. multiplier methods). The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments. The future cash flows were determined based on multi-year business plans of the non-controlling interests. As in the prior year, a growth rate of 3.00 % was used for the terminal value. The discount rate comprises the corresponding risk-free interest rate, a market risk premium, a weighted beta factor and a country-specific risk premium. The discount rates used range between 10.00% and 25.00% (prior year: 10.00 % - 25.00 %).

In the shareholder agreement between ADC FS and BANGE dated 16 December 2008, ADC FS was granted a call option for 25.1% of the shares in BANGE subject to a condition precedent. With the exception of the resolution of the shareholder meeting concerning the capital increase, the prerequisites for exercising the call option were all met as of 31 December 2010 and 31 December 2011. Numerous factors were taken into account in the option valuation:

The option price is determined by its intrinsic value and its fair value. The intrinsic value corresponds to the difference between the current market price of the underlying and the strike price.

The fair value is the difference between the current overall price for the option and the intrinsic value. The fair value reflects the chance that the option can still meet an intrinsic value or increase that value over the remaining term. Its amount depends in addition to the intrinsic value on the volatility of the price of the underlying, the remaining term, the risk-free interest rate and the amount of the strike.

Management exercised judgment in the recognition and measurement of the call option (see note 14). The option has not yet been exercised and it is uncertain when and at what amount the capital increase will actually be passed by the shareholder meeting and implemented. Nevertheless it has a value for the Company, as it is defined in a legally binding agreement and the conditions tied to the granting of the additional interests have been met without restriction. A discount rate of 36.4% (prior year: 37.0%) was taken into account in deriving the current market value of the underlying. This interest rate comprises the risk-free interest rate (3.3%; prior year: 3.3%), a market risk premium (5.0%; prior year: 2.5%), a weighted beta factor (0.6; prior year: 0.6), a country-specific risk premium (12.8%; prior year: 15.0%) and an additional risk markdown (17.3%; prior year: 17.3%).

The additional risk markdown takes into account in particular the fair value of the call option, as it reflects the volatility of the underlying, the remaining term and how the option is exercised. In particular it was taken into account that whether or not the call option is exercised depends on future events connected to the resolution by the shareholder meeting concerning the capital increase. The intrinsic value corresponds to the difference between the current market price of the underlying as determined using the discounted cash flow method and the strike price underlying the shareholder agreement. The fair value of the call option, comprising the intrinsic value and the fair value, amounts to EUR 4,640k as of 31 December 2011 (prior year: EUR 4,640k). Without taking into account the additional risk markdown (17.3%), the fair value of the option would be EUR 8,200k (prior year: EUR 6,950k) higher and would amount to EUR 12,840k (prior year: EUR 11,590k) as of 31 December 2011.

In addition, ADC has a second call option for the purchase of 9.89 % of the interests in a banking group in sub-Saharan Africa as of the reporting date. The option expires as of 31 May 2012. The option was measured at its fair value of EUR 79k as of the reporting date.

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

IN EURk	2011	2010
Financial instruments at fair value through profit and loss	14,472	11,328
Net profit	**14,472**	**11,328**

The changes in fair value are recognized in the consolidated income statement in the item "Profit/loss from fair value measurement".

A profit resulted from the share swap of Ecobank Zimbabwe, which led to derecognition of the equity investment (see 6.2).

Fair value hierarchy: The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As of 31 December 2011 and in the prior year, the Group held the following financial instruments measured at fair value through profit or loss:

	31.12.2011	LEVEL 1	LEVEL 2	LEVEL 3
Investments in associates	49,023	25,313	0	23,710
Investments in joint ventures	200	0	0	200
Derivative financial instruments	4,719	0	0	4,719

	31.12.2010	LEVEL 1	LEVEL 2	LEVEL 3
Investments in associates	18,552	0	0	18,552
Derivative financial instruments	4,640	0	0	4,640

In the period from 1 January to 31 December 2011, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

There were no financial liabilities at fair value through profit or loss as of 31 December 2011 or in the prior year.

5.3b FINANCIAL INSTRUMENTS MEASURED AT AMORTIZED COST

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the consolidated financial statements at amortized cost, which contain loans and receivables and cash and cash equivalents:

IN EURk	CARRYING AMOUT		FAIR VALUE	
FINANCIAL ASSETS	2011	2010	2011	2010
Cash and short-term deposits	20,094	44,028	20,094	44,028
Restricted cash	23,183	0	23,183	0
Trade receivables and other receivables	491	1,005	491	1,005
Other current assets	2,652	372	2,652	372

The financial assets include cash and cash equivalents of EUR 23,183k as of the reporting date for which there is a restriction on disposal. These funds of USD 30.0m are deposited on an escrow account for the purpose of an upcoming investment in Nigeria.

IN EURk	CARRYING AMOUT		FAIR VALUE	
FINANCIAL ASSETS	2011	2010	2011	2010
Bank liabilities	4,002	0	4,002	0
Trade payables Provisions and other liabilities	2,878	4,718	2,878	4,718
Convertible bond	7,738	0	7,738	0

The financial liabilities in the current fiscal year mainly comprise a short-term bank loan of EUR 4,000k taken out as bridge financing for the capital increase performed in December 2011, as well as a convertible bond from a portfolio company of EUR 7,738k. Financial liabilities also include liabilities for goods or services and deferred services still to be rendered from RSwitch (EUR 1,072k) as well as liabilities from the provision of services of ADC BDS amounting to EUR 392k.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term fixed-rate and variable-rate receivables and borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As of 31 December 2011 and in the prior year, the carrying amounts of such receivables, net of allowances, approximate their fair values.

The development of the allowances on trade receivables recorded on the basis of past experience can be seen from the comments in 5.7.

5.4 IMPAIRMENT TESTING OF GOODWIL

The goodwill acquired from the business combination with RSwitch (formerly Simtel) amounting to EUR 838k was allocated to the cash-generating unit "Electronic Payment" for impairment testing. Each cash-generating unit to which the goodwill has been allocated represents the lowest level in the Group at which goodwill is monitored for internal management purposes.

"ELECTRONIC PAYMENT" CASH-GENERATING UNIT

The Group performed its annual impairment test as of 31 December. The recoverable amount is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period. This reflects the key assumptions of management, past experience and the future development of the Company for the forecast period. The projected cash flows have been updated to reflect in particular the rise in fees for card issue and card management as well as in transaction fees. The pre-tax discount rate applied to the cash flow projections is 32.00% (prior year: 18.81%). The growth rate used to extrapolate the cash flows beyond the five-year period is 3.00% (prior year: 3.00%), which is the same as the long-term average growth rate for the industry and the country. There was no need for an impairment charge as a result of this analysis of value in use.

KEY ASSUMPTIONS USED IN VALUE-IN-USE CALCULATIONS

The calculation of value in use for the "Electronic Payment" cash-generating unit is most sensitive to the following assumptions:

- Gross margin
- Discount rates
- Development of the price structure for card issue and card management, ATM/POS (point-of-sale) lease fees and ATM/POS maintenance fees as well as of the fees for transaction processing and system integration
- Quantity development for the number of active payment cards, ATM & POS (point-of-sale) terminals
- Growth rate used to extrapolate cash flows beyond the budget period.

GROSS MARGIN – The gross margins are increased over the budget period for anticipated efficiency improvements.

DISCOUNT RATES – Discount rates reflect the current market assessment of the risks specific to each cash-generating unit. The discount rate was estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessment of any risk specific to the cash-generating unit for which future estimates of cash flows have not been adjusted.

Development of the price structure (card issue, card management, ATM/POS, transaction processing and system integration) – The price structure is fixed contractually with the banks and secured until 2013.

Quantity development for the number of debit cards issued, ATM & POS terminals – The estimates are based on marked research and analyses performed.

MARKET SHARE ASSUMPTIONS – For the business model for payment transactions, there is contractual exclusivity with the banks until 2013. These assumptions are important because, as well as using industry data for growth rates (as noted below), management assesses how the unit's position, relative to its competitors, might change after the exclusivity period.

GROWTH RATE ESTIMATES – Rates are based on published industry research.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

With regard to the assessment of value in use of the "Electronic Payment" unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount. The 1% rise in the interest rate used for discounting would likewise not necessitate a write-down.

The implications of the key assumptions for the recoverable amount are discussed below:

DEVELOPMENT OF THE PRICE STRUCTURE – The price structure is fixed contractually with the banks and negotiated exclusively until 2013. There could be price cuts after the end of the exclusivity period if the market situation deteriorates.

GROWTH RATE ASSUMPTIONS – Management recognizes that the speed of technological change and the possibility of new entrants after the end of the exclusivity period can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts included in the budget, but could yield a reasonably possible alternative to the estimated long-term growth rate of 3.00%. A reduction of 1.00% in the long-term growth rate would not result in further impairment either.

5.5 DEFERRED TAX

The deferred tax assets of EUR 456k recognized as of the reporting date (prior year: EUR 551k) relate to deferred taxes in connection with recoverable tax loss carryforwards. These unused tax losses can be carried forward for a period of five years. In the fiscal year, negative deferred taxes of EUR 78k were recognized in profit or loss. In the prior year, the deferred taxes recognized in profit or loss were positive and amounted to EUR 231k.

No deferred tax assets were recognized on unused tax losses of EUR 18,501k (prior year: EUR 13,013k) at ADC KGaA as well as of EUR 5,187k (prior year: EUR 0k) at subsidiaries, as it is assumed that it will probably not be possible to utilize them at the relevant group companies within a forecast period of five years.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced if it is no longer probable that sufficient taxable profit will be available against which the benefits of a deferred tax asset can be utilized in full or in part. Conversely, deferred taxes are recognized when their future usability is probable. During the fiscal year, defer-

red taxes on existing loss carryforwards at ADC FS, ADC IT and ADC RE of EUR 93k were reduced on the basis of the review.

Deferred tax liabilities for tax payments on possible future distributions of retained earnings of the subsidiaries were not recognized, provided these profits are required in the long-term to finance the relevant subsidiary.

5.6 INVENTORIES

The carrying amount of inventories recognized stood at EUR 323k (prior year: EUR 146k). Inventories are recognized at cost less impairment losses and are not subject to restrictions on disposal.

5.7 RECEIVABLES AND OTHER ASSETS

IN EURk	2011	2010
Trade receivables	406	743
Other receivables	85	262
	491	**1,005**
Income tax assets	76	14
Prepayments	606	372
Other assets	2.046	0
	2,728	**386**
	3,219	**1,391**

Trade receivables are current and non-interest bearing.

Other assets include receivables of EUR 2,046k from biw Bank, Willich, Germany, in connection with the capital increase in 2011. This bank provided bridge financing for the capital increase due to delays in payments from investors.

Prepayments of EUR 606k included prepayments for new software and equipment still to be installed at RSwitch (ATMs and equipment for producing bank cards), that arose in the course of restructuring.

The fair value of the financial assets approximates the recognized carrying amounts.

As of 31 December 2011, the nominal amount of trade receivables stood at EUR 446k (prior year: EUR 829k); specific bad debt allowances were deducted from the nominal value. See below for movements in the provision for impairment of receivables (charges for the year are included under other operating expenses):

IN TEUR	2011 INDIVIDUALLY DERTERMINED TO BE IMPAIRED	2010 INDIVIDUALLY DERTERMINED TO BE IMPAIRED
As of 1 January	**86**	**224**
Charge for the year	40	16
Reversal	-86	-154
As of 31 December	**40**	**86**

As of 31 December 2011/31 December 2010, the age structure of trade receivables breaks down as follows:

IN EURk	TOTAL	NEITHER IMPAIRED NOR PAST DUE	PAST DUE BUT NOT IMPAIRED			
			< 30 Tage	**30-90 Tage**	**90-180 Tage**	**> 180 Tage**
2011	406	86	101	206	13	0
2010	743	577	60	82	24	0

5.8 CASH AND CASH EQUIVALENTS

This item includes all cash on hand and daily bank deposits, short-term deposits of up to three months, and amounts deposited in an escrow account.

In addition to the Group's cash and cash equivalents of EUR 20,094k, bank balances of EUR 23,183k (USD 30.0m) were recognized as of the reporting date, deposited in an escrow account for the purpose of an upcoming investment. There was a restriction on disposal for this escrow account as of the reporting date.

The fair value of cash and cash equivalents is equal to the recognized carrying amount.

5.9 EQUITY

ISSUED CAPITAL

Issued capital is stated at nominal value.

The Company's issued capital (share capital) amounts to EUR 8,410,764.00 and is divided into 8,410,764 no-par value registered common shares (no-par value shares), each with a nominal value of EUR 1.00.

The partnership limited by shares, with its share capital of EUR 10,000,000.00 available upon its entry in the commercial register succeeded the stock corporation under ADC African Development Corporation AG, Frankfurt am Main, through a change in legal form. The change in legal form was entered in the commercial register on 26 March 2008.

During the year, the issued capital was increased by EUR 4,429,167 by the issue of 4,429,167 no-par value shares of EUR 1 each. The new shares were issued at an amount of EUR 2.40 each. The premium of EUR 6,200,833.80 was allocated to the capital reserves. The costs directly attributable to the capital increase of EUR 674,084.12 were netted against the capital reserves directly in equity.

The extraordinary shareholder meeting on 18 February 2010 passed a resolution to increase the Company's share capital by up to EUR 30,000,000.00 to up to EUR 44,429,167.00 in return for cash contributions of EUR 14,429,167.00 by issuing up to 30,000,000 new, ordinary no-par value bearer shares (no-par value shares) with a dividend entitlement from 1 January 2010 at an issue amount of EUR 1.00 per share to be issued. The resolution to increase the share capital became invalid if at least 1,000,000 new shares had not been issued by 31 July 2010 (authorized capital 2010/I). The increase in share capital approved by the shareholder meeting on 18 February 2010 was carried out in the amount of EUR 3,801,587.00. The new shares were issued at an amount of EUR 1.60 each. The premium of EUR 2,280,952.20 was allocated to the capital reserves. The costs directly attributable to the capital increase (including income tax effects) of EUR 436,074.48 netted with the capital reserves directly in equity. In accordance with the articles of incorporation, the general partner receives additional compensation for each capital increase of 1.5% on the issuing volume of the capital increase for the increased work entailed in carrying out and organizing capital increases. The costs of capital increases break down as follows:

IN EURk

CAPITAL INCREASE COSTS		
External service provider	308	
Compensation of general partner	109	see note 12
Notary	20	
Total	**437**	

Following the capital increase, the Company's share capital amounts to EUR 18,230,754.00 and is divided into 18,230,754 no-par value shares each with a nominal value of EUR 1.00. The Company's shareholder meeting on 24 August 2010 passed a resolution to decrease the share capital by EUR 14,584,604.00 from EUR 18,230,754.00 to EUR 3,646,150.00 in accordance with the provisions of the German Stock Corporation Act on the ordinary capital decrease pursuant to Sec. 222 et seq. AktG ["Aktiengesetz": German Stock Corporation Act]. The capital decrease is carried out to offset the accumulated loss of EUR 2,640,850.05 and for the purpose of allocation to the Company's free capital reserve pursuant to Sec. 272 (2) No. 4 HGB ["Handelsgesetzbuch": German Commercial Code]. Accordingly, the amount of EUR 11,943,753.95 released after offsetting the accumulated loss is allocated to the Company's free capital reserve pursuant to Sec. 272 (2) No. 4 HGB. The share capital was decreased by merging the shares pursuant to Sec. 222 (4) Sentence 2 AktG in a ratio of 5 to 1.

The ordinary shareholder meeting on 24 August 2010 passed a resolution to increase the share capital by up to EUR 4,000,000.00. The capital increase was carried out in the amount of EUR 4,000,000. 1,178,219 existing shareholders exercised their right to subscribe for EUR 10.00 per share. The 2,821,781 new shares were issued at an amount of EUR 11.00 each. The premium of EUR 38,821,781 has been allocated to the capital reserves. The costs directly attributable to the capital increase (including income tax effects) of EUR 3,412,462.86 netted with the capital reserves directly in equity. In accordance with the articles of incorporation, the general partner receives additional compensation for each capital increase of 1.5% on the issuing volume of the capital increase for the increased work entailed in carrying out and organizing capital increases. The costs of capital increases break down as follows:

IN EURk

CAPITAL INCREASE COSTS		
External service providers	2,111	
Outstanding advisor invoices	284	
Compensation of general partners	764	see note 12
Other expenses	253	
Total	**3,412**	

The extraordinary shareholder meeting on 22 November 2010 confirmed the resolutions of the shareholder meeting on 24 August 2010 regarding the ordinary capital decrease and amendments to the articles of incorporation in accordance with Sec. 244 AktG.

By resolution of the ordinary shareholder meeting on 28 August 2008, the general partner was authorized by means of the amendment to the articles of incorporation, and subject to the consent of the supervisory board, to increase the share capital of the Company by up to EUR 7,000,000.00 in total by issuing new, registered no-par value shares in return for cash or non-cash contributions on one or more occasions until 31 July 2013 (authorized capital I/2008).

On the basis of this authorization, the general partner's management passed the following resolution on 7 December 2011:

The Company's share capital is increased in part using the authorized capital in accordance with Art. 5 (3) of the articles of incorporation by an amount of up to EUR 764,614.00 from EUR 7,646,150.00 to up to EUR 8,410,764.00 in return for cash contributions. The new shares will be issued with a dividend entitlement from 1 January 2011.

The capital increase was carried out in the amount of EUR 764,614.00. The 764,614 new shares were issued at an amount of EUR 12.00 each. The premium of EUR 8,410,754.00 has been allocated to the capital reserves. The authorised capital amounts to EUR 6,235,386.00 after partial utilization. The costs directly attributable to the capital increase (including income tax effects) of EUR 671,391.14 netted with the capital reserves directly in equity. In accordance with the articles of incorporation, the general partner receives additional compensation for each capital increase of 1.5% on the issuing volume of the capital increase for the increased work entailed in carrying out and organizing capital increases. The costs of capital increases break down as follows:

IN EURk

CAPITAL INCREASE COSTS		
External service providers	507	
Compensation of general partners	164	see note 12
Total	671	

On 8 December 2010, the Company was listed on the Open Market of the Frankfurt Stock Exchange in the Entry Standard. In this connection, supporting external service providers of the Company recommended that only new shares be included in order to secure and ensure the successful execution of the capital increase. Until the IPO of WKN A0HMWB was complete, existing shareholders could not sell their shares on the stock exchange. In the first half of 2011, the old shares were merged with the new, listed shares and included in the regulated market of Deutsche Börse as of 27 May 2011, with admission to the Prime Standard.

As of the reporting date, unpaid contributions of EUR 495k (prior year: EUR 5,687k) were deducted from equity.

AUTHORIZED CAPITAL

By resolution of the shareholder meeting on 28 August 2008, the general partner is authorized, subject to the consent of the supervisory board, to increase the share capital of the Company by issuing new no-par value shares for cash and/or non-cash contributions on one or more occasions until 31 July 2013, subject to an overall total increase of EUR 7,000,000.00 (authorized capital I/2008). The authorised capital amounts to EUR 6,235,386.00 after partial utilization.

CONDITIONAL CAPITAL

At the shareholder meeting on 12 August 2009, a resolution was passed to conditionally increase the share capital of the Company by up to EUR 1,000,000.00 by issuing up to 1,000,000 new, registered no-par value shares with a dividend entitlement from the start of the fiscal year in which they are issued (conditional capital I/2009). The purpose of the conditional capital increase is to grant shares to the holders or creditors of convertible bonds, issued by the Company until 31 December 2010, in accordance with the now amended authorization for issuing convertible bonds, provided they were issued in return for cash. The conditional capital increase is only to be carried out to the extent that the conversion rights from the bonds are exercised, provided treasury shares are not used for this purpose. The general partner is authorized, subject to the consent of the supervisory board, to stipulate further details for carrying out the conditional capital increase.

At the shareholder meeting of 14 August 2009, the general partner was authorized, subject to the consent of the supervisory board, to issue on one or more occasions until 31 July 2014 bearer and/or registered convertible and/or warrant bonds in a total nominal amount of up to EUR 50,000,000.00 with or without a fixed term and to grant options or conversion rights to new, registered no-par value shares of the Company to the holders or creditors of bonds with a notional share in share capital of up to EUR 4,800,000 in accordance with the Convertible and Warrant Bond Terms.

The Company's share capital was therefore conditionally increased by resolution of the shareholder meeting on 14 August 2009 by up to EUR 4,800,000.00 by issuing up to 4,800,000 new registered no-par value shares (conditional capital II/2009). The conditional capital increase serves to grant subscription rights and/or conversion rights to the holders of convertible bonds and/or warrant bonds. The conditional capital increase will only take place to the extent that the holders or creditors of options or conversion rights exercise these options or rights, or the bearers obliged to undertake a conversion fulfill this obligation, provided no cash settlement is granted or treasury shares or shares created from authorized capital are used for this purpose. Provided they arise from exercising an option/conversion right by the beginning of the shareholder meeting of the Company, the shares participate in the Company's profit from the beginning of the preceding fiscal year, otherwise from the beginning of the fiscal year in which they are created through the exercise of subscription rights. The general partner is authorized, subject to the consent of the supervisory board, to stipulate further details for carrying out a conditional capital increase. The supervisory board is authorized to amend the wording of the articles of incorporation according to the scope of the capital increases from conditional capital.

DISCLOSURES ON THE EXISTENCE OF AN EQUITY INVESTMENT IN THE COMPANY IN ACCORDANCE WITH SEC. 21 (1) / (1A) WPHG ["WERTPAPIERHANDELSGESETZ": GERMAN SECURITIES TRADING ACT]

ADC received notices on the existence of voting rights within the meaning of Sec. 21 (1) / (1a) WpHG as follows:

REPORTING PARTY	REGISTERED OFFICE OR LOCATION	COUNTRY
Trafigura Beheer B.V.	Amsterdam	Netherlands
Altira Aktiengesellschaft	Frankfurt am Main	Germany
Angermayer Brumm & Lange Unternehmensgrupp GmbH	Frankfurt am Main	Germany
BF Holding GmbH	Kulmbach	Germany
Bernd Förtsch	Kulmbach	Germany
Ben Melkman	Genf	Switzerland
K2 Moore LP	Nassau	Bahamas
Moore Macro Fund LP	Nassau	Bahamas
Moore Global Investment LP	Nassau	Bahamas
Moore Global Investments Ltd.	Nassau	Bahamas
Moore Capital (Guernsey) Unlimited	New York	USA
Moore Advisory Ltd.	New York	USA
Moore Capital Advisors LLC	New York	USA
Moore Capital Holdings LLC	New York	USA
Kendall Management Investments LLC	New York	USA
MCM Group Holdings Inc.	New York	USA
Louis Moore Bacon		USA
Moore Capital Management L.P.	New York	USA
JL Falcon Global Fund	George Town	Cayman Islands
RBC cees Trustee Limited	St-Helier	Jersey
RBC cees Limited	St-Helier	Jersey
RBC Holdings (Channel Islands)	St-Peter Port	Guernsey
RBC Finance B.V.	Amsterdam	Netherlands
Royal Bank of Canada	Toronto	Canada
CO Moore LP	Nassau	Bahamas
AB Morre LP	Nassau	Bahamas

DIRECT SHAREHOLDING %	INDIRECT SHAREHOLDING %	OVERALL %	DATE	NOTICE	THRESHOLD
20.12%		20.12%	20.12.11	21.12.11	20%
7.77%		7.77%	26.05.11	n/a	5%
	7.77%	7.77%	26.05.11	n/a	5%
6.34%	1.31%	7.65%	26.05.11	n/a	5%
	7.65%	7.65%	26.05.11	n/a	5%
5.23%		5.23%	26.05.11	n/a	5%
5.10%		5.10%	26.05.11	n/a	5%
	5,10%	5.10%	26.05.11	n/a	5%
	5,10%	5.10%	26.05.11	n/a	5%
	5.10%	5.10%	26.05.11	n/a	5%
	5.10%	5.10%	26.05.11	n/a	5%
	5.10%	5.10%	26.05.11	n/a	5%
	5.10%	5.10%	26.05.11	n/a	5%
	5.10%	5.10%	26.05.11	n/a	5%
	5.10%	5.10%	26.05.11	n/a	5%
	5.10%	5.10%	26.05.11	n/a	5%
	5.10%	5.10%	26.05.11	n/a	5%
	5.10%	5.10%	26.05.11	n/a	5%
4.76%		4.76%	26.05.11	n/a	3%
4.36%		4.36%	26.05.11	10.11.11	3%
	4.36%	4.36%	26.05.11	10.11.11	3%
	4.36%	4.36%	26.05.11	10.11.11	3%
	4.36%	4.36%	26.05.11	10.11.11	3%
	4.36%	4.36%	26.05.11	10.11.11	3%
3.73%		3.73%	12.12.11	16.12.11	3%
	3.73%	3.73%	12.12.11	16.12.11	3%

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is part of the free reserves and is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries with a functional currency that is not the euro.

NON-CONTROLLING INTERESTS

As of 31 December 2011 and 31 December 2010, non-controlling interests related exclusively to the non-controlling interests in the equity of RSwitch.

5.10 PROVISIONS

The provisions recognized mainly relate to provisions for financial statement and audit costs and are all due within one year.

IN EURk	2011	2010
As of 1 January	**100**	**65**
Exchange adjustment	1	1
Additions	246	99
Utilization	(100)	(51)
Reversal	(0)	(14)
As of 31 December	**247**	**100**

5.11 LIABILITIES

Trade payables and other liabilities are measured at amortized cost. Cost essentially corresponds to fair values. Liabilities are non-interest bearing and are due within one year.

Under the agreement dated 30 December 2011, a short-term loan of EUR 4,000k was raised in bridge financing for the capital increase made in December. The loan bears interest of 7.00% p.a. The loan is secured by depositing an amount of EUR 4,000k in an account at the bank granting the loan. No other securities or guarantees for liabilities were granted in the Group.

5.12 CONVERTIBLE DEBENTURES

Convertible bonds in a total nominal amount of EUR 1,000,000.00 authorized by the shareholder meetings on 15 February 2008 and 12 August 2009 were issued effective 1 May 2010 at EUR 0.10 per bond (see Note 5.9). Based on the authorization by the shareholder meeting, only Altira AG, Frankfurt am Main, is permitted to subscribe to the convertible bonds. The limited shareholders' statutory right to subscribe to the convertible bonds is excluded. The convertible bonds run until 30 April 2012 and do not bear interest.

Each EUR 1.00 nominal convertible bond entitles the holder to subscribe to a non-par value registered share of the Company, whereby if the option is exercised, an additional payment of EUR 0.90 must be made per nominal convertible bond.

In connection with the capital decrease in a ratio of 5:1 approved by resolution on 24 August 2010, the convertible bond conditions were also adapted in a ratio of 5 to 1. Thus the number of registered convertible bonds subscribed to by Altira AG also decreased at a ratio of 5 to 1, from 1,000,000 to 200,000. At the same time, the notional issue amount of a nominal EUR 1.00 increased to a nominal EUR 5.00 per convertible bond, of which 10% (i.e., EUR 0.50) is to be paid in. If the bond creditor exercises their conversion option, an additional payment of EUR 4.50 per convertible bond submitted for exchange must be paid in cash to the Company.

5.13 CONVERTIBLE BOND

As of the reporting date, the Group held a convertible loan of EUR 7,738k (USD 10.0m) from ABC Holdings Ltd., Botswana. The convertible loan was concluded effective 30 September 2011. It has a term of five years and bears interest of 10% p.a.

The convertible loan was raised to match the local capital requirements of ABC Holdings Ltd. for a pending investment to be made together with ADC.

The bond entitles the holder to subscribe to shares in ADC Enterprises after a term of five years or following a successful investment. The interests will be serviced from future dividends of the investment target.

6. NOTES TO THE INCOME STATEMENT

6.1 REVENUE

IN EURk	2011	2010
Electronic payment services	925	802
Advisory services to portfolio companies	767	949
Dividend income	761	0
Other revenue	194	286
	2,647	**2,037**

6.2 GAIN FROM SALE OF FINANCIAL ASSETS

In 2011, the Company exchanged its stake in Ecobank Zimbabwe (formerly: PFG) for shares in Brainworks Capital Management (Private) Limited ("Brainworks"), an investment company from Zimbabwe. The disposal of the investment in Ecobank Zimbabwe resulted in a gain of EUR 2,754k. In 2010, no proceeds were generated from the sale of securities and financial assets.

6.3 OTHER OPERATING INCOME

Other operating income mainly comprised foreign exchange gains of EUR 1,527k (prior year: EUR 177k) related to funds disclosed by the Group in USD.

6.4 COST OF MATERIALS

This item mainly includes technical support services purchased (EUR 1,094k; prior year: EUR 1,890k) and operating expenses for RSwitch (EUR 895k; prior year: EUR 169k). The increase in operating expenses for RSwitch resulted from reclassifications from other operating expenses to cost of materials, which primarily related to expenses for repairs and maintenance of installed ATMs (EUR 770k; prior year: EUR 307k, note 1). Services purchased for advising portfolio companies amount to EUR 795k (prior year: EUR 1,130k) in the reporting year.

6.5 PORTFOLIO PROFESSIONAL FEES

The item "Portfolio Professional Fees," which amounted to EUR 2,584k, primarily included transaction costs of EUR 745k in connection with the acquisition of the investment in BancABC and restructuring costs from RSwitch. The restructuring of RSwitch, which was successfully completed in 2011, gave rise to additional consulting fees from third parties, including travel expenses, of EUR 846k. In addition, ADC incurred start-up expenses for the insurance segment of EUR 628k. In 2010, these expenses were recognized under other operating expenses (prior year: EUR 203k, note 1).

6.6 PERSONNEL EXPENSES

In addition to ongoing salaries, personnel expenses also include pension costs for defined contribution plans in the Republic of Rwanda of EUR 9k (prior year: EUR 5k), paid by ADC within the scope of statutory pension insurance of 5% of gross salary.

The average number of employees in 2011 was 29 (prior year: 24). They were allocated to the following segments:

NUMBER	2011	2010
Accounting & Administration	14	9
Sales	3	3
Technical services	11	11
Other	1	1
	29	**24**

6.7 OTHER OPERATING EXPENSES

IN EURk	2011	restated[1] 2010
Advisory services ADC BDS (see note 12)	(2,399)	(669)
Legal and consulting fees	(352)	(210)
Activity and liability remuneration of personally liable partner (see note 12)	(1,574)	(611)
Insurance	(129)	(105)
Marketing	(337)	(139)
Travel expenses	(241)	(265)
Audit, accounting and administrative services, including preparation of financial statements	(434)	(213)
Derecognition of receivable from exercized purchase option Hydrotech	0	(350)
Exchange rate losses	(399)	0
Expenses for foreign branches	(189)	
Portfolio and other capital market costs	(90)	0
Expenses in connection with realignment of RSwitch	(229)	(349)
Sundry other expenses	(766)	(193)
	(7,139)	**(3,104)**

1 Certain amounts shown here do not correspond to hte 2010 consolidated financial statements and reflect adjustments made as detailed in Note 1.

6.8 FAIR VALUE MEASUREMENT

Of the result from fair-value measurement of EUR 14,472k (prior year: EUR 11,328k), EUR 12,545k relates to the measurement of BancABC, EUR 1,243k to RHEAL, EUR 600k to BANGE, and EUR 84k to iVeri.

6.9 DEPRECIATION & AMORTIZATION OF INTANGIBLE AND TANGIBLE ASSETS

This item includes amortization of intangible assets (EUR 98k; prior year: EUR 244k) and depreciation of property, plant and equipment (EUR 151k; prior year: EUR 203k). In addition, impairment losses of EUR 196k were recognized on technical equipment in connection with the restructuring of RSwitch (note 5.2).

6.10 FINANCIAL RESULT

EURk	2011	2010
Interest income from fixed-term deposits and current accounts	420	220
Interest income form loans	2	3
Total finance income	422	223
Interest expenses from loans	-3	-6
Total finance expenses	-3	-6
Financial result	**419**	**217**

Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

No interest income accrued on impaired financial assets in fiscal year 2011 or the prior year.

6.11 INCOME TAX

Due to the use of existing loss carryforwards in the Group, income tax relates solely to deferred taxes. As in the prior year, the Group's income tax rate comprises the corporate income tax of 15.00 % and the trade tax rate of 15.00 %.

The tax reconciliation explains the relationship between the effective tax expense and the imputed tax expense, which is calculated from the consolidated earnings (before income taxes) by using the Group's income tax rate of 30.00 % (prior year: 30.00 %):

EURk	2011	2010
IFRS earnings before income tax	8,743	6,360
Imputed tax income (group tax rate)	(2,623)	(1,908)
Non-deductible expenses	(1,273)	(427)
Tax-free income	2,835	1,819
Changes in loss carryforwards, which cannot be used to reduce tax expense	105	108
Carryforward of unused tax credits	(739)	(448)
Changes in tax rate	1,617	1,083
Other	0	4
Effective income taxes (current and deferred taxes)	**(78)**	**231**

7. SEGMENT REPORTING

For management purposes, the Group is organized into business units based on its products and services. During the fiscal year, the business segment "Financial Services & Corporate Development" was renamed as "Banking," and "IT & Payment Solutions" as "Payment Services." With regard to the future focus of ADC, the "Insurance" segment was introduced. Thus the Group had the following four reportable operating segments as of the reporting date:

BANKING (FORMERLY: 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, investments were mainly made in commercial and credit banks in Equatorial Guinea, Rwanda and Zimbabwe. ADC FS primarily provides investees with consulting services.

PAYMENT SOLUTIONS (FORMERLY: IT & PAYMENT SOLUTIONS)

ADC's investment strategy not only includes investments in commercial and credit banks, but also companies in the target region of sub-Saharan Africa that operate in the IT and telecommunications services segments and as providers of payment solutions. The focus is particularly on the credit card business, ATMs and the provision of specialized solutions for internet and mobile banking.

INSURANCE

In fiscal year 2011, ADC set up a new business line – Insurance. The aim is to invest in various insurance companies in sub-Saharan Africa.

SUPPORT SERVICES

The Group's support services comprise areas of activity such as identifying investment opportunities, monitoring the financial position and performance of Group companies and portfolio companies, and providing them with professional support. In addition, strategic portfolio structuring is pursued, active risk management coordinated, capital-raising measures implemented, and relationships with investors maintained.

No operating segments have been combined to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, which may be measured with certain deviations from the consolidated financial statements (see table below). Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

FISCAL YEAR AS OF 31 DECEMBER 2011

IN EURk	BANKING	PAYMENT SERVICES	INSURANCE	SUPPORT SERVICES	CONSOLI-DATION	TOTAL
Revenue						
Revenue from external customers	776	1,111	0	0	0	1,887
Dividend income	761	0	0	0	0	761
Inter-segment revenue	0	1,144	0	0	-1,144	0
Total revenue	**1,537**	**2,255**	**0**	**0**	**-1,144**	**2,648**
Gain from sale of financial assets	2,754	0	0	0	0	2,754
Other operating income	937	200	0	1,587	-847	1,878
Net valuation effect of portfolio companies	14,387	84	0	0	0	14,472
Personnel expenses	-142	-281	0	-48	0	-471
Portfolio professional fees	-854	-846	-628	-256	0	-2,584
Cost of materials	-795	-3,973	0	0	1,980	-2,788
Management and liability compensation	0	0	0	-1,574	0	-1,574
Sundry other operating expenses	-2,957	-718	-5	-3,199	1,314	-5,565
EBITDA	**14,867**	**-3,280**	**-633**	**-3,490**	**1,304**	**8,768**
Amortization and depreciation	-3	-481	0	-11	51	-445
EBIT	**14,864**	**-3,761**	**633**	**-3,501**	**1,355**	**8,324**

Inter-segment revenues are eliminated on consolidation.
The segment result of the individual business segments does not comprise:

Finance income	422
Finance expense	-3
Deferred taxes	-78
Group profit/loss for the year	**8,666**

FISCAL YEAR AS OF 31 DECEMBER 2011

IN EURk	BANKING	PAYMENT SERVICES	INSURANCE	SUPPORT SERVICES	CONSOLI-DATION	TOTAL
Assets						
Goodwill	0	838	0	0	0	838
Investments in associates	48,091	1,131	0	0	0	49,223
Other financial assets	4,719	0	0	0	0	4,719
Trade receivables, other receivables and other current assets	288	760	0	2,152	20	3,219
Cash and cash equivalents	4,343	80	0	15,672	0	20,094
Restricted cash	0	0	0	23,183	0	23.183
Segment assets As of 31 December 2011	**57,441**	**2,810**	**0**	**41,006**	**20**	**101,277**

The segment assets do not comprise the following items monitored at group level:	
Other intangible assets	441
Property, plant and equipment	552
Inventories	323
Deferred taxes	456
Total assets	**103,048**

For the purpose of comparability with prior periods, the segments are presented below for 2011 based on the old segment structure:

FISCAL YEAR AS OF 31 DECEMBER 2011

IN EURk	BANKING	PAYMENT SERVICES	SUPPORT SERVICES	CONSOLITA-TION	TOTAL
Revenue					
Revenue from external customers	776	1,111	0	0	1,887
Divident income	761	0	0	0	761
Inter-segment revenues	0	1,144	0	1,144	0
Total revenue	**1,537**	**2,255**	**0**	**1,144**	**2,648**
Gain from sale of financial assets	2,754	0	0	0	2,754
Other operating income	937	200	1,587	-847	1,878
Net valuation effect from portfolio companies	14,387	84	0	0	14,472
Personnel expenses	-142	-281	-48	0	-471
Portfolio professional fees	-854	-846	-884	0	-2,584
Cost of materials	-795	-3,973	0	1,980	-2,788
Management and liability compensation	0	0	-1,574	0	-1,574
Sundry other operating expenses	-2,957	-718	-3,203	1,314	-5,565
EBITDA	**14,867**	**-3,280**	**-4,123**	**1,304**	**8,768**
Amortization and depreciation	-3	-481	-11	51	-445
EBIT	**14,864**	**-3,761**	**-4,134**	**1,355**	**8,324**

Inter-segment revenues are eliminated on consolidation.
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Deferred taxes	-78
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FISCAL YEAR AS OF 31 DECEMBER 2011

IN EURk	BANKING	PAYMENT SERVICES	SUPPORT SERVICES	CONSOLIDA-TION	TOTAL
Assets					
Goodwill	0	838	0	0	838
Investments in associates	48,091	1,131	0	0	49,223
Other financial assets	4,719	0	0	0	4,719
Trade receivables, other receivables and other current assets	288	760	2,152	20	3,219
Cash and cash equivalents	4,343	80	15,672	0	20,094
Restricted cash	0	0	23,183	0	23,183
Segment assets As of 31 December 2011	**57,441**	**2,810**	**41,006**	**20**	**101,277**

The segment assets do not comprise the following items monitored on Group level:	
Other intangible assets	441
Property, plant and equipment	552
Inventories	323
Deferred taxes	456
Total assets	**103,048**

FISCAL YEAR AS OF 31 DECEMBER 2010

IN EURk	FS&CD	IT	SUPPORTING SERVICES	CONSOLIDATION	TOTAL
Revenue					
Revenue from external customers	1,119	918	0	0	2,037
Inter-segment revenue	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
Net valuation effect of portfolio companies	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	-1,130	-2,977	0	918	-3,189
Management and liability compensation	0	0	-611	0	-611
Sundry 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**
Amortization, depreciation and impairment	-3	-435	-9	0	-447
Earnings before interest and taxes (EBIT)	**10,731**	**-1,796**	**-1,902**	**-890**	**6,143**

Inter-segment revenues are eliminated on consolidation.
The segment result of the individual business segments does not comprise finance revenue (EUR 223k), finance costs (EUR 6k) or deferred tax income (EUR 231k).

FISCAL YEAR AS OF 31 DECEMBER 2010

IN EURk	FS&CD	IT	SUPPORTING SERVICES	CONSOLIDATION	TOTAL
Assets					
Goodwill	0	838	0	0	838
Investments in associates	17,875	677			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 on group level:	
Other intangible assets	134
Property, plant and equipment	675
Inventories	146
Deferred taxes	551
Total assets	**70,955**

REVENUE BY GEOGRAPHICAL AREA

IN EURk	2011	2010
Rwanda	1,111	918
Mauritius	1,537	1,119
Total	**2,648**	**2,037**

The segment revenue information above is based on the location of the group companies.
Revenue from one customer amounted to EUR 767k or 29% (prior year: EUR 781k or 38%) of total revenue, arising from the banking segment.

NON-CURRENT ASSETS

IN EURk	2011	2010
Rwanda	912	736
Mauritius	20	36
Germany	61	37
Total	**993**	**809**

Non-current assets for this purpose consist of intangible assets and property, plant and equipment.

Additions to non-current assets are mainly additions to the reportable segment "Payment Services". These relate to software (EUR 396k) and hardware (EUR 333k) acquired as part of the restructuring of RSwitch.

8. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

9. NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows has been prepared in accordance with IAS 7 using the indirect method and classified by cash flows from operating, investing and financing activities. Cash and cash equivalents comprise the cash on hand and bank balances recognized in the consolidated statement of financial position. In fiscal years 2011 and 2010, non-cash items related primarily to the measurement of the Company's financial assets at fair value. Cash paid/received in connection with investments/divestments for portfolio companies are disclosed in the cash flow from investing activities. Due to the business model, operating cash flows are generally negative in the investment phase. In the event that dividends are paid, positive operating cash flows are possible. In particular, positive operating cash flows can be expected in connection with the sale of portfolio companies.

10. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

10.1 FINANCIAL RISK MANAGEMENT

As in the prior year, the Group was exposed to various financial risks from its operating activities: market risk, credit risk and liquidity risk. The Group ensures these risks are systematically identified, measured and managed using a risk management system. The results of the risks and rewards analysis influence the Company's strategic and operational decision-making processes.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other market risks.

Interest rate risk, i.e., possible fluctuation in the value of a financial instrument because of changes in market interest rates is primarily an issue for non-current liabilities. As of the reporting date, the Group held a convertible loan from a portfolio company, which bears interest of 10% p.a.

Foreign currency risk arises when future business transactions, recognized assets and liabilities are denominated in a different currency from the Group's functional currency. Due to its international activities, the Group is exposed to a foreign currency risk which primarily results from changes in the euro exchange rate with the Rwandan franc, the currency of the Central African Economic and Monetary community (CFA franc), the US dollar, the Kenyan shilling and the South African rand. The following table demonstrates

the Group's sensitivity to a 1% increase or decrease in the euro against the respective currencies. A positive figure below indicates an increase in consolidated profit for the period and equity if the euro increases by 1% against the respective currency. If the euro falls by 1% against the respective currency, this has an equal and opposite impact on group profit for the period and equity, thus the items would be negative.

	2011 EXCHANGE RATES AS OF 31 DECEMBER	CHANGE IN EURk	2011 EXCHANGE RATES AS OF 31 DECEMBER	CHANGE IN EURk
Rwanda franc	0.0012600	(11)	0.0012900	(1)
CFA franc	0.0015200	195	0.0015200	189
US dollar	0.7722000	459	0.7545500	44
Kenya schilling	0.0089300	37	0.0090600	24
South African rand	0.0949500	–	0.1134700	7
Total		**680**		**263**

If the euro had been 1% stronger (weaker) against these currencies as of the reporting date, earnings before taxes and equity would have been EUR 680k (prior year: EUR 263k) higher (higher).

The other market risks in the Group mainly relate to the risk of fluctuations in the fair value of financial assets. If the fair value were to increase (decrease) by 10% as of the reporting date, financial assets would increase (decrease) by EUR 5,394k (prior year: EUR 2,319k).

Credit risk is the risk that the Company will sustain a financial loss due to the failure of a counterparty to meet its obligations. ADC counters this risk in particular through timely monitoring of business partners. Before taking on a new customer, the Group carries out a credit check in order to assess the creditworthiness of potential customers. A payment period of 21 days (prior year: 21 days) is normally granted for trade receivables (prior year: 21 days). Accordingly, management believes that no risk provision beyond the impairment losses already recognized is necessary.

In order to spread and diversify risk, the Group spread its cash and cash equivalents as of 31 December 2011 to a number of banks in several countries:

COUNTRY	IN EURk	IN %	INTEREST	TYPE OF INVESTMENT
Germany	15,652	37 %	1,00–2,00 %	Call deposit, time deposit
Mauritius	1,186	2 %	0.00 %	Call deposit
Nigeria	23,183	53 %	0.00 %	Escrow account
Zimbabwe	3,171	7 %	5,00–8,00 %	Call deposit, time deposit
Rwanda	86	0 %	0,00 %	Call deposit
Total	**43,278**	**100 %**		

As of 31 December 2010, cash and cash equivalents broke down as follows:

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

As part of its risk and opportunity management, the Group monitors to ensure that no more than approx. 10% of cash and cash equivalents is invested in foreign banks. An exception to this is the balance of EUR 23,183k, which as of the reporting date was deposited in an escrow account for a transaction, and is subject to a drawing restriction. Higher interest-bearing deposits in foreign banks are made on the basis of a balanced risk and opportunity analysis.

The Group is not exposed to any significant credit risks by a contracting party or group of contracting parties with similar characteristics. The Group defines contracting parties as having similar characteristics if they are related parties. Credit risk from cash and cash equivalents is low because the contracting parties are banks with excellent credit ratings from international credit rating agencies. The Group's maximum exposure to credit risk is the carrying amounts of financial assets as of the reporting date (see disclosures under 5.3). Liquidity risk is the risk that financial liabilities cannot be settled when they fall due. ADC particularly counters liquidity risk through flexible liquidity planning.

There were no delays in payment or breaches of contract on the part of the Group in the fiscal year. Based on the reporting date of 31 December 2011/31 December 2010, contractually agreed, non-discounted cash flows of the original financial liabilities are due in the respective following year.

10.2 CAPITAL RISK MANAGEMENT

The Group manages its capital with the aim of retaining its financial substance and the ability to meet its obligations in the future, as well as sustainably increasing the business enterprise value. It is ensured that all Group companies can operate on a going concern basis.

As in the prior year, the Group's managed capital is made up of liabilities, cash and cash equivalents, and equity (see comments under 5.3), which comprises issued capital, capital reserves, free reserves and retained earnings.

The Company can manage the structure of its capital by adjusting dividends, reducing capital and issuing new shares, as well as by issuing financial instruments that are classified as equity under IFRSs. The aim is to achieve a capital structure appropriate to the business risk. The level of indebtedness of individual Group companies is monitored using the ratio of net debt (current liabilities less cash and cash equivalents) to equity. As of the reporting date, the Group's current liabilities were covered in full by cash and cash equivalents.

The parent is subject to minimum capital requirements for stock corporations. Compliance with these requirements is constantly monitored. The requirements were complied with in the fiscal year.

11. COMMITMENTS AND CONTINGENCIES

As of the reporting date, there were no contingent assets and no significant contingent liabilities or other financial obligations not reflected in the consolidated statement of financial position or the consolidated income statement.

12. RELATED PARTIES

Related parties include management board members and senior executives, supervisory board members, and close family members of these persons.

Companies classified as related parties include the shareholders, as well as all consolidated subsidiaries, joint ventures and associates. All transactions conducted with related parties during the fiscal year are presented in the following table:

IN EURk	YEAR	SERVICES RENDERED TO RELATED PARTIES	PURCHASES FROM RELATED PARTIES	SERVICES PURCHASED FROM RELATED PARTIES	RELATED PARTY RECEIVABLES	LIABILITIES TO RELATED PARTIES
Associates:						
Ecobank Zimbabwe formerly: Premier Finance Group Ltd., Zimbabwe	2011	0	0	0	0	0
	2010	167	0	0	38	0
Banco Nacional de Guinea Equatorial, Equatorial Guinea	2011	767	0	0	156	0
	2010	781	0	0	577	0
ABC Holdings Limited Gaborone, Botswana	2011	0	0	0	0	7,738
Other transactions:						
ADC BDS Ltd., Republic of Mauritius	2011	0	0	2,399	0	392
	2010	0	0	669	120	0
XCOM AG, Willich, Germany	2011	0	0	0	0	0
	2010	0	1,530	0	0	0

ADC Business Development Services Ltd. (BDS), Mauritius, provides advisory services to Group companies under a service agreement dated 5 January 2009. BDS is a wholly-owned subsidiary of Altira AG, Frankfurt am Main. BDS employs a team of experts with investment managers and senior executives in the field of deal sourcing, due diligences and the coordination of acquisitions and disposals.

As of the reporting date, the Group held a convertible loan of EUR 7,738k (USD 10.0m) from ABC Holdings Ltd., Botswana. The convertible loan was concluded effective 30 September 2011. It has a term of five years and bears interest of 10% p.a.

The convertible loan was raised to match the local capital requirements of ABC Holdings Ltd. for an investment to be made together with ADC.

IN EURk		SERVICES PURCHASED FROM RELATED PARTIES	OF WHICH COST OF CAPITAL INCREASES[1]	AMOUNTS OWED TO RELATED PARTIES
Other transactions:				
Altira AG, Frankfurt am Main	2011	230	0	162
	2010	234	60	169
ADC Altira Management GmbH, Frankfurt am Main	2011	1,744	164	164
	2010	1,484	873	826
Remuneration of the supervisory board and cost reimbursement	2011	89	0	44
	2010	61	0	44

1 The cost of capital increases is netted with the capital reserves directly in equity.

The general partner, Altira ADC Management GmbH, Frankfurt am Main, is entitled and obligated to manage the Company alone. Altira ADC Management GmbH is a wholly-owned subsidiary of Altira Aktiengesellschaft, Frankfurt am Main. The majority shareholder of Altira Aktiengesellschaft is Angermayer, Brumm & Lange Unternehmensgruppe GmbH, Frankfurt am Main. Since 1 October 2009, there has been a framework service agreement with Altira Aktiengesellschaft that covers marketing, legal and accounting and consolidation services. Altira AG billed EUR 230k for these services in the fiscal year (prior EUR 217k). As of the reporting date, there was a liability of EUR 162k (prior year: EUR 169k) due to Altira AG.

In addition, Altira AG charged on an expense of EUR 31k (prior year: EUR 17k) to the Company in connection with a third-party liability insurance policy.

During the fiscal year, a consulting agreement was concluded with a supervisory board member. This agreement gave rise to costs of EUR 80k.

Other expenses include EUR 1,574k (prior year: EUR 611k) as remuneration specified in the articles of incorporation for assuming management activities and personal liability for Altira ADC Management GmbH. Also in the fiscal year, a fee for carrying out and organising a capital increase of EUR 164k (prior year: EUR 873k) for Altira ADC Management GmbH was deducted from the capital reserves as costs of raising capital (see note 5.9). As of the reporting date, there was a liability of EUR 164k (prior year: EUR 826k) due to Altira ADC Management GmbH.

The general manager of the general partner is:

Olaf Meier, Frankfurt am Main

The members of the supervisory board are:

Christian Angermayer, businessman, Wiesau, Germany – Chairman

Membership in other bodies:

- Apeiron Entertainment AG, Frankfurt am Main (member of the supervisory board, chairman)
- Aragon Aktiengesellschaft (member of the supervisory board)
- PA Beteiligungen GmbH, Frankfurt am Main (general manager)
- CH2 Contorhaus Hansestadt Hamburg AG, Hamburg (member of the supervisory board)
- Silvia Quandt Research GmbH, Frankfurt am Main (general manager
- Silvia Quandt & Cie. AG, Frankfurt am Main (member of the supervisory board)

Alistair Newton, political analyst, London, UK - Deputy Chairman

Over the last five years, Mr. Newton was not a member of any administrative, management or supervisory committee or member of comparable German and foreign control bodies of entities.

Ron Bravermann, founder of Danover Capital, Penn Valley, Pennsylvania, USA

Membership in other bodies

- FIB Management AG, Frankfurt am Main (supervisory board)
- Titanium Asset Management, USA (corporation advisory board)

During the fiscal year, the supervisory board received remuneration and cost refunds of EUR 89k (prior year: EUR 61k).

The general managers of consolidated subsidiaries and associates do not hold key management positions within the meaning of IAS 24 from the Company's perspective.

Olaf Meier, general manager of ADC Altira Management GmbH, Frankfurt am Main, Germany, received the following remuneration components in fiscal year 2011:

IN EURk	2011	2010
Fixed remuneration component	120	120
Short-term variable remuneration component	60	55
Company car	yes	yes
	180	**175**

Other than these, in 2011 and up to the date of preparing these financial statements, there were no transactions (purchase or sales agreements, purchased or received services, granting or receipt of loans or collateral, payment or receipt of rental or lease payments) with other related parties or their family members.

Outstanding balances at the year-end are unsecured, interest free and settled by payments.

13. DECLARATION OF COMPLIANCE PURSUANT TO SEC. 161 AKTG

The management and supervisory board of ADC African Development Corporation GmbH & Co. KGaA, Frankfurt am Main, have issued the declaration required by Sec. 161 AktG and made it permanently available to the shareholders on the Company's website.

14. ASSUMPTIONS, ACCOUNTING ESTIMATES AND THE USE OF JUDGMENT BY MANAGEMENT IN ACCOUNTING

The preparation of the consolidated financial statements in accordance with IFRSs requires assumptions and estimates concerning future events to be made with respect to various items which could have an effect on the carrying amounts of recognized assets

and liabilities, income and expenses, and contingent receivables and liabilities. Actual amounts may differ from these estimates.

Estimates and assumptions are required in particular in order to:

— determine the fair value of financial assets,
— determine the fair value of the call option (see note 5.3),
— determine the useful lives of intangible assets and property, plant and equipment,
— assess the need for and amount of impairment losses or write-downs,
— recognize and measure provisions,
— determine the recoverability of deferred tax assets.

The Group regularly reviews the assumptions underlying the estimates. At the time of preparing the consolidated financial statements, it can be assumed that there has been no significant change in the underlying assumptions and estimates, such that, from today's point of view, no significant changes in assets and liabilities are expected in fiscal year 2012.

When applying accounting policies, management mainly had to use its judgment:

— in cases where the IFRSs permit options for measurement,
— when determining the functional currency.

The decisions made by the Group with regard to these issues can be seen in the explanations on accounting policies (see note 4). The carrying amounts of the financial assets, intangible assets, provisions and deferred taxes can be taken from the statement of financial position and the comments under 5.

15. AUDITOR'S FEES

The amounts below include all payments made by ADC African Development Corporation GmbH & Co. KGaA to our auditor Ernst & Young in fiscal year 2011.

IN EURk	2011	2010
Audit services	50	40
Other attestation services	100	34
Tax advisory services	0	7
	150	**81**

16. EVENTS AFTER THE REPORTING PERIOD

TRANSFER OF SHARES TO ADC MANAGEMENT SERVICES LTD., MAURITIUS, TO ADC KGAA

In Mauritius, ADC established a new company with the name ADC Management Services Ltd., which was integrated into ADC African Development Corporation GmbH & Co. KGaA as a wholly-owned subsidiary on 9 February 2012. ADC Management Services has a business license from the financial supervisory authority in Mauritius, which allows it to provide foreign companies with administrative services, including advice on establishing companies and tax matters. The company is also licensed as an asset manager. The main purpose of ADC Management Services is to render services for the ADC Group in close cooperation with our existing business partners. In the future, ADC Management Services also wants to render services for external customers. The company will offer its full range of corporate services to multinational corporations and investors that want to establish a subsidiary in sub-Saharan Africa. In addition to administrative support, these services include advice on establishing tax-optimized special purpose entities for co-investors of ADC or for other investments.

INCREASING THE INVESTMENT IN RSWITCH

In 2011, a capital increase was initiated to ensure financial strength and compliance with supervisory provisions at RSwitch. It was successfully completed in January 2012. RSwitch's main customer contributed to the capital increase. The remaining shares were purchased by ADC, thus increasing its interest in RSwitch from 70.0% to 88.5%. The transaction was carried out based on a business value of EUR 6.3m, EUR 5.6m of which is accounted for by ADC's 88.5% shareholding. The business value reflects investments in new systems and the successful restructuring of RSwitch.

SHARE BUY-BACK PROGRAM

In February 2012, ADC set up a share buy-back program with the aim of buying back a total of 420,538 shares, or 5% of the Company's share capital. At the annual shareholder meeting held on 7 June 2011, ADC obtained authorization from its shareholders to buy back treasury shares. In view of the undervalued share price and favorable opportunity, the management of the general partner and the supervisory board also decided to buy back treasury shares on the stock market as transaction currency.

CHANGE IN THE SUPERVISORY BOARD

Effective 28 March 2012, Mr. Pierre Lorinet, Vesenaz, Switzerland, was elected to the supervisory board. Mr. Ron Braverman resigned from his duties as of 27 March 2012 and will become a member of the ADC Advirsory Board.

There were no other events of relevance for the financial statements up to the date of preparing the accounts.

17. TRANSACTIONS NOT CARRIED OUT AT ARM'S LENGTH

There were no transactions that had to be disclosed within the meaning of Sec. 285 No. 21 HGB.

RESPONSIBILITY STATEMENT

Pursuant to Sec. 297 (2) Sentence 4 and 315 Sec. 1 Sentence 6 HGB

We hereby confirm that, to the best of our knowledge, the consolidated financial statements give a true and fair view of the financial position and performance of the Group and the group management report gives a true and fair view of business performance including financial performance and the situation of the Group, and describes the main opportunities and risks relating to the Group's anticipated development in accordance with the applicable financial reporting framework.

Frankfurt am Main, Germany, 30 March 2012

Management of Altira ADC Management GmbH

signed 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 consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated 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 2011. 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 special feature detected in the audit: as stated in the notes (note 5.3a), uncertainty remains with regard to the course of the valuation of the purchase option Banco Nacional de Guinea Ecuatorial (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, 30 March 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Günnewig
Wirtschaftprüfer
[German Public Auditor]

Hellmich
Wirtschaftprüfer
[German Public Auditor]

SUPERVISORY BOARD REPORT

SUPERVISORY BOARD

CHRISTIAN ANGERMAYER

Founder & Chairman of ADC
Co-CEO ABL Group of Companies and Member of the Presidential Advisory Council in Rwanda

ALASTAIR NEWTON

Deputy Chairman of ADC
Senior Political Analyst at Nomura and former advisor to Tony Blair

RON BRAVERMAN[1]

Founder Danover Capital and former Financial Institutions Group Head of Citi in Emerging Markets

[1] Effective 28 March 2012, Mr. Pierre Lorinet, Vesenaz, Switzerland, was elected to the Supervisory Board. Mr. Ron Braverman resigned from his duties as of 27 March 2012 and became a member of the ADC Advisory Board.

In the 2011 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 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. The Supervisory Board monitored Management's conduct of business and was 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 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, risk management and compliance. 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 the 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 5 ordinary meetings in the fiscal year 2011.

SUPERVISORY BOARD MEETING 01 FEBRUARY 2011

Management reported on the unaudited results of the third quarter of 2010 as well as providing the budget for 2011. The Board unanimously approved the 2011 budget as presented by Management. A comprehensive overview was provided by the Management to the Board for all transactions underway, ADC's pipeline and portfolio companies.

SUPERVISORY BOARD MEETING 31 MARCH 2011

Subsequent to the presentation of the auditors' report by Ernst & Young GmbH, the Supervisory Board approved the adoption of the 2010 audited accounts. The accounts were provided by the Management Board prior to the meeting for review and comment.

Management explained the implications regarding the uplisting of shares to the Prime Standard to the Supervisory Board. It was discussed and decided to uplist to the Prime Standard and to include the unlisted 3.6 million shares as well as committing to the German Corporate Governance Code.

The timing and agenda for the Annual General Meeting was discussed and approved and Management provided an update of fundraising efforts and plans for an additional capital increase as well as a general update on the pipeline and operational business of ADC.

SUPERVISORY BOARD MEETING 07 JUNE 2011

Management reported on the unaudited results of the first quarter as well as providing a comprehensive overview on the progress of the transactions underway, ADC's pipeline and portfolio companies as well as on the successful uplisting. The Supervisory Board congratulated ADC Management on the AGM and announced that they would formally like to congratulate the team on a job well done.

SUPERVISORY BOARD MEETING 20 SEPTEMBER 2011

Management reported on the unaudited figures for the second quarter as well as providing a comprehensive overview on the progress of the transactions underway, ADC's pipeline and portfolio companies. The Board was presented with an overview of ADC's share price and the progress as a listed company. The Supervisory Board approved the recommendation to buy additional shares in BancABC as proposed by the Management. Subsequently, Management presented an update on a major transaction underway in Nigeria and the Board approved the transaction as presented by Management.

SUPERVISORY BOARD MEETING15 NOVEMBER 2011

Management reported on the unaudited results of the third quarter as well as providing a comprehensive overview on the progress of the transactions underway, ADC's pipeline and portfolio companies. The Supervisory Board was informed about the plan for a capital increase of up to 10% in December. The approval to increase the share capital by 10% was passed by circular resolution on December 07th, 2011.

ANNUAL FINANCIAL STATEMENTS

Ernst & Young GmbH, Wirtschaftspruefungsgesellschaft, Mannheim, were appointed to audit ADC for the financial year 2011. Under consideration of accounting, the auditor audited the financial statements of ADC African Development Corporation GmbH & Co. KGaA, the consolidated group financial statements as per 31 December 2011 and the management report and the group management report for the financial year 2011 and issued the qualified audit certificate each.

The Supervisory Board was presented with the audited and certified financial statements and group statements as per 31 December 2011, the management report and the group management report for the financial year 2011 as well as the auditors' report in a timely manner prior to ADC KGaA's Supervisory Board Meeting on 31st March 2011. After its own careful examination and detailed discussions with the Management and the auditors, the Supervisory approved the financial statements and group statements and proposed presenting the financial statement to the annual general meeting for adoption.

We, the Supervisory Board, would like to thank all the employees and the Management of ADC African Development Corporation for their hard work and the successful results of the last year. We have been impressed by the dedication of the entire team since ADC's inception, which has resulted in a strong portfolio of investments and a promising pipeline of opportunities. Moreover, over the last four years, ADC has established itself as an investor of choice on the African continent and has built an extraordinary network of advisors, experts and employees, enabling the company to attract new strategic partners such as Trafigura. We look forward to the coming year, which is certain to be even more successful as investors actively reshape their portfolios in response to strong growth in the African economy and a weaker outlook in traditional markets.

Frankfurt am Main, April 2012

On behalf of the Supervisory Board

Christian Angermayer
Chairman

MANAGEMENT TEAM

SENIOR MANAGEMENT TEAM

DIRK HARBECKE

CHIEF EXECUTIVE OFFICER

- Successfully founded and developed ADC as one of the leading Merchant Banks targeting African frontier markets
- More than 16 years of experience as a manager, entrepreneur and consultant in the financial and ICT industries
- Project Leader with Boston Consulting Group (2006 – 2008)
- Founder and CEO of two companies in the financial services and research sectors
- Project and managerial experience in France, the UK, China, Abu Dhabi/Dubai, the US, North Africa and many countries in sub-Saharan Africa
- International MBA in St. Gallen (HSG), Switzerland

OLAF MEIER

CHIEF FINANCIAL OFFICER

- Launched ADC's IPO on the Frankfurt Stock Exchange and listing in Prime Standard (Main Board), raising over EUR 43 million in funds for Africa
- More than 16 years of experience in mergers & acquisitions, equity capital markets, finance & administration
- Member of Senior Management team: Utimaco Safeware AG, CCR Logistics Systems AG and debitel AG
- Extensive experience across multiple sectors with focus on financial industry, ICT and logistics; international project management experience across Europe and the US
- Bar exam University Tuebingen, attorney-at-law, specialised in Commercial Law

MARK M. SCHNEIDERS

CHIEF DEVELOPMENT OFFICER

- More than 27 years of banking sector experience in various wholesale and private banks within African banks and around the globe serving as an entrepreneurial finance professional
- Managing Director with ING Financial Institutions in Amsterdam
- General Manager and Head of Dutch Business at ING Bank, Switzerland
- Country Manager for ING Barings in Venezuela and in Curaçao
- Extensive experience with company mergers, building new markets and setting up retail bank businesses in a variety of countries including Switzerland, the Netherlands, Spain, Curaçao, Argentina, Venezuela, Hong Kong and New York
- Bachelor and Master's degree in law from the University of Leiden, the Netherlands, and Advanced Management Program at Harvard Business School and banking management programs at INSEAD (Cedep)
- International MBA in St. Gallen (HSG), Switzerland

KARIMA OLA

CHIEF INVESTMENT OFFICER

- More than 17 years of investment banking, corporate strategy consulting and emerging market private equity experience
- Former managing partner and head of Chayton Capital's African portfolio management group; responsible for fund formation, strategy, portfolio construction, deal pipeline and post-deal management of the firm's private equity investments in Africa
- Held senior advising roles on new market entry, investor relations, commodities risk management and emerging market mergers and acquisitions as a consultant to corporations including Tate & Lyle plc, TNT NV and Aviva plc
- Bachelor of Science in Civil Engineering from University of London and a Post Graduate Diploma in Economics, also from the University of London

SASCHA BELJULI

CHIEF OPERATING OFFICER

- Ten years of business experience, including over four years of African banking experience
- Former COO at Opportunity Tanzania, responsible for product development and the introduction and implementation of the company's policies and procedures
- Experience as Project Leader with Barclays in Africa for retail expansion in Tanzania and South Africa
- Experience in project management in diverse industries in several European countries
- Business Administration degree from the University of Cologne, Germany

FINANCIAL CALENDAR

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RESULTS RELEASES	DATE	EVENT
	17 April 2012	Release of Annual Report 2011
	21 May 2012	Release Quarterly Results Q1 2012
	14 August 2012	Annual General Meeting 2012
	21 August 2012	Release Quarterly Results Q2 2012
	22 November 2012	Release Quarterly Results Q3 2012

ANALYST MEETINGS & OTHER EVENTS		
	19 March 2012	Private Equity World Africa, London, United Kingdom
	26 – 29 March 2012	Bank of America Merrill Lynch, 13th Annual Sun City Conference, Sun City, South Africa
	09 – 11 May 2012	World Economic Forum Africa, Arusha, Tanzania
	23 - 24 May 2012	Munich Capital Markets Conference, Munich, Germany
	26 - 28 June 2012	Standard Bank Conference, London, United Kingdom
	17 - 18 September 2012	Standard Bank Conference, New York, USA

CONTACT INFORMATION

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