CDC Group plc Financial Review 2009

CDC

Our mission
is to foster growth in sustainable businesses, helping to raise living standards in developing countries.

Our investment policy
is to make more than 75% of new investments in low income countries* and to invest more than 50% of our funds in sub-Saharan Africa.

Contents

* Those with an annual gross national income (GNI) per capita of less than US$905.

2009 Highlights

£359m
New investments in developing countries, 61% in Africa

£207m
Total return after tax

£742m[1]
Other capital mobilised

£162m
Portfolio cash generated for re-investment in developing countries

£1,411m
Portfolio of fund investments

£207m
New commitments to funds in a difficult period for fundraising

£1,561m
Outstanding commitments to funds

794
Underlying portfolio companies located in 71 countries

CDC's Investment Code
Process externally audited for the first time

[1] See page 22 for an explanation of how mobilisation is measured.

Statement from the Chairman
Richard Gillingwater CBE

In the deepest recession that we've had in many decades in developed markets, the emerging markets in which CDC invests its capital showed some positive growth and a steady return to financial stability in 2009.

The poorer countries of Africa and Asia that are at the heart of CDC's investment focus rebounded from the lows of 2008 much more strongly than developed markets of the West and have experienced a year of unexpected resilience. While there remain concerns over what are still fragile developing economies, there are grounds for optimism based on their fundamental strengths: lower debt and higher growth rates than in the developed economies. These strengths mean that, despite lower levels of economic activity last year and accompanying investor restraint, CDC is cautiously optimistic that in 2010 emerging markets will strengthen and begin to attract the capital that is vital to their economic development.

The high levels of uncertainty in early 2009 meant that trading conditions were still weak, with fund managers and businesses reluctant to undertake new business. As the year went on, business and consumer confidence in many developing countries returned and enabled CDC to achieve positive returns of £207m this year, increasing the company's net value to £2.5bn.

2009 also saw the first year of CDC's new investment policy, which the organisation has fully embraced. The new policy, which takes us through to the end of 2013, targets 75% of CDC's new investments over a five year rolling basis in low income countries with a particular focus on sub-Saharan Africa and South Asia. It is in these countries that a shortage of investment for promising businesses is still a major obstacle to economic growth and development. In 2009, 59% of CDC's total of £359m invested went into low income countries with 53% going to sub-Saharan Africa. Our pioneering commitment this year to Sierra Investment Fund, the first ever private equity fund in Sierra Leone, provides an example of the innovative and imaginative ways in which we are implementing our new investment policy.

A major highlight of my first year as Chairman of CDC was the publication of our first ever development impact report, 'Growth for Development'. A huge amount of work and effort went into its production and it signifies that CDC is determined to look at the wider development impact of what we do. Understanding the impact of our work in supporting economic development means we will need to evaluate continually and learn from our experiences. This year's updated development impact report will build on the lessons we have learnt.

As well as providing the capital for investment in promising businesses in poorer countries, CDC has been at the cutting edge of some of the thinking around supporting the private sector in the developing world. The Royal African Society's speech series that CDC sponsors has prompted considerable debate and support, as did the seminar and launch event for our development impact report. Putting innovative thinking into practice saw the CDC Board visiting Bangladesh in November to meet investors, businesses and policy-makers in order to evaluate conditions for investment in the country and to make the case for private equity and its developmental benefits. The Board visited women benefiting from CDC-supported microfinance schemes as well as seeing businesses that will benefit from the commitment CDC plans to make to Frontier Fund Private Equity, the first ever Bangladeshi private equity fund.

I was also lucky enough to visit Nigeria this year and I was struck by the incredible progress that its private sector investment infrastructure has made. From a very few funds providing business with risk capital in the late 1990s, the West African nation's market has become competitive and now provides many opportunities for entrepreneurs to benefit from the added value of private equity investment. In this regard there are striking parallels with Bangladesh as that South Asian economy looks to expand its nascent investment network and build on its economic resurgence.

I am very privileged to have taken over the role of Chairman from Sir Malcolm Williamson in April last year. I am indebted to him for the excellent job he did in chairing the Board for five years and the leadership that he gave in overseeing the remarkable development of CDC during that period. This year has also seen the appointment of one new Non-executive Director, Ian Goldin. He will replace Jonathan Kydd who has given 12 years of dedicated contribution to CDC, during a period of immense change. We are extremely grateful to him and thank him for his hard work.

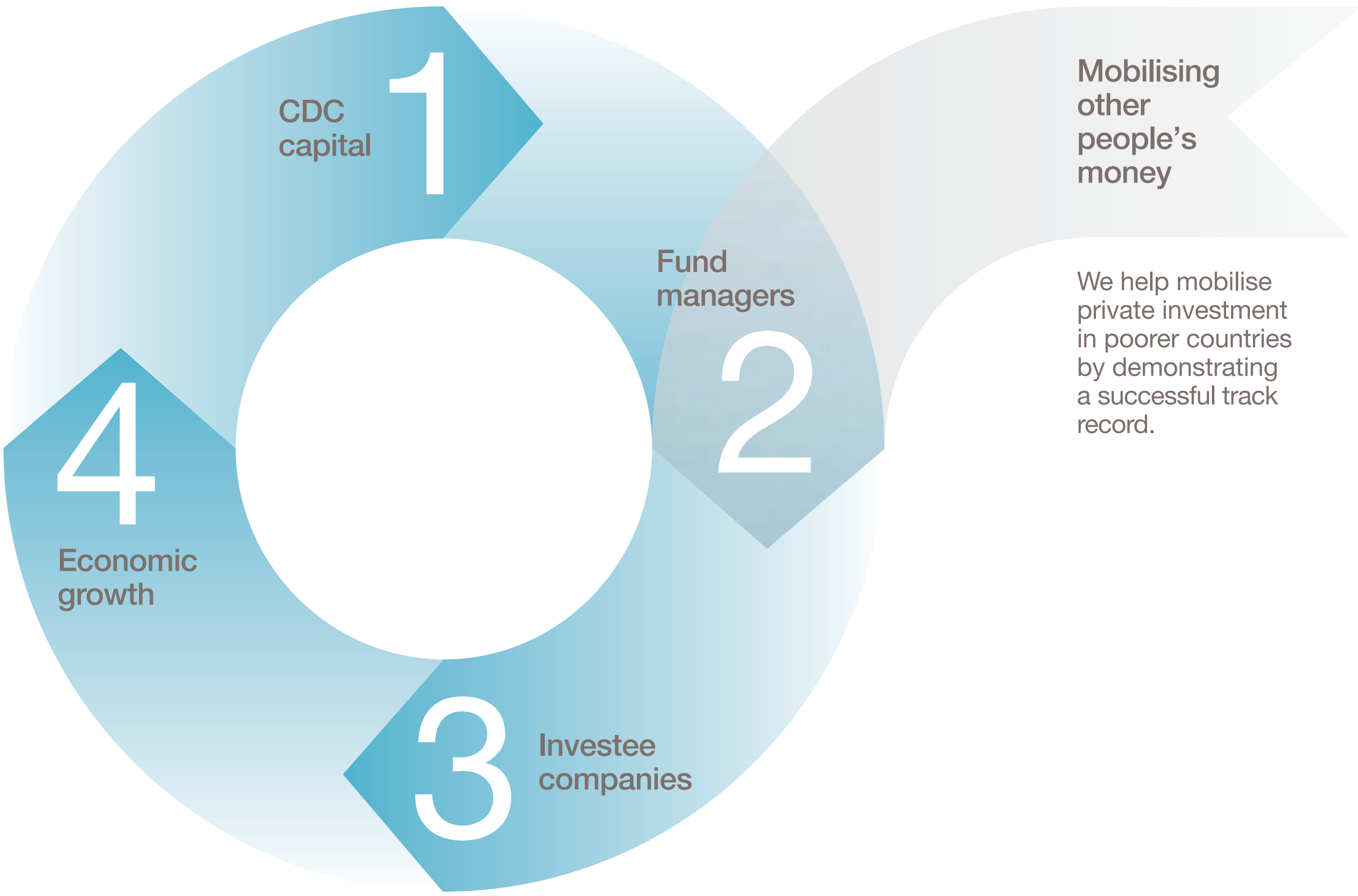
I would like to thank our shareholder DFID for all its support during the year. Finally, thank you to all the staff at CDC who have performed admirably and with great dedication during a challenging year.

Richard Gillingwater

Richard Gillingwater CBE
Chairman

Our Business

One of the most serious barriers to economic growth in poor countries is the shortage of risk capital to help promising businesses grow.



We help mobilise private investment in poorer countries by demonstrating a successful track record.

1 CDC capital (p6)

CDC has assets of £2.5bn (US$4.0bn). Our purpose is to stimulate economic growth in emerging markets, particularly sub-Saharan Africa and South Asia, by investing in the private sector.

2 Fund managers (p7)

Commitments are principally with local private equity fund managers who know and understand developing economies. Managers are asked to target returns appropriate to asset class.

3 Investee companies (p10)

Fund managers raise capital from other investors, alongside CDC, thus increasing the levels of capital invested in poor countries. Managers invest responsibly in accordance with CDC's Investment Code.

4 Economic growth (p11)

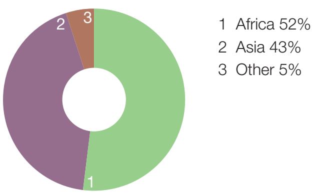
Successful portfolio companies employ and train people and boost tax revenues for their local governments. They also improve practices on environmental, social and governance issues.

Our Business – CDC capital

1

No country has succeeded in reducing poverty in a sustainable manner without economic growth. Successful businesses employ and train people, pay taxes and create and operate infrastructure.

Portfolio by region



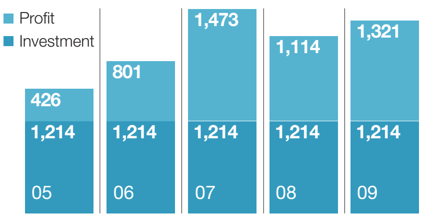
Net assets

£2.5bn

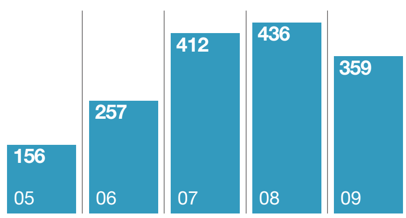
New commitments

£207m

CDC value growth (£m)



Fund drawdowns (£m)



CDC's objective is to invest in a commercially sustainable manner in the poorer countries of the developing world and to attract others to invest by demonstrating success.

CDC's capital is focused on the private sector as the engine of growth. Investments:

- provide much needed capital for growing businesses; and
- attract other investors by demonstrating success.

Since 2004, CDC has invested primarily through private equity funds that in turn invest in companies in the poor countries of the world. This new investment model was created from a major restructuring by CDC's shareholder, the UK Department for International Development (DFID). Two new private equity fund managers, Actis and Aureos, were created to manage CDC's existing investments and CDC became a fund-of-funds business.

CDC has not received any new investment from its shareholder for 14 years. However, by making successful investments, CDC has more than doubled its net worth over the last five years, growing from £1,214m in 2004 to £2,535m in 2009. This has allowed CDC to increase its investments in the developing world.

By demonstrating successful investment over the last five years, CDC's current investment policy has mobilised US$5bn of capital commitment from other investors alongside CDC's commitment.

> "CDC has made a credible contribution to economic development in poor countries while also encouraging other foreign investors to engage with them."
>
> The UK National Audit Office Report on DFID's oversight of CDC, 2008.

Our Business – Fund managers

2 CDC commits capital to funds managed by skilled fund managers who know and understand emerging markets and the challenges they face.

CDC requires fund managers and investee companies to adhere to responsible business practices. CDC's Investment Code sets out the principles, objectives, policies and management systems which managers are asked to implement. Managers are also expected to generate returns appropriate to the asset class.

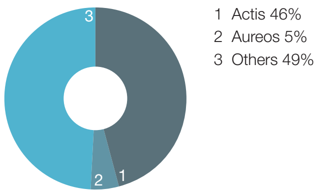
CDC encourages its fund managers to take a proactive approach to investment opportunities. By conducting in-depth market research and developing deep local networks, visibility is created on opportunities. Many businesses require pre-investment support to meet the standards required by international investors. In providing this support, the role is to guide, not do. Entrepreneurs of underlying portfolio companies must drive the process, demonstrating the vision and energy to build their business. Working directly with entrepreneurs before investment helps build the relationship necessary to make the partnership successful.

Actis and Aureos were spun out of CDC into two independent private equity fund management companies.

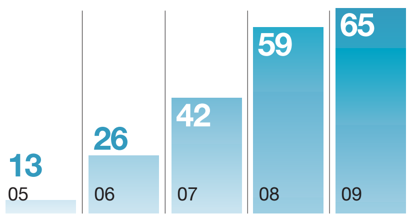
Actis is now a well established name in emerging markets private equity and has substantial operations in Africa, India, China, South East Asia and Latin America. Actis is still CDC's single largest fund manager, representing 46% of CDC's funds under management.

Aureos is widely recognised as the leading player in investing in small and medium enterprises (SMEs) in developing countries.

Funds under management



Increase in fund managers



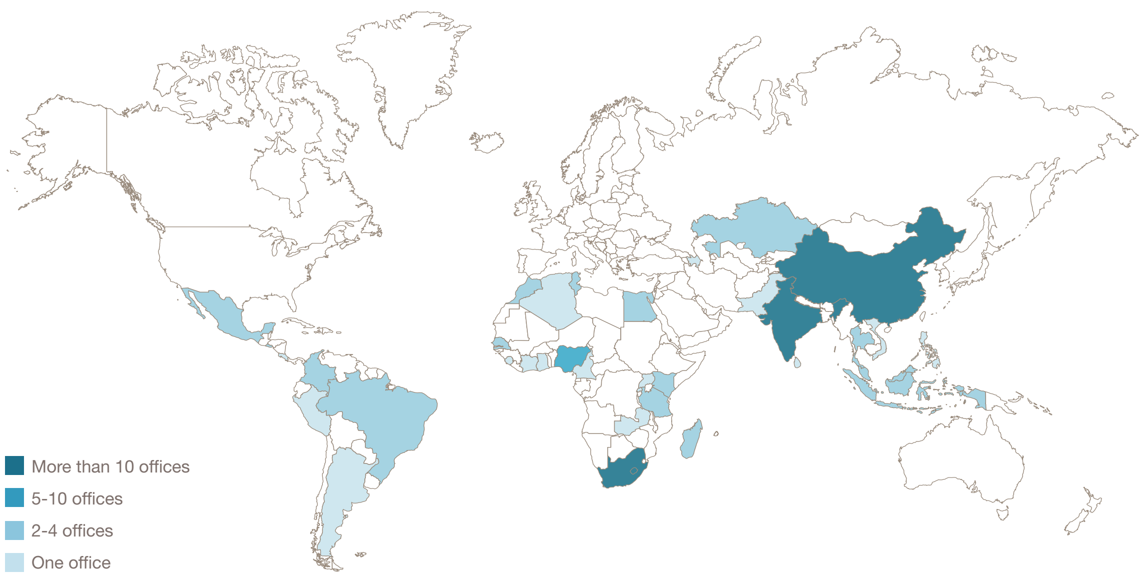
New fund managers in 2009

6

Total fund managers at end 2009

65

CDC's 65 fund managers have local offices in 37 countries



Our Business – Fund managers
continued

In 2009, CDC committed capital to 11 new funds and extended its list of fund managers by six.

Details of some of these managers are as follows:

Manocap manages the Sierra Investment Fund. It is a private equity fund manager that makes equity investments in SMEs. The management team headed by Tom Cairnes and Niall O'Cathasaigh is based in West Africa. They look for expansions, MBOs and venture capital investments in businesses with a high growth potential and a clear path to an exit. Investments are in the US$0.5m to US$5m range in equity or quasi-equity instruments. A controlling or minority stake may be taken depending on the particular needs of the business' shareholders and managers.

After investment, Manocap will work alongside the entrepreneur to help build the management team to achieve the business targets. Manocap's local presence enables it to adopt a hands-on approach to its investments. Work with investee companies extends beyond financial performance supporting the development and implementation of environmental, social and governance management systems including the development of anti-corruption and money laundering policies.

Berkeley Energy, managers of the Renewable Energy Asia Fund, is a private equity fund manager specialising in renewable energy infrastructure investments in developing markets with an initial focus on Asia. It was founded by principals TC Kundi, Robert Renfrew, Jeremy Smith and Alastair Vere Nicoll. Berkeley Energy seeks to make equity investments into development stage renewable energy projects. Project developers mature and consolidate these investments into operating portfolios and generate superior returns through successful exits. Berkeley Energy has presence in New Delhi, Manila and London.

Development Partners International (DPI) is a London based private equity fund advisory business that is the investment adviser to African Development Partners I (ADP I), a private equity fund which invests throughout Africa. ADP I will invest in Egypt, Kenya, Morocco, Nigeria and South Africa, but DPI believes there is significant scope for investment outside the traditional economic centres. It will devote particular attention to post-conflict and newly liberalising economies such as Angola, Algeria, Democratic Republic of the Congo, Ethiopia, Mozambique and Rwanda.

Rabo Equity Advisors is a New Delhi based fund advisor led by Rajesh Srivastava. It advises the India Agribusiness Fund, the first private equity fund focused on the Indian food and agribusiness sector. The Fund has committed capital of US$120m and expects to make investments over a four year period with an average investment size of between US$3m to US$10m. It is sponsored by Rabobank and targets significant minority stakes in food and agribusiness industries across the agricultural value chain, including food processing, rural retail and cold chain logistics. Although the sector is underdeveloped at the moment, agribusiness in India is a sector which has enormous potential due to rapid demographic and regulatory changes and represents for CDC an interesting development opportunity.

2009 CDC fund managers

Access Holding
Actis
Adlevo Capital
Advanced Finance & Investment Group
Advent International Corporation
African Capital Alliance
African Lion
AIF Capital
Altra Investments
Ambit Pragma Ventures
Ascent Capital Partners
Aureos Capital
Avigo Capital Partners
Baring Private Equity Partners India
Berkeley Partners
BTS Investment Advisors
Business Partners
Capital Today
Caspian Capital Partners
CDH Investments
Centras Capital Partners
CITIC Capital
Citigroup Venture Capital International
CMIMC
Cordiant
Development Partners International
ECP Africa
Ethos Private Equity
FountainVest Partners (Asia)
Global Environment Facility
GroFin
Helios Investment Partners
Horizon Equity
Horus – Development Finance
ICICI Venture
IDFC Private Equity
IDFC Project Equity
India Value Fund Advisers
I&P Management
JS Private Equity
Kendall Court
Keytone Capital Partners
Kotak Mahindra Group
Legend Holdings
Lok Capital
Lombard Investments
Manocap
Medu Capital
Minlam Asset Management
Navis Capital Partners
New Silk Route Advisors
Nexxus Capital
Patria Banco De Negocios
Qiming Venture Partners
Rabo Equity Advisors
Saratoga Capital
ShoreCap International
Société Générale (Asset Management)
Sphere Holdings
Travant Capital
Tripod Capital International
Tuninvest
Vantage Capital
Ventureast
Zana Capital (formerly CMIA Capital Partners)

Our Business – Investee companies

3 CDC's fund managers invest in sustainable, responsibly managed private sector companies across the full spectrum of business sectors.

Portfolio by sector

1 Financials **20%**
2 Consumer **14%**
3 Industrials **13%**
4 Energy & utilities **10%**
5 ICT **10%***
6 Healthcare **8%**
7 Infrastructure **8%**
8 Mining **6%**
9 Agribusiness **5%**
10 Others **6%**

Underlying portfolio by region

1 Africa **52%**
2 South Asia **24%**
3 Asia Pacific **19%**
4 Americas **5%**

*Information, Communications and Technology

Successful, sustainable businesses make a crucial contribution to their local economies. A thriving private sector is the engine of growth in developing economies. It creates jobs, generates tax revenues and drives prosperity thus achieving sustainable economic development.

At the end of 2009, CDC had investments in 794 companies in 71 countries covering a broad range of sectors.

Development depends on investment in businesses of all sizes and in all sectors. A broad-based economy is a pre-requisite of sustainable economic growth.

CDC has a particular interest in small and medium size enterprises (SMEs). It has £128.4m invested and outstanding commitments of £114.2m in funds that invest in SMEs and microfinance, as part of its overall portfolio.

	Outstanding commitment £m	CDC investment value £m
Access Holdings	0.9	2.2
Advans	4.0	2.6
Aureos Africa Fund	26.5	19.3
Aureos Central America Fund	1.9	2.9
Aureos Central Asia Fund	9.0	2.7
Aureos China Fund	7.9	4.9
Aureos East Africa Fund	0.2	5.2
Aureos Latin America Fund	10.6	7.0
Aureos Malaysia Fund	4.9	0.9
Aureos South Asia Fund	9.8	10.6
Aureos South Asia Fund I (Interim)	0.7	2.0
Aureos South East Asia Fund	4.1	9.2
Aureos Southern Africa Fund	1.1	7.7
Aureos West Africa Fund	0.8	5.7
Avigo SME Fund II	2.5	12.7
Avigo SME Fund III	11.0	1.2
Ayojana Fund	–	0.3
Business Partners International Kenya SME Fund	0.4	0.5
Catalyst Microfinance	6.6	1.9
Central America Investment Facility	–	0.3
India Financial Inclusion Fund	8.6	4.4
Kula Fund II	1.5	1.4
Lok Capital	0.8	3.0
Minlam Microfinance Offshore Fund	–	17.1
Nandi Investments	–	0.6
Shorecap International	0.4	1.8
26 SME and microfinance funds	**114.2**	**128.4**

Our Business – Economic growth

4 Emerging markets have experienced a slow down during 2009 but still had economic growth in most cases.

The global economy is expanding again after a year of contraction in 2008. However, whilst advanced economies contracted in 2009, emerging and developing economies continued to grow, albeit at a much lower rate than previously. Emerging and developing economies withstood the financial turmoil better than many expected and their recovery, led by Asia, is further ahead than developed economies. The International Monetary Fund (IMF) expects real GDP growth in developing economies to have been 1.7% in 2009 and projections for 2010 show this expanding to 5.1%.

Africa

The global recession was felt strongly by South Africa whose economy is more highly integrated into global financial markets and whose natural resources sector was hit by lower commodity prices. The IMF expects a fall in 2009 of 2.2% in South Africa, but growth of 1.7% in 2010. Other African countries, although affected by weakening external demand, lower commodity prices and worker remittances, are expected by the IMF to have positive growth in both 2009 and 2010. Economic growth across Africa slowed in 2009 but is predicted to rise to 4.0% in 2010.

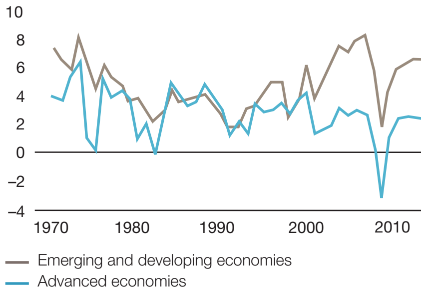
Asia

The global financial crisis had less effect in developing Asia where IMF estimates of growth rates reduced from 7.6% in 2008 to 6.2% in 2009, but are predicted to rise to 8.5% in 2010. In India the investment outlook is less robust with IMF estimating growth of 5.4% for 2009 rising to 6.8% for 2010.

Continued growth

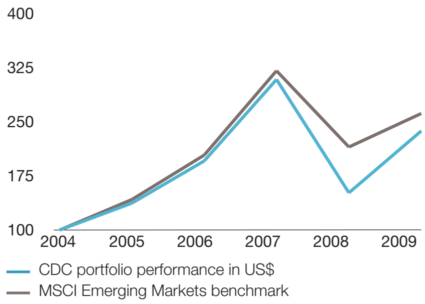
In summary, although growth slowed in 2009 in many instances, the trajectory is positive. Emerging economies need thriving, successful businesses to drive growth and those businesses require patient, responsible capital providers to help them expand and succeed.

Real GDP growth (%)



Source: IMF staff estimates.

Performance graph



Statement from the Chief Executive
Richard Laing

Tough times in our markets
At the start of 2009 CDC was not alone in being apprehensive about the continuing impact of the global recession on the countries in which we operate. In this challenging environment, we had real concerns over the opportunities for our fund managers to make fresh investments and secure exits. However, activity picked up and the levels were higher than we had initially feared at the beginning of the year.

Our fund managers worked well to find opportunities in challenging market conditions and as a consequence CDC invested £359m in promising businesses in poor countries. This significant level of investment at a time when many investors have pulled back from our markets demonstrates CDC's vital role in supporting private sector development in developing countries during the toughest times. CDC has invested just short of £2bn in the last five years and CDC's capital is now backing nearly 800 sustainable private sector businesses, a major impact on development in the poorest countries of the world.

With the economic climate in our markets remaining fragile we were encouraged by the improving situation on the ground in the latter part of the year. As the year ended, a sense of optimism was starting to return as economic growth began to accelerate. For example, 2009 GDP growth in India was 5.4% and 1.7% for African nations. Towards the end of the year we also began to see businesses recovering well from the effects of the global recession. This played a key role in our positive returns of £207m and the accompanying increase in net assets to £2.5bn. CDC's ongoing success means that in the last five years it has continued to beat the MSCI index and has generated profits of £1.3bn. All profits are recycled to invest in yet more businesses.

Lower liquidity and fewer exits in our portfolio means that we have had to cut back on new commitments, with US$335m committed to funds in 2009 compared with over US$800m in 2008. Global economic conditions mean that it is difficult to predict cash flows and we have to watch our cash balances carefully, ensuring we have sufficient cash reserves in place to meet our fund commitments. In the absence of a borrowing facility, our programme of new commitments has therefore had to be significantly reduced. This is a frustration at a time when there is strong demand and need for capital in the countries where we operate.

Investment activities: meeting the needs of our markets
CDC has a long history of pioneering investment and in 2009 we looked at new ways of meeting the needs of our markets in the current economic crisis.

Our US$75m commitment to the IFC's Global Trade Liquidity Programme helped to facilitate trade at a time when trade finance for developing countries was in short supply. It reflected both our desire to provide solutions to the changing investment needs of our markets and, as part of a broader strategic direction, to begin building an exposure to debt financing in addition to equity risk capital.

Similarly, we continue to strike a balance across a range of investment activities and sectors. This approach is an essential part of our commitment to supporting broad-based economic development in the poorer countries of the world. For example, this year has seen CDC commit to Berkeley Energy's Renewable Energy Asia Fund, a first-time fund that will support private sector companies aiming to tap into the growing demand for clean energy infrastructure in Asia. We also committed capital to Rabo Equity Advisor's Agribusiness Fund, the first private equity fund in India focused solely on this important sector. Shortly we expect to finalise a US$10m commitment to Frontier Fund Private Equity, the first fund of its kind in Bangladesh.

Our investment focus
2009 saw the first year of CDC's new investment policy in operation. The new targets mean that 75% of CDC's investments will be made in low income countries and 50% in sub-Saharan Africa. In a difficult fundraising environment in Africa, CDC and other development finance institutions (DFIs) have played a vital role in supporting private sector development when other investors have been reluctant to do so. In his statement on page 2, our new Chairman mentions the Sierra Investment Fund based in Sierra Leone. By supporting this and other first-time funds, CDC is playing a vital additional role in developing the investment capacity and private equity industries in developing countries.

As well as supporting first-time funds, we continue to back managers that are now raising successor funds and proving that it is possible to invest successfully and responsibly in Africa. Although attracting increasing amounts of private sector capital, DFIs such as CDC play a vital role in continuing to provide much needed capital for successor funds until the time when DFI capital is no longer required. Our relationship with Helios Investment Partners, a fund manager that started investing in West Africa but which has subsequently expanded to other parts of sub-Saharan Africa, is a case in point. As far back as 2004, CDC worked closely with Helios in the fund manager's earliest days offering advice as well as providing 20% of the capital for their first fund, Helios I. Their second fund was launched in 2009 and CDC committed US$75m to their first close which was required to make the fund a sound proposition. Their success in attracting greater investor interest means that they can make a real difference and support companies that would otherwise miss out on the capital and expertise that private equity investment provides.

CDC's mandate for pioneering investment was further demonstrated by an initiative to create the first ever sub-Saharan sustainable forestry fund. Sustainable forestry can bring major economic and climate change benefits, especially in rural areas that lack employment opportunities. CDC has been instrumental in this fund's genesis. We identified the absence of capital for sustainable forestry in the continent and in December 2008 published a request for proposals for a fund, with an indication that CDC would seed it with between US$50m and US$100m of capital. We received 11 proposals which were analysed and thoroughly reviewed. A shortlist was drawn up with fund managers asked to present to CDC. A final choice was made of GEF Management who manage a series of other funds under the Global Environment Fund banner. The fund manager is now seeking other investors and expects to start investing in 2010.

Measuring our impact
Last year's development impact report, entitled 'Growth for Development', was the first of its kind for CDC and was well received by the investment and development communities. We are producing a new report to be published alongside this report building on the feedback and lessons we have learnt.

Good progress was also made in developing our own processes, particularly those concerned with the assessment of our development effects. In a challenging year for investment we have worked closely with our fund managers to help them understand the value in providing good data and information. CDC has stepped up its efforts to collect high quality reporting from all fund managers so that we are both in a better position to understand and make the case for the vital financial and developmental impact our investment has. As CDC now invests in 134 funds with 65 fund managers, we have expanded the team that evaluates and measures our impact on the ground. In addition we brought in an independent consultant, Triple Value, to undertake more than a third of the detailed evaluations we do on our funds. Full details will be provided in the 2009 development impact report.

Corporate issues
We spent considerable time during 2009 with our shareholder, the UK government's Department for International Development (DFID), reviewing the level of information flowing to them to ensure we strike the right balance between providing our shareholder with an appropriate level of useful and relevant information whilst preserving the strengths of the company's corporate governance structure put in place by DFID.

During the year, the material obligations of the CDC Pensions Scheme were mitigated when the Trustees, with CDC's consent, purchased a £380m bulk annuity in an innovative and ground breaking contract. The contract covers all members of the defined benefit scheme and removes longevity and investment risk from the scheme, thereby protecting CDC from unforeseen future obligations and providing improved protection of the pensions.

Prospects for 2010
The worldwide economic recovery, although still fragile, now appears to have momentum. This should result in an increased level of confidence within our fund managers in making exits and new investments. Although it is still difficult to predict with any degree of certainty, in 2010 we expect to see an increase in both cash receipts and new investments, given the high level of outstanding commitments at £1,561m. In light of this, our programme of commitments to new funds for 2010 will remain lower than previous years.

Finally, I would like to extend my thanks to the Board and our new Chairman, Richard Gillingwater for their valuable advice and support. As always, I am immensely appreciative of CDC's staff, whose hard work and expertise, in a tough economic climate, has seen CDC make a major contribution to raising living standards in poor countries around the world.

Richard Laing
Chief Executive

Board of Directors

1. Richard Gillingwater CBE
Chairman
Nominations Chair
Co-Investment Chair

Appointed Non-executive Director in January 2009 and Chairman in April 2009.

Richard has been Dean of Cass Business School since April 2007. He has previously held senior appointments in the City and Government and most recently was Chairman of the Shareholder Executive, the body created in September 2003 to improve fundamentally the Government's performance as a shareholder in Government-owned businesses. After studying law and qualifying at Lovells, he began his career as a banker with Kleinwort Benson. He completed an MBA at IMD, Lausanne while at Kleinwort Benson before moving to BZW, where he rose to be Joint Head of Global Corporate Finance. After BZW's takeover by CSFB he became Chairman of European Investment Banking. In this role he acted as an adviser to the Government, which ultimately led to his appointment as Chief Executive of the Shareholder Executive.

He is currently a Director of Cass Executive Education Ltd, a Non-executive Director of Tomkins plc and of Scottish and Southern Energy plc. He was awarded a CBE in the Queen's Birthday Honours List 2008 in recognition of his services to the financial services industry.

2. Sir Malcolm Williamson
Former Chairman

Appointed in January 2004 and retired in March 2009.

3. Richard Laing
Chief Executive

Appointed Director in January 2000 and Chief Executive in July 2004.

Richard joined CDC in January 2000 as Finance Director.
He is a Trustee of the Overseas Development Institute, the UK's leading independent think-tank on international development, and until January 2010 was a Non-executive Director of Aureos Advisers Limited, the leading emerging markets private equity fund manager for small and medium enterprises.

Prior to CDC, he spent 15 years at De La Rue where he held a number of positions both in the UK and overseas, latterly as Group Finance Director. He was also a Non-executive Director of Camelot. He previously worked in agribusiness in developing countries, at PricewaterhouseCoopers and at Marks and Spencer.

4. Arnab Banerji
Non-executive Director
Audit, Compliance and Risk Chair

Appointed in July 2004.

From November 2005 until October 2008, Arnab was responsible for emerging markets at Lansdowne Partners. From October 2001 to April 2005, he was the Prime Minister's Senior Policy Adviser on Financial and City Affairs having also been appointed the Prime Minister's Economic Adviser in January 2004. Prior to that, he was Investment Chairman of the Foreign & Colonial Group and served on the Advisory Council of the UK's Export Credit Guarantee Department for three and a half years from January 1997. He was also a member of the Morgan Stanley Capital International Advisory Board for four years. He is a trustee of the Ethox Foundation (The Oxford Foundation for Ethics and Communication in Health Care Practice).

5. Jonathan Kydd
Non-executive Director
Best Practice and Development Chair

Appointed in February 1997.

A development economist, Jonathan holds a PhD from Sussex University and has held academic appointments at the University of Malawi, Wye College, University of London and Imperial College, London. Presently, he is a Professor at the University of London, Dean of the University of London's External System and Visiting Professor at the Centre for Environmental Policy of Imperial College, London. Until recently he was Chairman of the Advisory Council of the UK's Export Credit Guarantee Department. He has been a special adviser to the UK House of Commons International Development Select Committee and has worked as consultant to a range of national and international development agencies, including the World Bank.

6. Fields Wicker-Miurin OBE
Non-executive Director

Appointed in November 2004.

Fields is co-founder and partner of Leaders' Quest, an international organisation which inspires leaders worldwide. Fields is a Non-executive Director of Savills and is a Governor of King's College, London.

Previously, Fields was Chief Financial Officer of the London Stock Exchange and Chief Operating Officer and Partner of Vesta Group. She has advised the European Union on financial sector reform and was a member of the NASDAQ Technology Council for many years. She served on the DTI's Board of Directors for six years and chaired the Investment Committee advising on all government subsidies to business. Fields was awarded an Order of the British Empire in 2007 for services to international business.

7. Andrew Williams
Non-executive Director
Remuneration Chair

Appointed in July 2003.

Andrew was with the Schroder Group for 25 years, latterly as Director of SVG Capital and Chief Executive Officer of its fund advisory business, SVG Advisers, until March 2009.

Prior to joining Schroder Ventures, Andrew was co-head of equity capital markets at Shroders in London. Andrew is also a Non-executive Director of Macquarie Bank International Plc.

8. Ian Goldin
Non-executive Director

Appointed in February 2010.

Ian is Director of the Oxford University's James Martin 21st Century School. Ian is also a Professorial Fellow at the University's Balliol College.

From 1996 to 2001, Ian was at the World Bank, firstly as Director of Development Policy then as a Vice President. From 1995 to 2001 he was Chief Executive of the Development Bank of Southern Africa. During this period, Ian served on several South African Government committees and boards, accompanied President Mandela on many state visits and was a founding board member of Comafin and the Africa Infrastructure Fund as well as a board member of Proparco. Previously, Ian worked at the European Bank for Reconstruction and Development as Principal Economist and prior to that at the OECD Development Centre in Paris, where he directed the Programmes on Trade, Environment and Sustainable Development.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Business Review – Africa

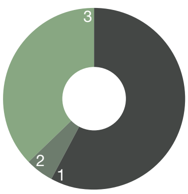
CDC is the biggest private equity fund of funds player in Africa.

Low income[1]

Middle income[2]

1 Low income countries below US$905 per annum GNI per capita.
2 Middle income countries up to US$11,115 per annum GNI per capita. All above as per World Bank (2006) and Development Assistance Committee country list.

Portfolio by fund manager

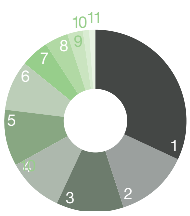


1 Actis **58%**
2 Aureos **5%**
3 Others **37%**

Portfolio value

£731m

Portfolio by sector



1 Financials **32%**
2 ICT **13%***
3 Energy and utilities **12%**
4 Materials **10%**
5 Industrials **10%**
6 Infrastructure **9%**
7 Consumer **5%**
8 Agribusiness **4%**
9 Healthcare **3%**
10 Microfinance **1%**
11 Cleantech **1%**

New commitments in 2009

£142m

*Information, Communications and Technology

Between 2002 and 2007 sub-Saharan Africa's output grew annually by some 6.5%, the highest rate in more than 30 years. But with the onset of the world recession, economic growth has faltered in many economies in the region. This will cause per capita income in the region to decline by about 1%, the first such drop in a decade. Sobering as this picture is, it is helped by the fact that prudent macroeconomic policies in recent years have given many countries some policy space to counter the effects of the slowdown. Growth in sub-Saharan Africa is projected to pick up from 1% in 2009 to just over 4% in 2010.

Whilst the MSCI Emerging and Frontier Markets Africa US$ index rose by 48% in 2009 after the fall of 40% in 2008, the Nigerian US$ index, which fell by 58% in 2008, fell by a further 23% in 2009. This is indicative of Nigerian exchange rate and equity market issues rather than underlying economic growth which was 6.0% in 2008 and 2.9% in 2009 according to IMF statistics.

Sub-Saharan Africa is a core destination for CDC's capital. Many of Africa's poorer nations remain at the bottom of the rankings in the World Bank's 'Doing Business' report and businesses face serious difficulties in attracting the capital they need to grow and expand. CDC is the biggest private equity fund of funds player in Africa.

CDC entered 2009 with US$678m of uncalled capital commitments to funds investing in Africa. This dry powder has assisted fund managers and portfolio companies to navigate through uncertain times in 2009, exemplified by a scarcity of debt finance. The year presented some interesting investment opportunities for our funds in the financial sector.

In 2009, which was a difficult year for managers raising funds, CDC committed US$230m to five African funds as follows:

- US$75m to the Global Trade Liquidity Programme, which was set up by IFC to address the growing issue of scarce liquidity in trade finance in emerging economies as a result of the global financial crisis;
- US$50m to African Capital Alliance CAPE III, which will invest predominantly in mid-sized companies in Nigeria;
- US$25m to African Development Partners I, which will invest expansion capital across Africa but concentrate on post-conflict and newly liberalising countries;
- US$75m to Helios II, which will invest across sub-Saharan Africa in expansion or buy-out capital where value can be enhanced through an intensive operational focus; and
- US$5m to Sierra Investment Fund, which is managed by a Freetown based private equity firm and represents the first such investment by a development finance institution since the end of the civil war.

New investments by funds include:

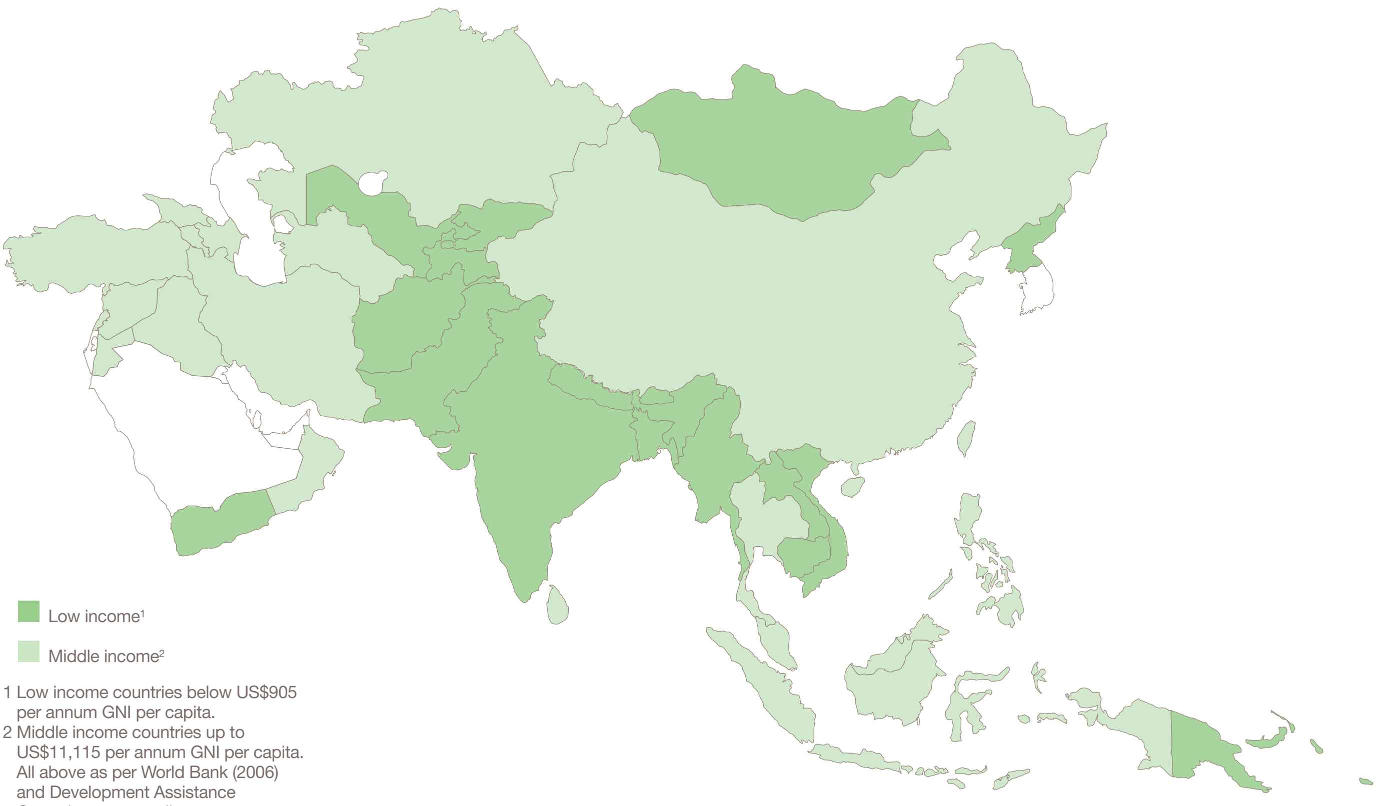
Company	Country	Fund	Description
Ciments du Sahel	Senegal	Aureos Africa Fund	Cement production
Commercial International Bank	Egypt	Actis Africa Fund 3; Actis Emerging Markets Fund 3	Banking
Wananchi Group	Kenya	ECP Africa Fund III	Cable communication
Financial Bank	Togo	ECP Africa Fund III	Regional bank
Sierra Fishing	Sierra Leone	Sierra Investment Fund	Fish marketing

Five largest African underlying investee companies:

Company	Country	Description
Globeleq	Pan-Africa	Power
Alexander Forbes	South Africa	Financial services
DFCU	Uganda	Development finance
Diamond Bank	Nigeria	Financial services
Actom	South Africa	Electrical engineering

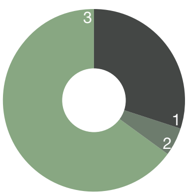
Business Review – Asia

Economic fundamentals are strong in the region and growth is again rising.



1 Low income countries below US$905 per annum GNI per capita.
2 Middle income countries up to US$11,115 per annum GNI per capita. All above as per World Bank (2006) and Development Assistance Committee country list.

Portfolio by fund manager

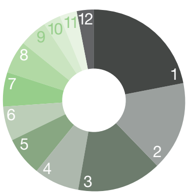


1 Actis **30%**
2 Aureos **5%**
3 Others **65%**

Portfolio value

£607m

Portfolio by sector



1 Consumer **22%**
2 Industrials **16%**
3 Healthcare **15%**
4 Infrastructure **8%**
5 Energy and utilities **7%**
6 Financials **6%**
7 Cleantech **6%**
8 Agribusiness **6%**
9 ICT **5%***
10 Microfinance **3%**
11 Materials **3%**
12 Education **3%**

*Information, Communications and Technology

New commitments in 2009

£55m

CDC has a vital role to play in Asia by actively monitoring and supporting its fund managers. Very few fund managers in the region will have managed a fund through an economic tightening of the degree experienced recently, which is where CDC can add value.

The level of executed deals was lower in 2009 and for those fund managers trying to raise a fund, the environment was difficult, with international investors more hesitant. However, economic fundamentals are strong in the region and growth is again rising. Initial public offerings are returning and more deal flow is expected by fund managers in 2010.

The MSCI Emerging and Frontier Markets Asia US$ index rose by 74% in 2009 after the fall of 53% in 2008. However, the performance of individual countries was variable and India rose by 103% whilst China only rose by 62% in 2009.

Under the new Investment Policy, CDC no longer makes new fund commitments outside South Asia and the Mekong region other than SME funds. In 2009 CDC committed US$88m to four Asian funds as follows:

- US$10m to India Agribusiness fund, the first private equity agribusiness fund in India. The fund will target many food and agribusiness sectors and will additionally aim to invest in agribusiness infrastructure such as cold chain logistics, warehousing, dedicated ports and auction markets;
- US$25m to Ascent India Fund III, which will focus on expansion capital in mid-market companies, primarily in Southern India;
- US$13m to Renewable Energy Asia Fund, which will take controlling interests in early stage renewable energy projects mostly in India; and
- US$40m to India Value Fund IV, which will focus on controlling stake in large companies which require significant post-investment engagement to improve performance.

New investments by funds include:

Company	Country	Fund	Description
Bharat Serums & Vaccines	India	Kotak Private Equity Fund	Medical supplies
Essar Power	India	India Infrastructure Fund	Power generation
Golden Foods Siam	Thailand	Navis Asia Fund V	Cooked chicken products
Duoyuan Global Water	China	Global Environment Emerging Market Fund III	Water treatment equipment
Wireless TT Info Services	India	IDFC PE	Telecom towers
Hythro Power Corporation	India	Avigo SME Fund III	Power transmission and distribution

Five largest Asian underlying investee companies:

Company	Country	Description
Paras Pharmaceuticals	India	Healthcare
Ceylon Oxygen	Sri Lanka	Industrial gases supplier
7 Days	China	Budget hotels
Xiabu Xiabu	China	Restaurant chain
Ambow	China	Education service provider

Performance Review
Godfrey Davies
Chief Financial Officer

CDC now has investments in 134 funds managed by 65 different fund managers.

Description of the business and objectives

CDC is a government-owned investment company that invests in private sector businesses in developing countries, where it has been an innovative investor for over 60 years. CDC is part of the UK programme for promoting international development and the reduction of poverty. The government has no involvement in CDC's day-to-day decision-making which is carried out by the CDC Board of Executive and Non-executive Directors based in London. CDC is required to operate commercially according to the highest standards of corporate governance.

CDC's objective is to invest in the creation and growth of viable private businesses in developing countries to contribute to economic growth for the benefit of the poor; and to mobilise private investment in these markets both directly and by demonstrating profitable investments. No country has succeeded in reducing poverty in a sustainable manner in the absence of economic growth. Commercially sustainable private sector businesses are critical to such growth: they employ and train people, pay taxes, invest in research and development and build and operate infrastructure and services. Scarcity and unequal access to long-term risk capital constrain the establishment and growth of viable businesses in CDC's target markets.

CDC's investment strategy is to align its activities with its shareholder's objective of reducing poverty. The CDC universe consists of developing countries which are defined by the World Bank as low or middle income countries. Until the end of 2008, CDC had two investment targets: 70% of new investments in the poorest countries of the world (defined as countries with an annual Gross National Income (GNI) per capita below US$1,750 in 2001); and 50% in sub-Saharan Africa and South Asia. Both tests are measured over a five-year rolling period. On 3 November 2008, DFID announced a new investment policy and targets for CDC. For commitments to funds up to the end of December 2008, the above targets should be met. For new commitments to funds thereafter, new investments must meet two new targets: 75% in low income countries (defined as countries with an annual GNI per capita below US$905 in 2006); and 50% of new investments in sub-Saharan Africa. In addition, CDC may commit up to £125m in the next five years to SME funds in middle income countries (defined as countries with an annual GNI per capita below US$11,115 in 2006). In making investments CDC:

- targets an appropriate commercial return, which may vary by geography, product or sector;
- requires fund managers to invest in companies with a commitment to best practice including environmental, social policies and governance; and
- aims to be catalytic and innovative in what it does.

CDC and the businesses in which its capital is invested will:

- comply with all applicable laws;
- minimise adverse impacts and enhance positive effects on the environment, workers and all stakeholders as appropriate;
- commit to continuous improvements with respect to management of the environment, social matters and governance;
- work to apply relevant international best practice standards, with appropriate targets and timetables for achieving them; and
- employ management systems which effectively address environmental, social and governance (ESG) risks and realise ESG opportunities as a fundamental part of a company's value.

Strategies for achieving the objectives of the business

CDC carries out its mission mainly by investing in private equity and other intermediated collective investment vehicles. As a fund of funds, CDC places its portfolio with skilled private equity fund managers in its target markets. CDC also co-invests alongside certain fund managers. Before investing in a fund, extensive due diligence is undertaken to try to ensure that top-quality fund managers have been chosen who will deliver above-average returns in the chosen markets. CDC expects its managers to achieve returns that are appropriate to the opportunities and risks in the relevant market. Amongst the features that CDC seeks in making a decision to commit to a fund are:

- a credible thesis aimed at CDC's preferred markets;
- a strong management team;
- prospective returns which are commensurate with the potential risk; and
- a management team that will apply high standards of business ethics and corporate governance.

CDC evaluates fund performance according to the financial performance of the funds and the development impact which the funds have had in terms of creating profitable businesses that are economically sustainable, have a positive impact on the private sectors in which they operate and seek to minimise environmental damage.

The underlying investee companies of the funds in which CDC invests pay taxes in their country of operation. However, under the CDC Act 1999, CDC Group plc was granted exemption from UK Corporation Tax from May 2003. This allows CDC to recycle more portfolio receipts as new investments in developing countries. CDC has not received any new investment from its shareholder for 14 years.

Market conditions

The MSCI Emerging Markets Index is designed to measure quoted equity performance in global emerging markets. In 2009, it rose by 75% (2008: declined by 55%). However, index increases of individual countries varied widely in 2009 with rises from South Africa 53%, China 59% and India 95%, but with Nigeria falling by 25%.

Key Performance Indicators

CDC is managed as a fund of funds investment business and this sectoral performance is shown below.

Whilst CDC's portfolio performance was less than its MSCI benchmark in 2009, on a three year rolling basis it was 6% ahead of the benchmark.

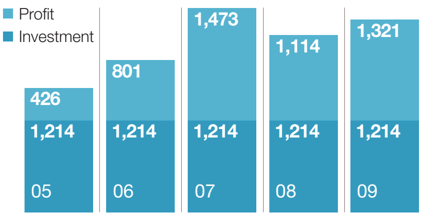
Total return after tax for the period was £207.0m (2008: loss of £359.0m). The fund total return after tax was 9% (2008: loss of 13%) a net return on investments of 16% in the last five years.

Investment Policy new investment targets were exceeded.

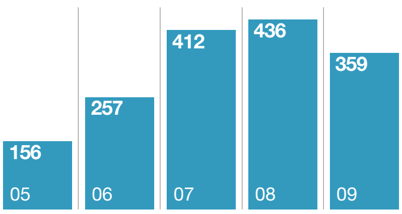
Third-party funds mobilised alongside CDC's capital amounted to US$1,200m (2008: US$2,170m). However, the ratio of capital mobilised to CDC capital rose from 328% in 2008 to 452% in 2009.

Performance Review
continued

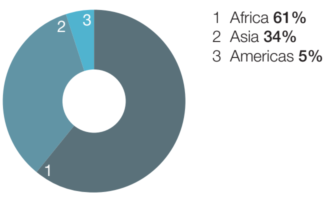
CDC value growth (£m)



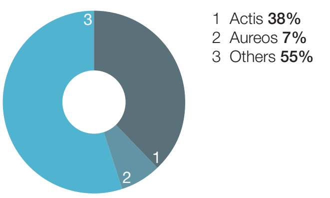
Fund drawdowns (£m)



New investments in 2009 by region



New investments in 2009 by manager



Current performance

Portfolio return

In the past, CDC has measured its portfolio performance against the MSCI Emerging Markets US$ index. However, the individual country weightings within the index are rather different from the geographical spread of CDC's portfolio. In conjunction with Morgan Stanley, an index weighted by CDC's geographical spread of countries has been developed to form a new MSCI benchmark for performance.

The portfolio generated £61.0m of realised profits (2008: £21.9m) which arose mainly from legacy portfolio yield and exchange gains.

The unrealised valuation gain in the portfolio was £165.5m (2008: £447.1m unrealised loss) driven by the rise in global markets partly offset by currency losses from Sterling's appreciation against the US dollar.

Operating costs

Operating costs for the year of £12.2m (2008: £13.0m) have reduced despite the increase in London office employees to 46 (2008: 41) due to lower spending on consultants and legal fees. Operating costs represent 0.5% of funds under management which compares favourably with industry benchmarks of up to 1%.

Other net expenses

Other net expenses of £7.3m (2008: £79.2m gain) are much lower this year as cash held earns lower interest and there are translation losses on US$ cash held compared with gains in 2008.

Total return after tax

The overall result is a total return after tax of £207.0m (2008: loss of £359.0m). As a return on opening total net assets on a valuation basis, this represents a return for CDC's shareholder of 9% (2008: loss of 13%) this year and an average annual return of 16% over the last five years.

	2009 £m	2008 £m
Net realised profits	**61.0**	21.9
Unrealised value movements	**165.5**	(447.1)
Portfolio return	**226.5**	(425.2)
Operating costs	**(12.2)**	(13.0)
Other net (expenses)/ income	**(7.3)**	79.2
Total return after tax	**207.0**	(359.0)

Third-party funds mobilised

One of CDC's objectives is to mobilise third party capital investment in emerging markets by demonstrating the benefits of successful investment to other capital providers. During 2009 third-party funds mobilised alongside CDC's capital invested has been measured as follows. Investments in fund closings prior to the one in which CDC participates are not counted. Investment by others in funds when CDC has made a legal commitment and subsequently is counted as mobilisation once subjected to a tapering factor. The tapering factor applied to a fund's mobilisation value will depend on whether it is a first, second or a subsequent fund as follows: first time funds have no tapering, Fund 2s are tapered by 25%, Fund 3s are tapered by 50%, and Funds 4 onwards are tapered by 75% so that only 25% of investment by others counts as mobilisation. The tapering factor is applied to reflect the growing importance of the fund manager's track record as he raises subsequent funds. The mobilisation target set is on a three year rolling basis at 200%. Actual mobilisations at 278% exceeded the target. In 2009 mobilisation amounted to US$1,200m (2008: US$2,182m). However, the ratio of capital mobilised rose from 331% in 2008 to 377% in 2009.

	2009 £m	2008 £m
Portfolio	**1,410.9**	927.7
Net cash and short-term deposits	**977.9**	1,268.2
Other net assets	**146.0**	131.9
Total net assets on a valuation basis	**2,534.8**	2,327.8

Total net assets increased in the year from £2,327.8m to £2,534.8m, a rise of 9% (2008: fall of 13%).

	2009 £m	2008 £m
Portfolio at start of year	**927.7**	1,184.1
New investments	**359.3**	436.0
Realisations	**(48.0)**	(245.3)
Unrealised value movements	**171.9**	(447.1)
Portfolio at end of year	**1,410.9**	927.7

The portfolio, which consists of investments in funds managed by fund managers and the legacy portfolio managed by Actis, increased from £927.7m to £1,410.9m, a 52% increase. The increase came from new investments and valuation gains driven by market conditions. The 20 largest underlying investments are shown on pages 26 and 27.

	2009 £m	2008 £m
Fund drawdowns	**(359.3)**	(436.0)
Fund cash generated	**161.6**	267.7
Net fund flows	**(197.7)**	(168.3)
Hedging	**(52.9)**	–
Other cash flows	**(39.7)**	31.5
Net cash flow	**(290.3)**	(136.8)

Drawdowns by funds for new investments at £359.3m (2008: £436.0m) were lower than last year with reduced drawdowns from Asia.

New investments

With new investments at 75% in poor countries and 64% in sub-Saharan Africa and South Asia, the rolling five-year targets of 70% and 50% respectively for the old book were exceeded.

During 2009 new investments from commitments made after 1 January 2009 were 96% in sub-Saharan Africa and 100% in low income countries, exceeding the targets of 50% and 75% respectively. Also during 2009, new investments from commitments made prior to 2009 were 46% in sub-Saharan Africa and 53% in low income countries exceeding the targets of 27% and 40% respectively.

Fund cash generated

There was a lower level of portfolio cash generated this year at £161.6m (2008: £267.7m). The main fund receipts in 2009 were from Actis Infrastructure Fund II, legacy portfolio yields and repayments.

Net cash and short-term deposits held

With the higher level of fund drawdowns and lower portfolio realisations, cash and short-term deposits were lower at £977.9m (2008: £1,268.2m). A substantial portion of this balance is placed on deposit with the UK Government's Debt Management Office. However, cash will be recycled into fund investments and current outstanding commitments for investment which stand at £1,561.0m, representing an overcommitment of 60%.

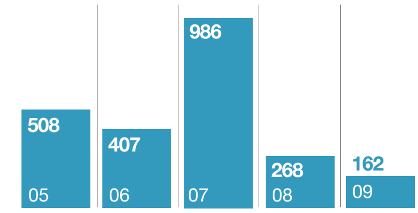
Fund managers

CDC actively reviews fund proposals from private equity fund managers within its investment universe. In 2009, CDC made 11 new fund commitments of US$335m (2008: US$885m) as follows:

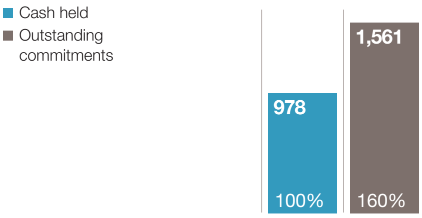
	US$m
Capital Alliance Private Equity III	**50**
African Development Partners I	**25**
Ascent India Fund III	**25**
European Financing Partners III	**7**
Global Trade Liquidity Programme	**75**
Helios II	**75**
India Agribusiness Fund	**10**
India Value Fund IV	**40**
Renewable Energy Asia Fund	**13**
Shorecap II	**10**
Sierra Investment Fund	**5**
Total commitments including co-investments in 2009	**335**

CDC now has investments in 134 funds managed by 65 different fund managers.

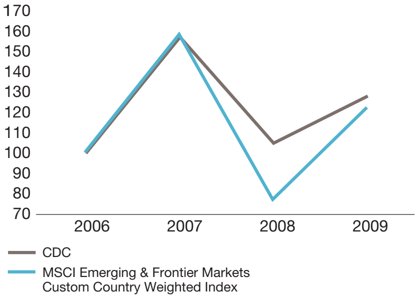
Portfolio cash generated (£m)



Cash and outstanding commitments at 31 December 2009 (£m)



MSCI benchmark



Performance Review
continued

CDC fund commitments and investments

	Outstanding commitment £m	CDC investment value £m
Actis 10 Legacy Funds	–	117.5
Actis Africa Fund 2	6.1	123.6
Canada Investment Fund for Africa	0.4	7.4
Actis Africa Empowerment Fund	1.9	17.0
Actis Africa Real Estate Fund	46.3	51.5
Actis Agribusiness Fund	11.0	25.5
Actis ASEAN Fund	18.4	7.9
Actis Assets Fund 2	–	2.2
Actis China Fund 2	1.3	18.0
Actis India Fund 2	6.0	51.6
Actis India Real Estate Fund	24.0	3.6
Actis South Asia Fund 2	5.5	52.6
Actis Umbrella Fund	1.6	9.3
Actis Infrastructure Fund II	282.9	69.7
Actis Emerging Markets Fund 3	90.4	32.8
Actis Africa Fund 3	60.7	33.5
Actis India Fund 3	54.6	7.2
Actis China Fund 3	43.5	19.3
Actis Latin America Fund 3	57.6	0.9
28 Actis managed funds	712.2	651.1
Aureos 7 Legacy Funds	–	0.6
Aureos Central America Fund	1.9	2.9
Aureos Central Asia Fund	9.0	2.7
Aureos China Fund	7.9	4.9
Aureos East Africa Fund	0.2	5.2
Aureos Latin America Fund	10.6	7.1
Aureos Malaysia Fund	4.9	0.9
Aureos South Asia Fund I (Interim)	0.7	2.0
Aureos South Asia Fund	9.8	10.7
Aureos South East Asia Fund	4.1	9.2
Aureos Southern Africa Fund	1.1	7.8
Aureos West Africa Fund	0.8	5.7
Emerge Central America Growth Fund	1.6	1.2
Kula Fund II	1.5	1.4
Aureos Africa Fund	26.5	19.3
21 Aureos managed funds	80.6	81.6

	Outstanding commitment £m	CDC investment value £m
Access Holdings	0.9	2.2
Adlevo Capital	9.3	–
Advans	4.0	2.6
Advent Latin America Private Equity Fund IV	3.8	10.0
African Development Partners I	14.2	2.8
African Lion	–	0.2
African Lion 2	–	1.4
African Lion 3	8.1	1.0
AIF Capital Asia III	11.0	22.2
Altra Private Equity Fund I	3.8	2.2
Ascent India Fund III	15.5	–
Ambit Pragma Fund	9.0	2.8
Atlantic Coast Regional Fund	7.0	1.9
Avigo SME Fund II	2.5	12.7
Avigo SME Fund III	11.0	1.2
Baring India Private Equity Fund II	1.9	4.3
Baring India Private Equity Fund III	27.6	5.0
BTS India Private Equity Fund	4.8	7.5
Business Partners International Kenya SME	0.4	0.5
Capital Alliance Private Equity I	–	9.7
Capital Alliance Private Equity II	1.6	9.4
Capital Alliance Private Equity III	30.9	–
Capital Alliance Property Investment Company	15.0	4.0
Capital Today China Growth Fund	6.4	15.8
Catalyst Microfinance Fund	6.6	1.9
CDH China Fund III	14.3	30.5
Central Africa Growth	–	5.5
Centras Private Equity Fund	4.5	1.2
CITIC Capital China	2.8	17.4
CVCI Africa Fund	20.0	41.4
Dynamic India Fund VII	14.9	22.1
ECP Africa Fund II	1.4	21.2
ECP Africa Fund III	33.3	29.4

	Outstanding commitment £m	CDC investment value £m
Ethos Fund V	6.1	8.9
European Financing Partners	6.9	6.3
European Financing Partners III	4.5	–
FountainVest China Growth Fund	20.1	8.4
Global Environment Emerging Markets Fund III	12.5	15.7
Global Trade Liquidity Programme	–	46.1
GroFin East Africa SME Fund	–	1.1
GroFin Africa Fund	15.8	1.8
Helios Investors	2.2	33.3
Helios Investors II	46.4	–
Horizon Fund III	4.8	1.1
Horizon Tech Ventures	–	1.1
I&P Capital II	3.6	3.3
IDFC Private Equity Fund II	1.5	12.5
IDFC Private Equity Fund III	9.8	5.3
India Agribusiness Fund	4.3	1.9
India Financial Inclusion Fund	8.6	4.4
India Infrastructure Fund	45.8	15.1
India Value Fund II	0.4	1.9
India Value Fund III	6.7	7.4
India Value Fund IV	24.8	–
International Finance Participation Trust (2004)	9.8	52.1
JS Private Equity I	19.1	2.2
Kendall Court Mezzanine (Asia) Fund I	1.0	9.1
Kendall Court Mezzanine (Asia) Bristol Merit Fund	10.3	9.2
Keytone Ventures	2.7	2.0
Kotak India Realty Fund	21.7	5.5
Kotak Private Equity Fund	19.3	1.9
Legend Capital IV	5.1	1.1
Lok Capital	0.8	3.0
Lombard Asia III	7.2	5.1
Maghreb Private Equity Fund II	5.7	10.7
Medu Capital Fund II	2.7	3.3

	Outstanding commitment £m	CDC investment value £m
Minlam Microfinance Offshore Fund	–	17.1
Navis Asia Fund IV	–	7.5
Navis Asia Fund V	12.1	29.3
New Silk Route Fund I	20.3	8.1
Nexxus Capital Private Equity Fund III	5.8	7.9
Patria-Brazilian Private Equity Fund III	14.3	5.5
Qiming Venture Partners	9.2	6.5
Renewable Energy Asia Fund	8.0	–
Saratoga Asia II	21.0	11.7
SGAM Al Kantara Fund	14.3	2.0
Shorecap International	0.4	1.8
Shorecap II	6.2	–
Sierra Investment Fund	3.1	–
Sphere Fund 1	0.4	0.9
Travant Private Equity Fund I	16.1	1.6
Tripod Capital China Fund II	8.4	11.9
Vantage Mezzanine Fund	0.2	8.2
Venture East Proactive Fund	8.7	3.1
Zana Capital Fund (formerly CMIA China Fund III)	2.8	16.1
85 Other managed funds	768.0	710.0
6 Co-investments	0.2	42.5
Forward foreign exchange contracts	–	(74.3)
Total legal commitment to 134 funds at end 2009	1,561.0	1,410.9

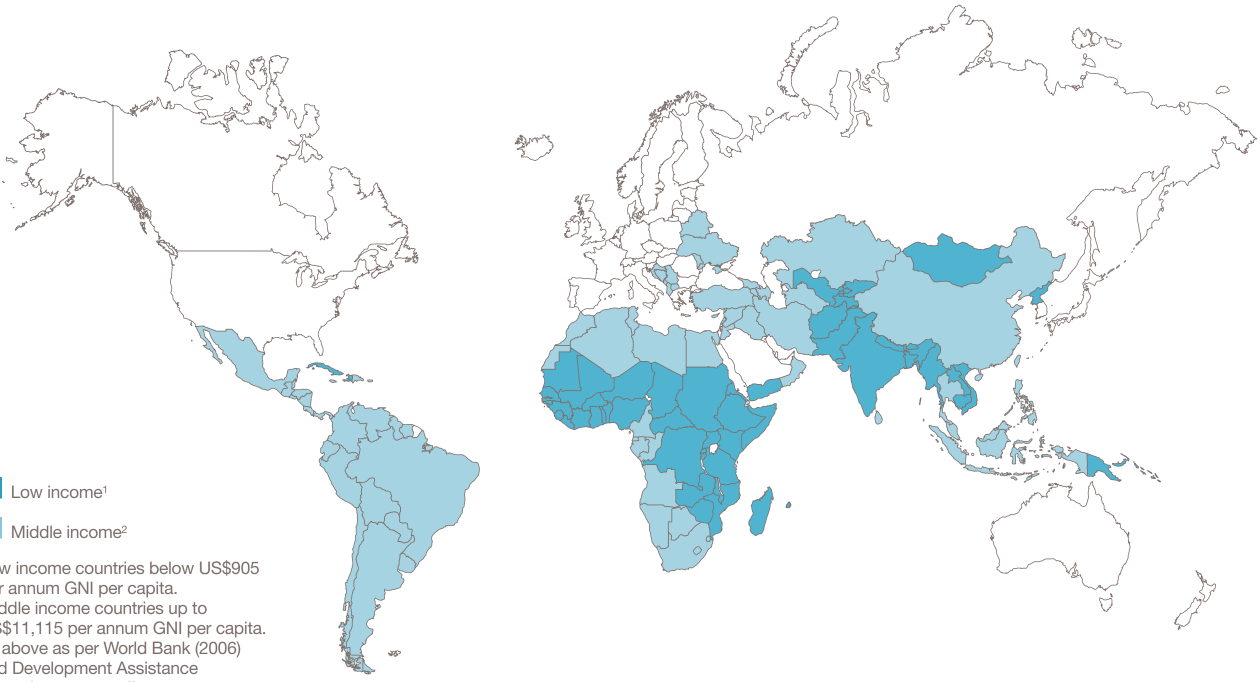
Performance Review
continued

Largest 20 underlying investments of funds

Company	Description
Paras Pharmaceuticals Invested by Actis Emerging Markets Fund 3; Actis India Fund 2; Actis India Fund 3; Actis South Asia Fund 2; Actis Umbrella Fund; Aureos South Asia Fund	A leading Indian company producing over the counter healthcare and personal care products. Successes for Paras include the painkiller Moov which has taken market share from multi-national companies and further new products in new markets for hair and skin care.
Globeleq Generation Limited Actis Infrastructure Fund II	Globeleq develops, owns and operates power generation facilities across emerging markets. Globeleq currently owns Songas (a 190MW gas-fired generation project located in Tanzania) and has interests in two other power projects: Tsavo (a 74MW heavy fuel oil-fired power station in Kenya); and Azito (a 288MW gas-fired power project in Côte d'Ivoire).
Alexander Forbes Invested by Actis Africa Empowerment Fund; Actis Africa Fund 2; Actis Umbrella Fund; Canada Investment Fund for Africa; Ethos Fund V	A diversified financial services company that operates as an intermediary in the investment and insurance industries. Alexander Forbes is represented in 30 countries with the majority of its operations in South Africa.
DFCU Invested by Actis Africa Fund 1	DFCU was founded in 1964 by CDC and the Ugandan Government. It is a commercial bank operating in leasing, housing finance and term lending.
Diamond Bank Invested by Actis Africa Fund 2; Actis Umbrella Fund; Canada Investment Fund for Africa	Diamond Bank is the ninth largest bank in Nigeria (with a subsidiary in Benin Republic), with a strong focus on the SME and corporate sectors. The bank currently has 120 branches, 1,800 staff and a 5% market share.
ACTOM (formerly Alstom Electrical Industries) Invested by Actis Africa Fund 3; Actis Emerging Markets Fund 3	Major South African electrical engineering, manufacturing, distributing and contracting company for the power sector. The business has 22 production facilities, 26 operating units and 21 distribution centres employing over 5,000 people.
Seven Energy Actis Africa Fund 2; Canada Investment Fund for Africa; Actis Umbrella Fund	An upstream oil and gas company initially focused on Nigeria but with the ambition to expand in West Africa. The company has rights to a 40% interest in the undeveloped onshore Uquo Field to the east of the Niger Delta.
Orascom Invested by Actis Africa Fund 1	The market leading mobile operator in Algeria with over 14m subscribers (as at November 2009). The company provides a range of prepaid and post paid voice, data and multimedia telecommunication services.
Commercial International Bank Actis Emerging Markets Fund 3; Actis Africa Fund 3	The largest private sector commercial bank in Egypt. It has 152 branches, 472 ATMs and over 4,000 employees serving 700 corporate customers, 400 Small and Medium Enterprise (SME) customers and 380,000 retail customers.
Regal Forest Invested by Actis Latin America Fund 1	A leading retailer of white and brown goods, electronics and furniture (durable consumer goods) in El Salvador, Honduras, Guatemala and Nicaragua, with a market share of around 30% in each country.
Savcio Invested by Actis Africa Empowerment Fund; Actis Africa Fund 2; Actis Umbrella Fund; Canada Investment Fund for Africa; Sphere Fund 1	A repairs, services and replacement parts company. Africa's largest private sector repairer of electric motors, transformers and traction drive systems.

Company	Description
Empower Invested by Actis Infrastructure Fund 2	Empower seeks to fill an unserved space in the international power generation market, particularly in Africa, whilst delivering a lower-cost solution than those currently available to state off-takers, utilities (and their customers) and industrial customers. Specifically, Empower aims to be the interim power generation solution provider in emerging markets.
Mozal Invested by Actis Assets Fund 1	A 500,000 tpa aluminium smelter in Maputo, Mozambique, Mozal 1, the US$1.34bn development which was launched in 1998, was the biggest single project investment ever made in Mozambique. The smelter, which was successfully completed six months ahead of schedule and more than US$100m under budget, officially opened on 29 September 2000.
Capital Properties Holdings Invested by Actis Africa Real Estate Fund	Capital Properties owns three office blocks totalling 19,000 square metres of space, on a single prime site in the heart of Dar es Salaam.
Ceylon Oxygen Actis South Asia Fund 2; Actis Umbrella Fund	Ceylon Oxygen Limited (COL) is Sri Lanka's leading industrial and medical gases manufacturer with an 80% market share. The company's main products include oxygen, nitrogen, nitrous oxide, argon, acetylene, food grade carbon dioxide and dry ice.
Mineral Deposits Limited Actis Africa Fund 2; Canada Investment Fund for Africa; African Lion Fund 2; EMP Africa Fund 2	Listed on the Australian and Toronto Stock Exchanges, Mineral Deposits Limited is a company with two mining projects in Senegal: The Sabodala Gold Project and the Grande Côte Zircon Project.
MTN Nigeria Invested by Capital Alliance Private Equity I; Capital Alliance Private Equity II	MTN Nigeria Communications Limited is a provider of mobile telecom services, through the GSM platform. MTN Nigeria is part of the MTN Group, Africa's leading cellular telecommunications company. MTN provides services in 223 Nigerian cities and towns, more than 10,000 villages and communities and a growing number of highways across the country.
7 Days Group Holdings Ltd Actis China Fund 2; Actis China Fund 3; Actis Emerging Markets 3; Actis Umbrella Fund	One of the leading budget hotel chains in China. The company's aim is to build a national franchise that is capable of providing an affordable, yet quality, hospitality service to the growing number of leisure and corporate travellers in China.
SkyVision Holdings Limited CVCI	A leading provider of reliable internet connectivity solutions (also called "IP trunking") over satellite in sub-Saharan Africa.
Xiabu Xiabu Actis China Fund 2; Actis China Fund 3; Actis Emerging Markets 3; Actis Umbrella Fund	Xiabu pioneered the bar-style hot pot format which features an individual pot for every customer, instead of a traditional communal hot pot. Most stores are in office blocks and shopping malls providing affordable, fresh, hygienic and healthy food.

CDC Universe



1 Low income countries below US$905 per annum GNI per capita.
2 Middle income countries up to US$11,115 per annum GNI per capita. All above as per World Bank (2006) and Development Assistance Committee country list.

Footnote

MSCI Emerging & Frontier Markets Custom Country Weighted Index

Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for and as requested by CDC. The MSCI data is for internal use only and may not be redistributed or used in conjunction with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

CDC Group plc
Cardinal Place
Level 2, 80 Victoria Street
London SW1E 5JL

T: +44 (0)20 7963 4700
F: +44 (0)20 7963 4750
enquiries@cdcgroup.com
www.cdcgroup.com
Registered in England No 3877777