

ANNUAL REPORT 2007



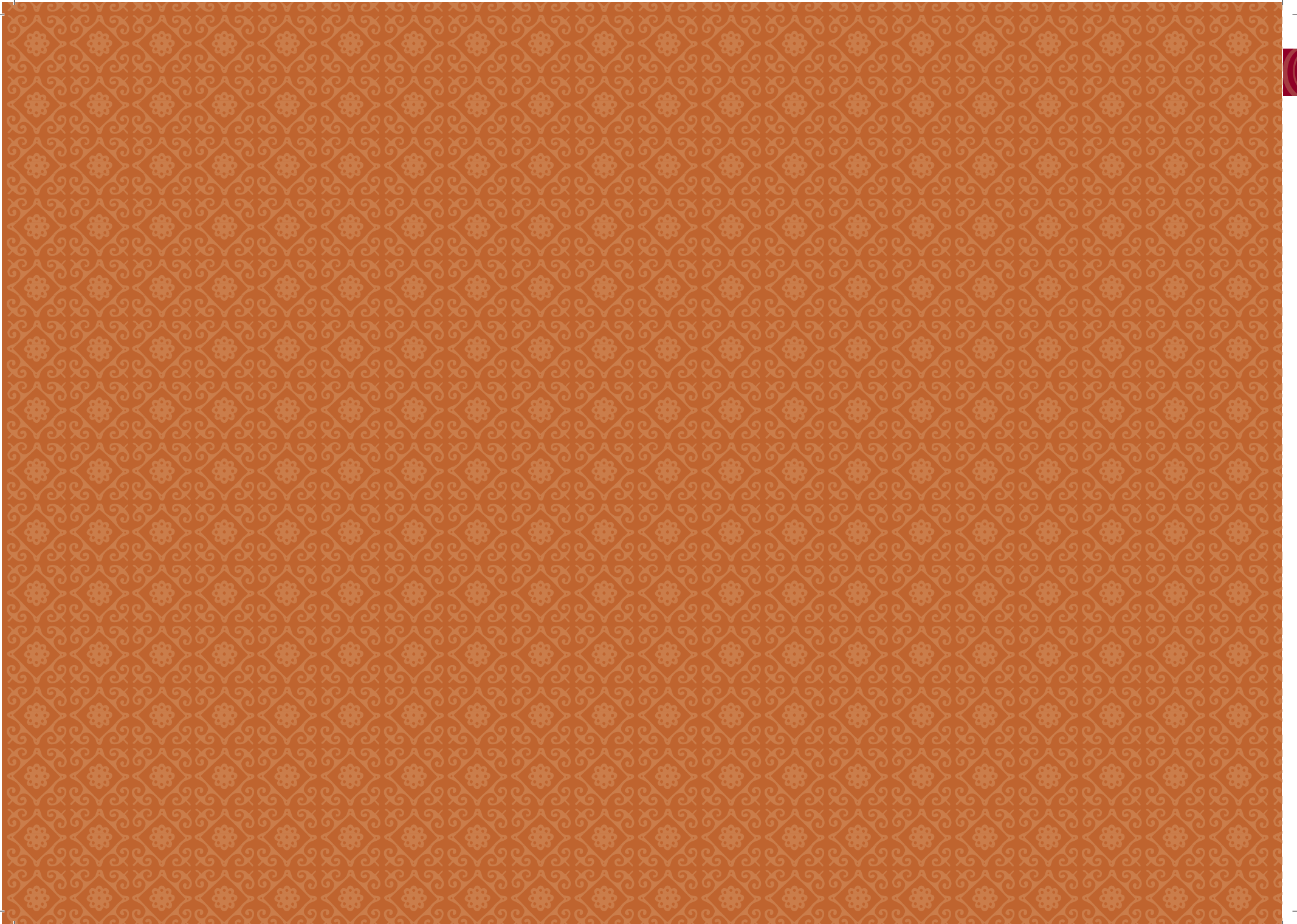


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AMSCO MANAGERS, SOWETO, SOUTH AFRICA

MESSAGE FROM AMSCO'S CHAIRMAN



In 2007, AMSCO continued its good work – strengthening management capacity at African businesses – while preparing for the future.

Close to the end of the year, AMSCO and the Foundation developed a company-wide strategy for the next five years of operations (ATMS IV project cycle). Both boards actively participated and contributed with their insights and direction. Some of the key initiatives laid out in the strategy include: building up the Recruiting function; expanding training programmes; developing an optimal pricing structure that benefits the client while maintaining

AMSCO's financial sustainability; and organisational restructuring. The implementation of these activities will further improve the quality of services rendered and heighten AMSCO's development impact.

The strategy focused not only on AMSCO's current package of services, but also on future services that can meet the needs of African businesses. Already, AMSCO has made strides in the implementation of this strategy. The Capacity Development Department (formerly "Training Department"), for instance, tested new training programmes that will be rolled out in 2008 to a wider group of client companies. In the beginning of 2008, a Recruiting Manager was brought on board to develop the department and structure strategic partnerships that will lead to a greater number of higher calibre, AMSCO recruits. The functions of these two departments truly serve as the backbone of the ATMS Project and are the primary services needed to improve management capacity in Africa.

Also in 2007, AMSCO took on a greater role in assisting client companies with their governance structure. AMSCO partnered with reputable training providers and piloted corporate governance workshops in East and Southern Africa. The programmes proved to be a success and will become core to the service offering in the future. Programmes like these not only help businesses as they grow and require external financing, but also impact communities that benefit from the social implications of improved corporate governance.

In 2006, AMSCO's Portfolio Management Department created a system to efficiently and effectively track its projects and development impact. During 2007, AMSCO implemented



HELDER J. DE OLIVEIRA
BANCO BPI



HERVE GALLEPE
AFD - AGENCE FRANÇAISE DE DEVELOPPMENT



PAUL HINCHLEY
IFC - INTERNATIONAL FINANCE CORPORATION



PER EMIL LINDOE
NORFUND - NORWEIGN INVESTMENT FUND
FOR DEVELOPING COUNTRIES

this system and is now measuring its clients' progress and the resulting socially-related impacts. This system will help AMSCO in clearly and transparently identifying and reporting its successes to donors and sponsors. It will also serve to direct AMSCO's efforts and services to where they can be most useful going forward.

AMSCO's relationship with the UNDP, IFC, and AfDB is critical to the success of the ATMS Project. I am pleased to report that the board is making every effort to build on these relationships and to continue working with our sponsors to ensure AMSCO has the support it needs to accomplish its work. In addition, the AMSCO board is committed to maintaining its robust partnership with the ATMS Foundation to strengthen services, and the resulting impact, that AMSCO delivers to its clients. The AMSCO BV board is and will continue to assist the Foundation as it looks for donor support for the ATMS IV project cycle.

During the year, several notable changes occurred at the board level. The board developed and implemented a Code of Conduct to strengthen governance and ensure greater efficiency of its role. Additionally, the board, in conjunction with the Foundation board, established a Portfolio Audit Committee to assist AMSCO in monitoring and evaluating its development impact. These measures will act as support and guidance as AMSCO moves forward. Also in 2007, the board bid farewell to two of its members – Jannik Pedersen and Lorraine Sweeny who served for approximately 9 years and 2 years, respectively. On behalf of the board, I thank them each for their support and contributions.

Finally, I would like to extend my congratulations to the AMSCO team and the ATMS Foundation on completing the ATMS III project cycle in such strong a standing. ATMS III was a challenging phase that included shifting operations from Europe to Africa. It was also a period in which AMSCO's financial stability was at risk. AMSCO overcame these obstacles and is now financially healthier than ever before. AMSCO has emerged into a strong organisation and is more prepared to begin the next project phase, to continue its work, and to deliver on its objectives.



Morten Christiansen
Chairman of AMSCO's Board of Supervisory Directors

22 April 2008



STEADMAN GROUP, KENYA

MESSAGE FROM ATMS FOUNDATION'S CHAIRMAN



Since July 2006 when the IFC appointed me as the chairman of the ATMS Foundation, I have overseen the final years of operation and closure of the ATMS III project cycle and the beginning of ATMS IV (2008-2012).

During 2007, we built on the work of previous years by further enhancing our internal governance criteria and principles and introducing more transparent procedures for monitoring and reporting on impacts. We also implemented our clear Guidelines and Criteria for project selection and implementation which have aligned the ATMS

Project more closely with the development goals of our stakeholders and the development needs of Africa today.

The ATMS Foundation remains vigilant in its administration of donor funds. We once again revised the criteria for fund allocation to align ourselves more closely with the Millennium Development Goals and the UN Global Compact principles. We support the UN Global Compact principles by supporting several corporate governance sessions for SME executives and senior management. We also partnered with IFC Gender Entrepreneurship Markets to establish a more focused gender programme that can be implemented without detracting from our main objective of making African companies competitive, profitable and sustainable.

In 2007 the Foundation approved an unprecedented high number of projects which implies there is a continued demand for management and capacity development in SMEs. Over US\$14.5 million was approved for over 210 projects and US\$9.2 million was disbursed.

For the fundamental purpose of knowledge-sharing and lessons learned in our interventions, the Foundation absorbed the costs of organizing regional workshops for AMSCO managers in Namibia and Ghana during the year. These informative workshops provided the managers with fresh insights into the challenges and developments at our SME clients and served as a forum for executive management from different backgrounds to share ideas.



INTEGRATED DAIRY, NIGERIA

Our newly implemented systems for monitoring and reporting on development impact have improved our ability to communicate our progress and achievements at individual projects to our stakeholders.

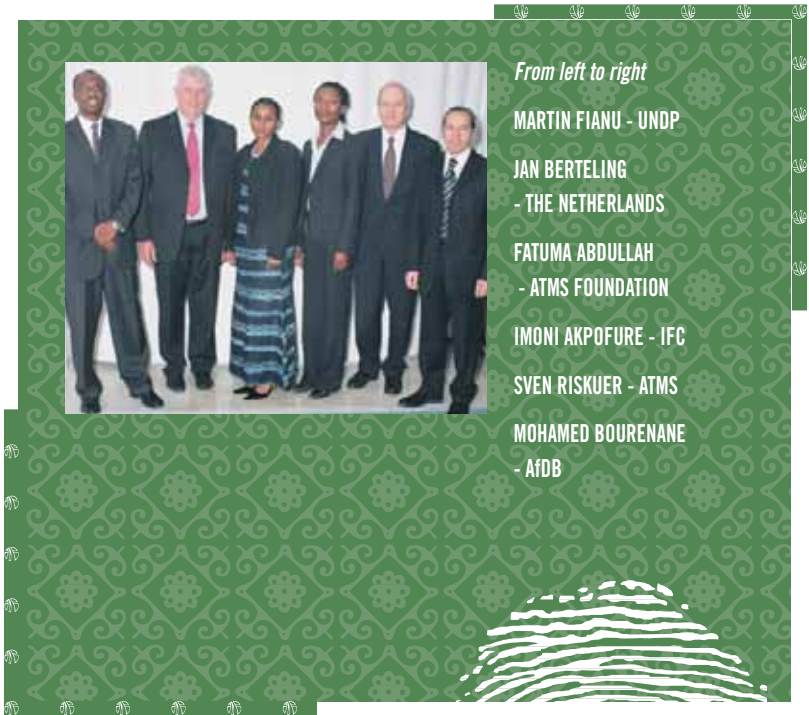
Our contacts to existing stakeholders and donors strengthened and new ties were established during the year under review. The African Development Bank hosted a strategy meeting for the ATMS Board of Trustees in Tunis at the beginning of the year. In May 2007, the Annual Meetings of the ATMS Foundation and AMSCO by invitation were hosted alongside the AfDB annual meetings in Shanghai, China.

All funds received from the Donors under the ATMS III project cycle have been fully committed to meet our objectives of supporting management and training at client companies where the ATMS Foundation and AMSCO can achieve optimal development impact. Over US\$ 12.2 million in funding was approved for over 150 projects and US\$ 6.2 million disbursed.

It is with a solid track record of servicing an ever growing demand for improved management and training services that ATMS IV embarks on a drive to raise funds for new SME clients that are lining up to apply for ATMS support during the next ATMS five-year period (2008-12). We aim to raise US\$25 million in donor funding, of which 84% would be used for management and training support. Four percent would go towards workshops for AMSCO Managers and to supporting AMSCO's Portfolio Management Department which plays the critical role of collecting data and reporting on the performance indicators. We aim to keep administration costs at 12% of the total budget - well below the level of the ATMS III actual expenditure.

We enter ATMS IV armed with all the lessons learned in ATMS III. We are looking to forge partnerships with development bodies from within and outside Africa who wish to contribute to our service delivery framework. With the business environment in Africa improving steadily, it is now imperative to give individual businesses the help they need to become competitive, profitable and sustainable.

I congratulate the ATMS Foundation Director as well all AMSCO staff, shareholders and the Board of Directors for their contribution to the good results we achieved in 2007. I also thank the Board of Trustees for their invaluable advice and their determined efforts to make the ATMS Foundation a successful institution.



Finally, I would like to express my gratitude to the Donors and stakeholders and to our “founding fathers” – the UNDP, the IFC and the AfDB – for their commitment to the ATMS Project. The combined support of all those mentioned has ensured the success of ATMS III and it is my hope that this support will be a strong foundation for the successful launch and implementation of ATMS IV.



Sven Riskaer
Chairman of the Board of Trustees, ATMS Foundation

22 April 2008

MESSAGE FROM AMSCO BV'S MANAGING DIRECTOR AND CEO



I am pleased to report that 2007 year was another successful year for AMSCO. Drawing on almost 20 years of experience in human capacity building in Africa, we delivered quality services to our client companies while maintaining a strong financial performance. I would like to not only share the highlights that AMSCO enjoyed in 2007 but also give you an idea of what we are currently focusing on for 2008 and ATMS IV, our next 5-year project cycle.

By the end of 2007, AMSCO's portfolio stood at 323 managers seconded to a total of 169 client companies across 24 countries. This is an increase of 15% and 36%, respectively, from the previous year. During the year, we accepted projects in 3 new countries - Congo-Brazzaville, Ivory Coast and Angola – which are undergoing major economic and social changes.

Maintaining positive financial performance is critical for AMSCO to continue offering affordable services that deliver on our development impact objectives. We achieved an operating profit of \$419K, making 2007 AMSCO's third profitable year in a row. Total revenue reached \$28.4 million, an increase of \$5.9 million from the previous year.

Our primary focus for 2007, however, was on quality and, as such, we undertook a number of initiatives and programmes that improve our services. For instance, we completed the resurrection of our Capacity Development Department (formerly Training Department) which now includes a Manager and three Training Coordinators, one for each region. Our team became more efficient and introduced new client driven programmes – such as corporate governance, leadership and executive management, and diversity programmes – that are meant to address the long-term viability of our clients.

In addition, we established closer ties with our AMSCO Managers who are seconded to our client companies. With help from the ATMS Foundation, we held two AMSCO Manager workshops during the year – one in Namibia and one in Ghana – which provided a unique networking environment while facilitating open and interesting discussions.



KIGALI, RWANDA

Also in 2007, we arrived at a long-term strategy for the organisation, which was approved by the Management team and the joint AMSCO BV and ATMS Foundation boards, and we immediately began implementing on the initiatives. The strategy, which focuses on developing our services and improving on quality, prompted us to make organisational changes to benefit our clients. We have already introduced the role of Chief Operations Officer, Recruitment Manager, and more support staff. Plans are underway to complete the staffing needs and expound on service offerings. These are the first of the steps we are taking to ensure clients receive the individual attention they need and the best possible assistance.

Some of the greatest achievements we have seen in 2007 can be attributed to our AMSCO Managers and staff who are delivering on the ATMS Project's objectives. In total, 63 of our clients received training grants amounting to over \$1 million of support from the Foundation, to engage in capacity building activities. A number of our clients over the course of the year increased their profitability, sustainability, and competitiveness. These companies are contributing to the overall economic health of the countries in which they operate and, hence, contributing to the development of Africa.

I believe we have an exciting as well as challenging year ahead of us. In 2008, as AMSCO enters its fourth project cycle (ATMS IV) we will be building on the momentum of 2007. We plan to expand the function of the Capacity Development Department to ensure we meet the growing needs of our clients. As an example, we intend to roll out new programmes that can assist with building local management expertise. We will also be improving our Recruitment Department by hiring more experienced recruiters and implementing a system to ensure that we attract, recruit, and place AMSCO Managers who share the same values as AMSCO and its clients. Furthermore, we wish to strengthen and maintain a close relationship with our AMSCO Managers and to build an AMSCO network where managers, staff, clients, and stakeholders can interact freely. In addition to improving services, we plan to expand geographically, entering new countries in need of our services. These endeavours will ensure that we meet the business needs of our clients and Managers while delivering the development impact we have been tasked with.

AMSCO's success is a result of hard work and commitment by those who form part of or support the organisation. I would like to thank everyone involved for the individual contributions each person made in 2007. Through the continued support of our sponsors,



AMSCO TEAM

governments, AMSCO managers, and internal staff, AMSCO will succeed in building competitive businesses and strengthening local economies in Africa.

Ayisi Makatiani
CEO and Managing Director of AMSCO BV

22 April 2008

OUR VISION

To assist African companies in becoming globally competitive, profitable and sustainable.

OUR MISSION

To build management capacity within the African private sector by providing management and training support, primarily to African SMEs.



INTEGRATED DAIRY, NIGERIA

ABOUT AMSCO

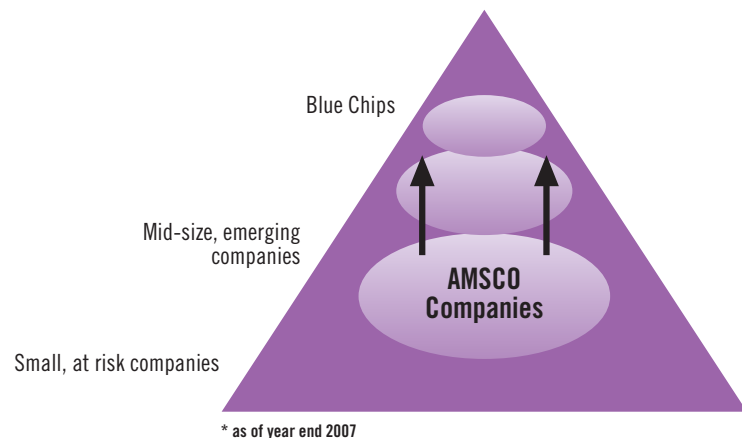
AMSCO administers the African Training and Management Services (ATMS) Project of the UNDP and is a pioneer of capacity and skills development within the African SME sector. AMSCO's ability to strategically place globally experienced managers in its client companies and subsequently develop quality local management skills, contributes to the overall growth and health of the businesses and the economies within which they operate.

AMSCO delivers two primary services to client companies – Senior Management Assistance and Training & Capacity Development.

AMSCO currently works with 169 African businesses of various sizes in 24 countries.* AMSCO chooses its clients carefully, adhering to company due diligence procedures, and seeks to partner with SMEs that have impressive and proven business track records as well as start-ups that have received support from credible and accomplished investors.

The ATMS Foundation, which also falls under the ATMS Project, provides grant funding to the most needy companies to which AMSCO can deliver the greatest developmental impact. More detailed information on the selection process can be found on AMSCO's website (www.amsco.org).

AMSCO primarily works with companies that have the potential and ambition to develop into leading, multinational companies.



AAR HEALTH SERVICES, TANZANIA

ATMS Organisational Structure

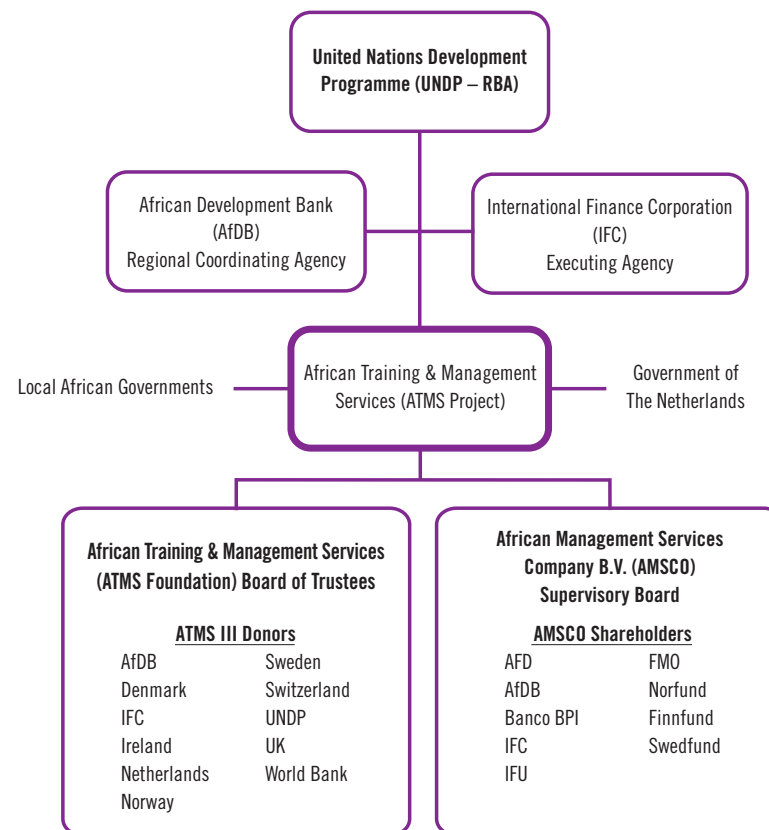
The African Training and Management Services (ATMS) project is a regional project of the United Nations Development Programme (UNDP). The International Finance Corporation (IFC) is the executing agency of the ATMS Project and the African Development Bank (AfDB) is the regional coordinating agency. AMSCO BV and the Foundation ATMS are responsible for the implementation and funding of the project, respectively.

AMSCO BV is a limited liability company incorporated on April 7, 1989 in The Netherlands, with its statutory seat in Amsterdam. The company is entirely equity-financed, with an issued share capital of EURO 11.436 million.

AMSCO BV has a mandate to provide qualified and experienced management, management back-up services and management development and training programmes to private companies, mainly small and medium-sized enterprises as well as commercially operated public enterprises in Africa.

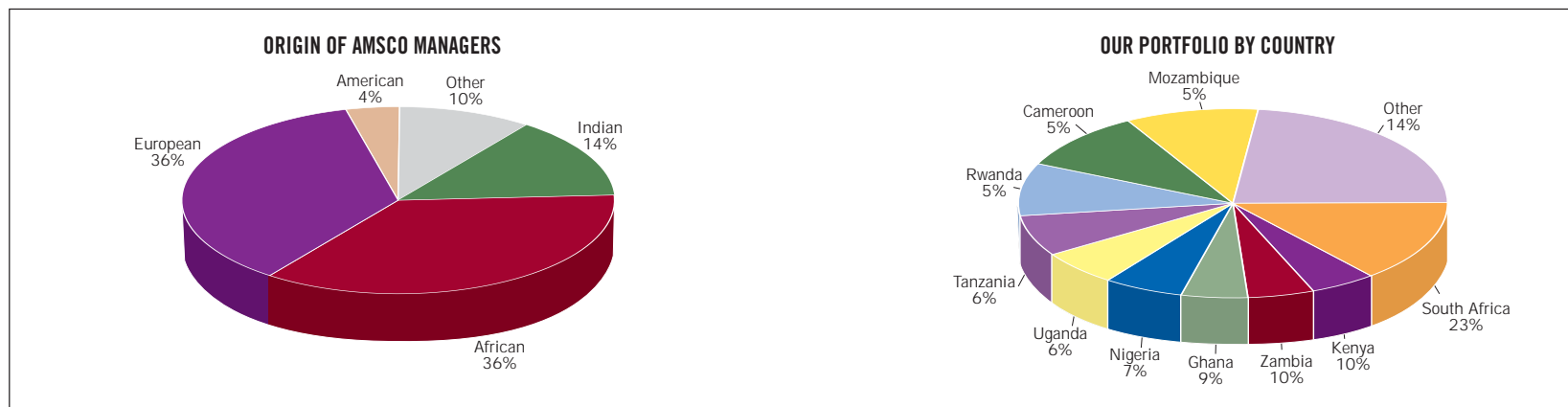
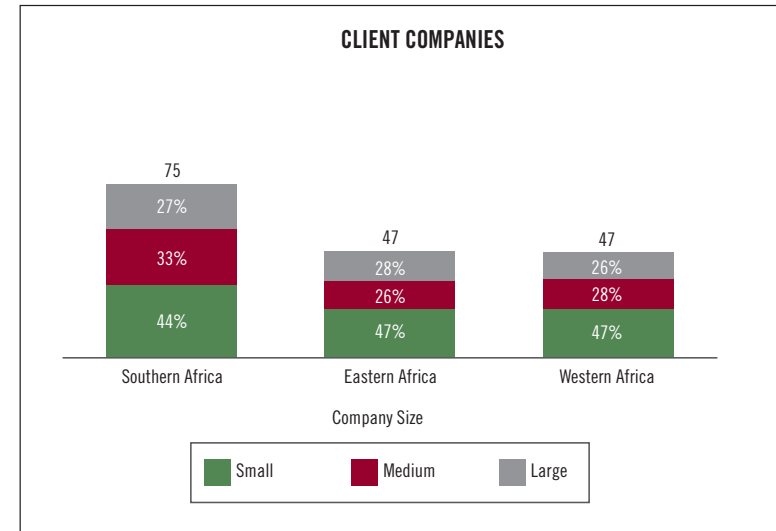
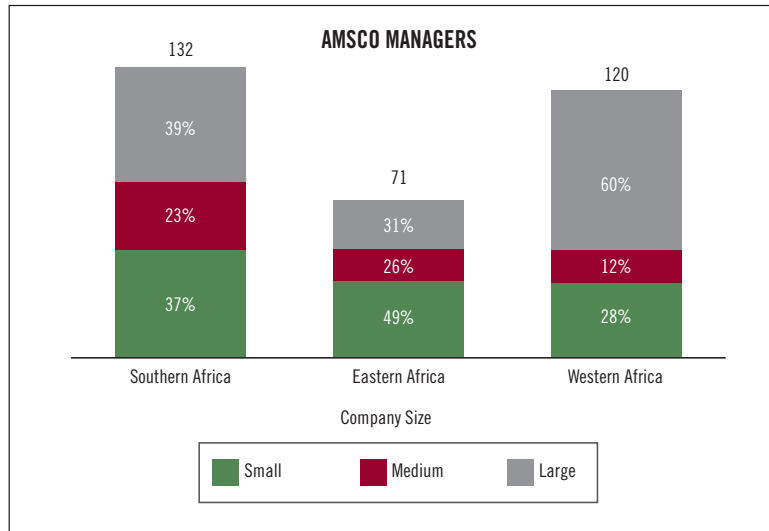
The ATMS Foundation (formerly "Stichting") was established in 1996 by the IFC in its capacity as executing agency for ATMS Project to serve in the distribution of donor funding.

The ATMS Foundation is an independent legal entity, established in Amsterdam under the laws of The Netherlands to support projects within the framework of the ATMS initiative. A large portion of funds has traditionally gone to AMSCO's client companies to help them cover the costs of management and training services provided by AMSCO. The ATMS Foundation is funded by a number of committed national and multilateral donors.



AMSCO AT A GLANCE

As of 31 December 2007, AMSCO was present in 24 African countries, with 323 management professionals seconded to 169 companies. AMSCO's portfolio was comprised of 74% SMEs¹ at year end 2007



¹ Company with less than \$15 million in Sales and \$15 million in Gross Assets (or less than \$7 million in Equity Capital for financial institutions)

THE SERVICES

Recruiting and Management Assistance

AMSCO seeks out top managers across industries with expertise, experience and industry knowledge and seconds them to serve as interim management at its client companies. These managers, over a period of around 3-5 years, help client companies to develop strong management structures of their own and to improve their operational and financial performance.

AMSCO works with these managers to ensure they transfer their valuable skills to locals at its client companies, with the aim of developing local management to replace them when they leave. This ensures that AMSCO makes a concrete contribution to sustainable development by putting in place a line of succession at its client companies.

The integration of the AMSCO managers in client companies and in their countries of placement is key to their success. For that reason, AMSCO helps managers with everything from immigration procedures and legal documentation to acclimatising to their new environment. AMSCO also keeps close relationships with its managers over the course of their tenure and assists them where and when possible. When they complete their assignments, AMSCO works to maintain relationships with its most successful managers and to redeploy them to vacant positions at client companies.



"I HAVE BEEN WORKING AS AN AMSCO MANAGER SINCE 1998. CURRENTLY, I AM NOW ON MY FIFTH CONTRACT THANKS TO AMSCO'S SUCCESS IN FINDING ME ASSIGNMENTS. I HAVE GAINED

A BROAD EXPERIENCE WORKING FOR A NUMBER OF AMSCO CLIENT COMPANIES ACROSS SEVERAL AFRICAN COUNTRIES. THE AMSCO SYSTEM OF BUILDING ON HUMAN CAPITAL THROUGH TRAINING PROGRAMMES, ALONG WITH AN EXPERT MANAGER IMPLEMENTING A SOUND GROWTH STRATEGY, LEADS TO SUCCESS. IT ALL ADDS UP TO A CHALLENGING AND EXCITING JOB."

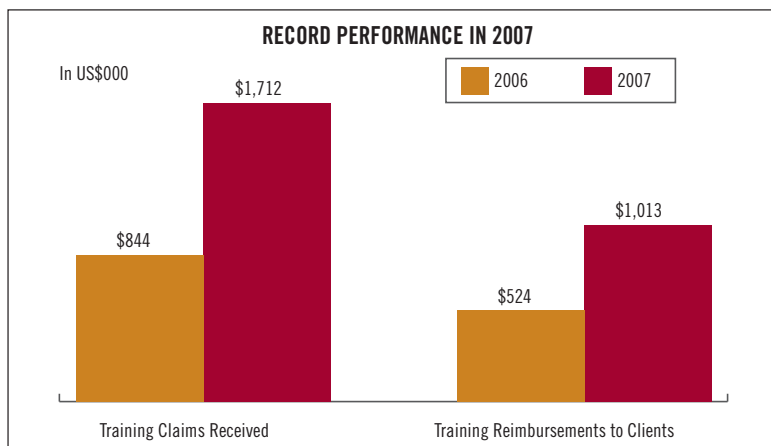
**KEITH STEWART
AMSCO MANAGER
GROUP MANAGING DIRECTOR, TRILINEAR HOLDINGS LIMITED, SOUTH AFRICA**

Training and Capacity Development

AMSCO is committed to ensuring its client companies receive the training and management support they need to create stronger and more sustainable businesses. Through the *Training Needs Assessment*, AMSCO assists client companies to identify skills gaps shortages and to develop appropriate training plans and then facilitates in the execution of training programmes.

AMSCO partners with reputable training providers to ensure its clients receive the best programmes possible for their needs. Assistance is provided to clients who have training support from the ATMS Foundation as well as those who do not.

AMSCO's Capacity Development Department was resurrected in 2006 and was fully-staffed in 2007. In 2007, AMSCO rolled out 122 successful training programmes across Africa and over \$1.7 million of training claims were submitted for reimbursement. Also in 2007, AMSCO developed core training programmes geared towards enhancing SMEs' potential and sustainability. These programmes include Corporate Governance, Leadership Development, Quality Standards, and Diversity Management. In 2007, the Department established ties with the Gordon Institute of Business Science (GIBS) as well as the Institute of Directors, both in South Africa, and plans to expand similar relationships into East and West Africa are underway.



BROCKSTONE SCHOOL, NIGERIA

Grant Funding

The ATMS Foundation provides grant funding to needy clients, especially SMEs, to help them cover the cost of training programmes and the secondment of AMSCO managers.

Grant funds are applied, in accordance with the “ATMS Guidelines and Criteria”, where they can achieve measurable developmental impact. More specifically, the Foundation provides grants to companies that have the ability to grow and benefit the local and regional economy and community.

The Foundation reviews several key facets of a business when considering an application for grant funding. The Foundation looks at the commitment a company displays towards developing local technical and management capacity in its workforce.

In addition, companies that promote good corporate governance and citizenship are strongly favoured in the evaluation process. Preference is also given to companies active in the sectors believed to have the greatest development potential for African countries, economies and communities. These sectors include manufacturing, agri-business, tourism and hospitality, education and technology.

	2003	2004	2005	2006	2007
Foundation Projects Approved	42	8	7	45	50
Foundation Amounts Approved US\$'000	428	268	639	4,988	5,889
Foundation Amounts Disbursed US\$'000	1,392	1,027	499	1,028	2,263



AAR HEALTH SERVICES, TANZANIA



THE COMPLETION OF ATMS III

The ATMS Project has operated under three successive Project Agreements described as ATMS I, II and III. The ATMS III phase expired on 31 December, 2007.

Towards the end of ATMS II, the company made a decision to move head office operations from Amsterdam to Johannesburg and simultaneously merged and closed other offices in Africa. These changes created operational and financial difficulties, as a result, AMSCO underwent a “stabilisation period” between 2003 and 2005 to reorganize, restructure and recapitalize itself and to re-establish its financial viability and sustainability. The organisation, during this period, also established separate boards with distinct roles to improve the governance structure and the allocation of donor funds.

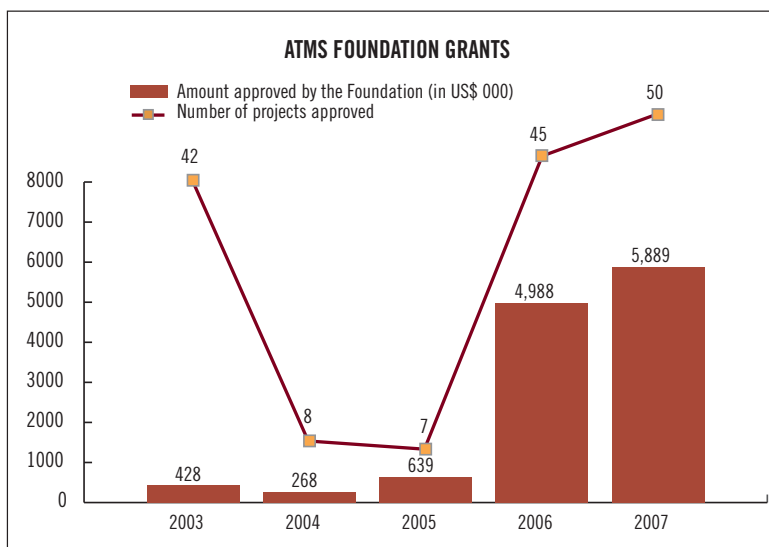
Despite the number of challenges faced, the ATMS Project managed to successfully allocate during ATMS III donor funding over \$12.2 million largely to SMEs in need of management and training services, and to deliver on these services in response to the needs of the clients. At the same time, the operational arm of the ATMS project - that is AMSCO BV - underwent a reorganisation resulting in enhanced operational efficiency and financial sustainability.

The ATMS Project ended its third project cycle and is beginning ATMS IV on a strong platform and is more ready than ever to develop and strengthen African enterprises.

Major Achievements during ATMS III

- **Strengthened African businesses.** During ATMS III, independent evaluations were carried out by consultants Enterplan and Michael Jordan & Associates and both concluded that AMSCO has had a positive impact on majority of its client companies.
- **Improved service delivery.** AMSCO implemented organisational and strategic changes including the creation of the Capacity Development Department during ATMS III that have improved its operations and service delivery. These initiatives are benefiting client companies and are assisting AMSCO in delivering on its development impact objectives.
- **Establishment of Monitoring and Evaluation.** In 2006 a Portfolio Management Department was established with the purpose of tracking and reporting on development impact.

- **Record funding commitments.** Funding allocation to clients in 2007 reached a record high of \$5.9 million and was granted to a total of 50 projects across 14 countries. During the ATMS III period over \$12.2 million was committed to 150 projects
- **More stringent standards for project approval.** During ATMS III the ATMS Guidelines and Criteria were drafted and implemented raising the bar for project selection. The new standards also helped better align ourselves to the Millennium Development Goals and the UN Global Compact Principles. The ATMS Foundation also introduced a set of due diligence checks to be conducted on all projects.
- **The establishment of separate Boards for AMSCO and the ATMS Foundation.** The first separate Board meetings were held in March 2003. AMSCO was tasked with running the day-to-day operation of the Project, while the Foundation was granted responsibility of allocating donor funds. The separation has improved the governance and operational organisation of the ATMS Project.
- **Stronger corporate governance practices.** Both Boards have aligned themselves to international standards by incorporating corporate governance principles such as developing a code of conduct.



Note of Thanks to Donors, Stakeholders and Supporters

AMSCO and the ATMS Foundation thank the UNDP, IFC, and the AfDB for their combined effort in making this Project a success. The UNDP, together with the host African governments, has been providing AMSCO the legal framework from which it can operate across the African continent. IFC has been acting as the executing agency, maintaining a close relationship with AMSCO to ensure that the organization is as effective and efficient as possible in delivering its services. AfDB, as Regional Coordinating Agency, has been ensuring that AMSCO's operations and its SME clients play a critical role in promoting private sector development and sustainable economic growth in their respective countries, regions, and sectors.

AMSCO and the ATMS Foundation deeply acknowledge and appreciate the support extended by the Donors and Stakeholders to the Project during ATMS III. Their support has helped AMSCO provide services that are strengthening African businesses which contribute to the development impact objectives.

ABRIDGED ATMS III STATISTICS

	2002	2003	2004	2005	2006	2007
Clients (at year end)	125	78	80	103	124	169
AMSCO Managers (at year end)	273	157	162	225	280	323
AMSCO Operating Profit/(Loss) (in US\$'000)	-2 243	(659)	(1 455)	290	446	419
AMSCO Profit/(Loss) (in US\$'000)	-2 644	(1 128)	(1 305)	†1 390	845	692
AMSCO Staff (at year end)	66	27	26	31	46	51
Country Coverage	23	24	21	21	22	24
Projects Approved by the ATMS Foundation	62	42	8	7	45	50
Amounts Approved by the ATMS Foundation (in US\$'000)	2 344	428	268	639	4 988	5 889
Amounts Approved for Disbursement by the ATMS Foundation (in US\$'000)‡	2 946	1 392	1 027	499	1 028	2 263

* Includes only the Training and Management Support, Training Execution Fee, and Non-Client Specific Project Costs, if any.

† This includes a capital grant US\$778 000 from The Foundation, US\$213 000 of AMSCO dues payable to the IFC that were waived, and US\$149 000 reimbursement by The Foundation to AMSCO related to restructuring costs.

‡ Amounts approved for disbursement by the ATMS Foundation includes only the TS, MS, TE Fee and NCS project costs, if any.

Host African Governments:

Angola, Benin, Botswana, Cameroon, Chad, Congo Brazzaville, Cote D'Ivoire, Gabon, Ghana, Kenya, Malawi, Mali, Mozambique, Namibia, Nigeria, Rwanda, Senegal, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe

Donors

African Development Bank

Agency – Swedish International Development Cooperation - SIDA (Sweden)

International Finance Corporation – IFC

Irish AID – (Ireland)

Ministry of Foreign Affairs – Denmark

Ministry of Foreign Affairs – the Netherlands

Ministry of Foreign Affairs – Norway

State Secretariat for Economic Affairs – SECO (Switzerland)

UK Department For International Development – DFID

United Nations Development Programme – Regional Bureau of Africa (RBA)

World Bank – Development Grant Facility



ATHIRIVER MINING, KENYA

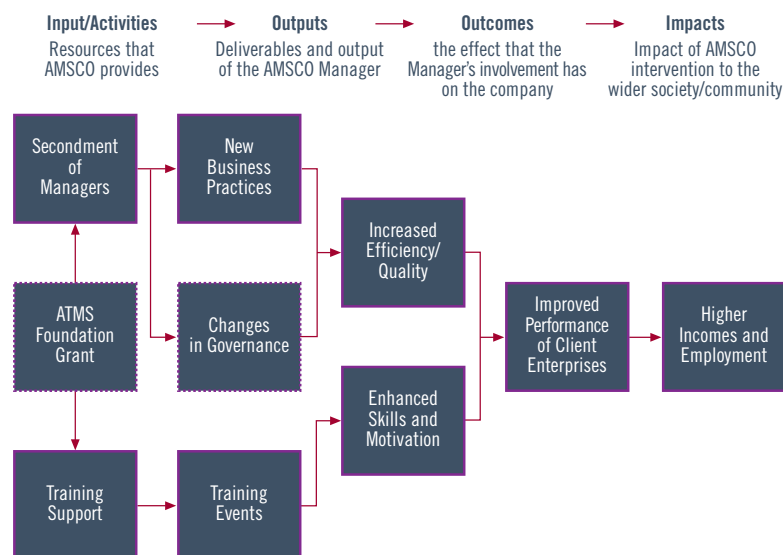
DEVELOPMENT IMPACT

Portfolio Management Department

The Portfolio Management Department was established in 2006. The Department was primarily established to continuously monitor and report on developmental impact (both economic and social) to external stakeholders. In addition, the Department centralises all project information and data and works to increase AMSCO's operational efficiency through its internal reporting.

The Log Frame Approach

The log frame approach is the foundation of the Portfolio Management process and methodology. The primary focus is on Outcomes – positive changes that occur on a company wide level.



Development Impact Metrics

The Portfolio Management function focuses primarily on delivering and tracking the following developmental impact metrics:

Wealth creation

- 1) Increase in revenue
- 2) Increase in profitability
- 3) Increase in number of successful companies assisted
- 4) Increase in number of managers placed

Social impact

- 5) Increase in number of local managers promoted
- 6) Employment generation
- 7) Increase in female participation rate
- 8) Corporate Governance

During 2007 the Portfolio Management system was rolled out to regional offices and populated with relevant data. The Department then produced a "baseline report" from the information gathered. This report will serve as the basis from which AMSCO will evaluate the progress of its projects and the greater portfolio.

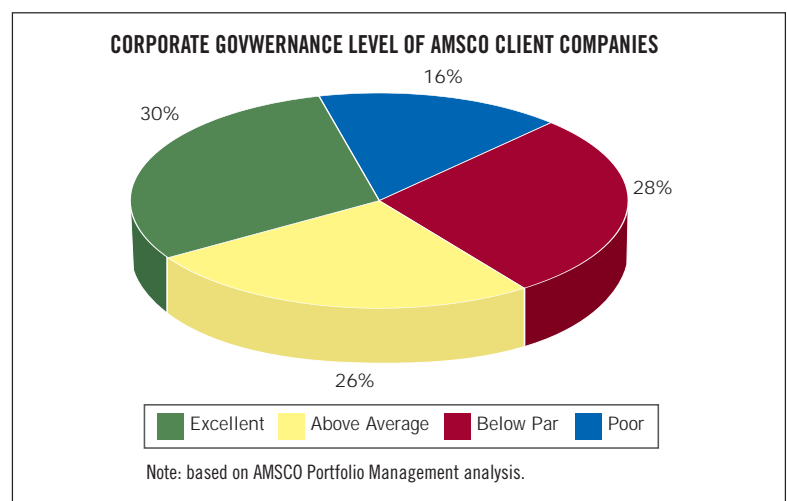
In 2008, The Department aims to have the capacity for complete progress reporting on project performance and AMSCO's developmental impact. The Department intends to produce quarterly reports as well as a final, annual report.

Corporate Governance

AMSCO believes that good Corporate Governance is critical to the success of a business. Adhering to high standards ensures a greater level of transparency and sound business practices. These, in turn, can help a business gain trust from potential investors, increase efficiency, and focus on its strategy, among other benefits.

In 2007, AMSCO piloted Corporate Governance programmes for its client companies in the Southern and Eastern Africa regions. A total of 110 board members and senior executives attended the workshops. In 2008, AMSCO intends to partner with international experts to deliver quality training programmes while extending its reach to more businesses in need of improved governance structures.

Also in 2007, through the new Portfolio Management system, AMSCO performed analysis on its portfolio of client companies and determined their level of Corporate Governance practices. Going forward, AMSCO plans to work closely with those companies that have low Corporate Governance standards to ensure they are equipped with the right structures to compete against other globally competitive businesses.

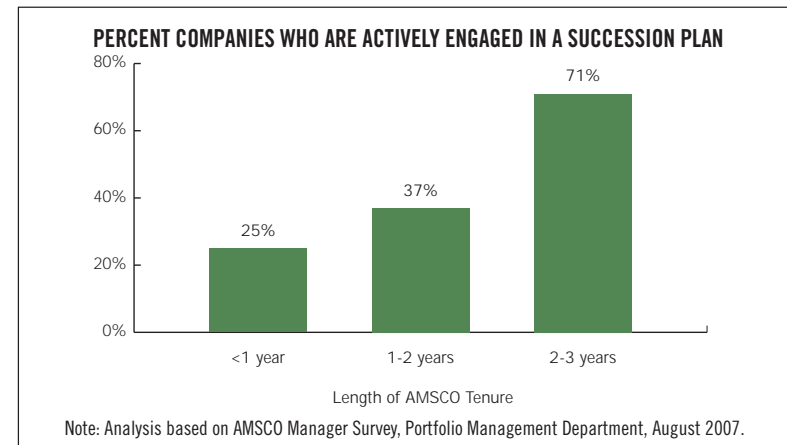


Succession Planning

Succession planning is another important initiative that forms part of the AMSCO programme. AMSCO has a mandate to heighten the skills of African managers. Thus, it is critical that the temporary, foreign experts AMSCO places in its client companies coach and train local successors to succeed the AMSCO manager. In 2007, AMSCO set the foundation for creating partnerships with leading business institutions across Africa that will facilitate the formal training needed to ensure successors have strong leadership and management capabilities that they can draw from to lead their businesses forward. For instance, AMSCO along with the Gordon Institute of Business Science (GIBS), a top business school that is part of the University of Pretoria in South Africa, developed a unique program that encapsulates various areas that help groom successful leaders. The program is to be rolled out in 2008.

AMSCO encourages all of its clients, even those without funding from the Foundation, to form training programmes and to create succession plans. AMSCO expects its Managers deliver on those plans and to continuously coach the successor identified. The Portfolio Management Department seeks to monitor and report on the progress of these plans to help ensure that a local successor is equipped with the necessary skills when AMSCO exits the business.

Based on analysis conducted in 2007, the length of time a client is part of the AMSCO program positively correlates to the robust development of succession plans.



Financial Growth and Business Competitiveness

The financial health of a business cannot be underestimated and is truly the most tangible indicator of the success of a business. AMSCO understands this fundamental, bottom-line drive and strives to make its client companies financially and strategically stronger so that they can compete in a globally competitive market. AMSCO not only believes that improved profitability benefits a company, but that it is also benefits the society at large by strengthening local economies and providing employment opportunities.

The Portfolio Management Department monitors Revenue and Profit movements at client companies on a quarterly basis. Where necessary, the Department highlights to Management projects in need of greater support.



KIGALI, RWANDA

PORTFOLIO OF CLIENTS - SOUTHERN AFRICA

AS OF DECEMBER 31 2007

Client/Company	Country	Sector	Size (S, M, L)	No. of AMSCO Managers	No. of employees
Africa Swiss Trading LDA	Angola	Wholesale and Retails Trade	S	2	8
Delta Dairies Limited	Botswana	Manufacturing (Dairy Processing)	M	1	40
National Brands Limited Botswana (Pty) Limited	Botswana	Fast Moving Consumer Goods	M	1	90
Indebank Ltd	Malawi	Financial Services	M	1	124
JHI Mozambique	Mozambique	Construction and Real Estates	M	1	8
Raffia Bags - Mozambique	Mozambique	Manufacturing	M	1	254
AON Mocambique Limitada	Mozambique	Financial Services	S	1	22
Intelec Lites	Mozambique	Industrial & Consumer products	S	1	31
Mozambique Airport Handling Services (MAHS)	Mozambique	Services (Airport Handling)	S	1	220
New Horizons Mozambique	Mozambique	Agri-Business	S	2	200
Omega Servico De Taxis	Mozambique	Transportation	S	1	50
Spectrum Graphics LDA	Mozambique	Printing	S	1	58
Namibia Wildlife Resorts Ltd	Nambia	Hospitality	L	1	564
Namib Lodge Company (Pty) Ltd.	Nambia	Hospitality	M	1	31
AfriCap MicroVentures Fund Managers	South Africa	Financial Services	L	5	9
AON South Africa (Pty) Limited	South Africa	Financial Services	L	3	372
Development Bank of Southern Africa (DBSA)	South Africa	Financial Services	L	3	506
DPI Plastics	South Africa	Manufacturing	L	1	883
Emerging Markets Partnerships (Pty) Ltd	South Africa	Financial Services	L	2	5
Ernst & Young	South Africa	Professional and Technical Services	L	5	2,000
Innsco International	South Africa	Food Processing	L	2	1,500
Kingdom Zephyr Africa Management Company	South Africa	Financial Services	L	1	5
Norfund - South Africa	South Africa	Financial Services	L	2	4
Royal Sechaba (Pty) Limited	South Africa	Food and Beverages	L	1	2,500
ShoreCap Management Limited	South Africa	Financial Services	L	1	5

PORTFOLIO OF CLIENTS - SOUTHERN AFRICA

AS OF DECEMBER 31 2007

Client/Company	Country	Sector	Size (S, M, L)	No. of AMSCO Managers	No. of employees
Solenta Aviation Limited	South Africa	Transportation (Aviation)	L	1	300
South African Fruit Exporters (SAFE)	South Africa	Agri-Business	L	4	7,045
Standard Bank (Pty) Ltd.	South Africa	Financial Services	L	2	4,200
The BIOVAC Institute SA (PTY) Ltd	South Africa	Pharmaceuticals	L	1	46
York Timbers (Pty) Ltd	South Africa	Agri-Business (Forestry)	L	6	1,700
AfricanSun Hotels Limited	South Africa	Hospitality	M	1	18
Letsema Consulting (Pty) Limited	South Africa	Consulting Services	M	1	35
Micawber t/a Spearsystems	South Africa	Manufacturing	M	2	65
Midmar Holdings	South Africa	Financial Services	M	1	300
Raffia Tufbag Ltd - South Africa	South Africa	Manufacturing	M	2	200
Rani Resorts (Pty) Ltd	South Africa	Hospitality	M	1	625
The Grace Hotel (Pty) Ltd	South Africa	Hospitality	M	2	60
Africa International Legal Services (Pty) Limited	South Africa	Legal Services	S	1	477
Africa Investor Group	South Africa	Consulting Services	S	6	20
African Venture Capital Association (AVCA)	South Africa	Financial Services	S	1	10
Aureos Capital Limited	South Africa	Financial Services	S	2	4
Circle Capital Ventures (CCV)	South Africa	Financial Services	S	2	10
FinMark Trust	South Africa	Financial Services	S	1	16
ICT-Works (Pty) Ltd	South Africa	IT Services	S	1	57
Lema (Pty) Ltd	South Africa	Financial Services	S	1	3
Omega Performance South Africa	South Africa	Other (For Non-Investment Projects)	S	1	10
Phatisa Managers (Pty) Limited	South Africa	Finance and Insurance	S	2	5
Steadman Group SA Limited	South Africa	Professional and Technical Services	S	1	1
TAH Capital	South Africa	Finance and Insurance	S	1	3
The H Group Limited	South Africa	Professional and Technical Services	S	1	18

PORTFOLIO OF CLIENTS - SOUTHERN AFRICA

AS OF DECEMBER 31 2007

Client/Company	Country	Sector	Size (S, M, L)	No. of AMSCO Managers	No. of employees
Tri-Linear Holdings (PTY) Limited	South Africa	Financial Services	S	1	28
United Farmers Fund (PTY) Ltd	South Africa	Financial Services	S	1	26
Peak Forest Products	Swaziland	Agriculture and Forestry	L	4	380
Standard Bank Swaziland	Swaziland	Financial Services	M	1	37
Webram (Pty) Ltd	ZAMBIA	Agri-Business	L	1	275
Afgri Zambia Limited	Zambia	Agri-Business	M	5	51
Circle Pharmaceuticals Limited	Zambia	Pharmaceuticals	M	1	127
Kembe Holdings Limited	Zambia	Manufacturing	M	1	222
Protea Hotel Livingstone Ltd	Zambia	Hospitality	M	1	55
Southern Cross Motors	Zambia	Transportation	M	2	190
Swarp Spinning Mills plc	Zambia	Manufacturing	M	2	911
Wilderness Safaris Zambia Limited	Zambia	Hospitality	M	4	280
Zambian Airways	Zambia	Transportation (Aviation)	M	3	201
Innskor Distribution	Zambia	Trading (Consumer Goods)	M	4	54
Chalimbana Fresh Produce Limited	Zambia	Agri-Business	S	1	1,400
Letshego Financial Services Limited (LFZ)	Zambia	Financial Services	S	2	28
MicroCare Zambia	Zambia	Health Care	S	1	43
Necor (Zambia) Limited	Zambia	Information Technology	S	1	84
Pan African Building Society (PABS)	Zambia	Finance and Insurance	S	1	380
River Club	Zambia	Hospitality	S	2	60
Spar Zambia	Zambia	Wholesale and Retails Trade	S	1	367
Zdenakie Limited	Zambia	Agri-Business	S	1	105
Innskor Zimbabwe	Zimbabwe	Food Processing	L	1	15
Bindura Nickel Corporation	Zimbabwe	Mining	L	1	2,000
Shearwater Adventures	Zimbabwe	Hospitality	S	2	350

PORTFOLIO OF CLIENTS - WEST AFRICA

AS OF DECEMBER 31 2007

Client/Company	Country	Sector	Size (S, M, L)	No. of AMSCO Managers	No. of employees
FINADEV, Benin	Benin	Financial Services	S	2	82
BCME Capital	Cameroon	Financial Services	S	1	12
Biopharma S.A	Cameroon	Pharmaceutical	M	1	56
Capital Financial Holdings	Cameroon	Financial Services	L	4	15
First African Company	Cameroon	Food Processing	S	1	56
La Camerounaise de Microfinance (LCM)	Cameroon	Financial Services	S	3	25
Planet Hotel	Cameroon	Hospitality	S	1	45
Pro-PME	Cameroon	Financial Services	S	1	18
Seme New Beach Hotel	Cameroon	Hospitality	S	1	75
Semme Mineral Water	Cameroon	Food Processing	S	1	36
Commercial Bank of Tchad	Chad	Financial Services	M	1	80
FINADEV, Tchad	Chad	Financial Services	S	1	70
Imprimerie du Tchad	Chad	Publishing	M	1	60
Banque Commerciale Internationale	Congo Brazzaville	Financial Services	M	1	175
Societe Financiere Africaine-Gabon/CFH	Gabon	Financial Services	S	1	11
Advans Ghana	Ghana	Financial Services	S	4	15
Afrotropic Cocoa Processing Ltd.	Ghana	Food Processing	L	5	60
Airport West Hospitality	Ghana	Hospitality	M	2	140
Barclays Bank Ghana	Ghana	Financial Services	L	1	834
First Allied Savings and Loans Ltd.	Ghana	Financial Services	L	1	215
Foods Inn	Ghana	Services	M	1	199
Ghana Manganese Co. Ltd	Ghana	Mining	L	13	550
Ghana Primewood Co. Ltd	Ghana	Wood Processing	L	9	1,700
Interplast Ghana Ltd	Ghana	Manufacturing	L	19	550



PORTFOLIO OF CLIENTS - WEST AFRICA

AS OF DECEMBER 31 2007

Client/Company	Country	Sector	Size (S, M, L)	No. of AMSCO Managers	No. of employees
Nissan Auto Parts Ltd.	Ghana	Services	L	3	205
Phyto-Riker (GIHOC) Pharm. Gh Ltd.	Ghana	Pharmaceutical	M	1	173
Samartex Ltd	Ghana	Wood Processing	L	13	2,000
Sleek Garments Export Ltd.	Ghana	Services	S	1	270
Socketworks Ghana	Ghana	IT	S	2	50
The Pure Company	Ghana	Agri-business	S	2	30
GEMA	Ivory Coast	Manufacturing	M	4	178
Garage Linco SARL	Mali	Services	S	1	15
Grands Moulins du Mali	Mali	Food Processing	M	1	168
SFAO, Mali	Mali	Financial Services	S	1	7
Afrinvest (West Africa) Ltd.	Nigeria	Financial Services	M	1	65
Brookstone School	Nigeria	Education	S	1	35
Diamond Bank Nigeria PLC	Nigeria	Financial Services	L	1	1,900
Evans Medical PLC.	Nigeria	Pharmaceutical	L	1	453
Income Electrix	Nigeria	Services	M	1	150
Integrated Dairy Farms	Nigeria	Agri-business	S	1	200
Oleander Lodge	Nigeria	Services	S	1	75
Socketworks Nigeria	Nigeria	IT	M	1	177
Superflux International Ltd	Nigeria	Services	M	1	100
Susu Microfinance Company Ltd.	Nigeria	Financial Services	S	2	65
UAC	Nigeria	Food Processing	L	1	6,575
West Africa Sun Hotels	Nigeria	Hospitality	S	1	200
INNSCOR, Senegal	Senegal	Food Processing	S	2	200

PORTFOLIO OF CLIENTS - EAST AFRICA

AS OF DECEMBER 31 2007

Client/Company	Country	Sector	Size (S, M, L)	No. of AMSCO Managers	No. of employees
Athi River Mining Ltd	Kenya	Manufacturing	L	1	2,628
CFC Life Insurance Ltd	Kenya	Financial (Insurance)	L	1	166
Fina Bank Ltd - Kenya	Kenya	Financial (Banking)	L	3	136
Heritage Insurance Company Ltd	Kenya	Financial (Insurance)	L	1	133
KK Security Ltd - Kenya	Kenya	Services	L	1	10,000
Norfund	Kenya	Financial	L	1	1
Raffia Bags (K) Ltd	Kenya	Manufacturing	L	1	129
Actis Africa Ltd	Kenya	Financial (Investment)	L	2	12
APA Insurance Ltd	Kenya	Financial (Insurance)	M	1	131
Esilon Plastics of Kenya Ltd	Kenya	Manufacturing	M	2	229
Innscor Kenya Ltd	Kenya	Services (Retailing)	M	1	650
Magana Flowers Ltd	Kenya	Agriculture	M	1	400
Transpaper Kenya	Kenya	Manufacturing	M	1	85
Kenya Association of Manufacturers	Kenya	Manufacturing	S	1	33
The Steadman Group Ltd - Kenya	Kenya	Services	S	1	140
Unibilt 2003 Ltd	Kenya	Manufacturing	S	1	122
Valentine Growers Ltd	Kenya	Agriculture	S	1	700
Banque Commerciale Du Rwanda (BCR)	Rwanda	Financial (Banking)	L	4	282
Fina Bank S A (Rwanda)	Rwanda	Financial (Banking)	L	4	125
Cogebanque - Rwanda	Rwanda	Financial (Banking)	M	1	160
Rwanda Enterprise Investment Company (REIC)	Rwanda	Financial	M	2	8
AAR Health Services Rwanda Ltd	Rwanda	Services (Medical)	S	1	71
Alliance Insurance Brokers Ltd	Rwanda	Financial (Insurance)	S	1	9
East African Couriers Ltd - Rwanda	Rwanda	Services (Logistics)	S	1	11
Rwanda Micro Finance Ltd	Rwanda	Financial (Micro-finance)	S	1	11

PORTFOLIO OF CLIENTS - EAST AFRICA

AS OF DECEMBER 31 2007

Client/Company	Country	Sector	Size (S, M, L)	No. of AMSCO Managers	No. of employees
Surgipharm Rwanda Ltd	Rwanda	Services (Retailing)	S	2	7
Nile Commercial Bank	Sudan	Financial (Banking)	S	4	257
Exim Bank (T) Ltd	Tanzania	Financial (Banking)	L	1	184
Heritage Insurance Tanzania Ltd	Tanzania	Financial (Insurance)	L	2	43
Simba Plastics Ltd	Tanzania	Manufacturing	L	1	439
Raffia Bags Tanzania Ltd	Tanzania	Financial	M	1	268
Steadman Tanzania	Tanzania	Services	M	1	140
AAR Health Services Ltd	Tanzania	Services (Medical)	S	1	38
Aon Tanzania Ltd	Tanzania	Financial (Insurance)	S	1	32
Musoma Dairy Ltd	Tanzania	Food Processing (Dairy)	S	3	100
Strategis Insurance Tanzania Ltd	Tanzania	Financial (Insurance)	S	2	37
Tanzania Express Cargo	Tanzania	Services (Logistics)	S	1	14
DFCU Group Ltd	Uganda	Financial (Banking)	L	1	108
Sadolin Paints Uganda Ltd	Uganda	Manufacturing	M	1	79
UAP Insurance Uganda Ltd	Uganda	Financial (Insurance)	M	2	60
East African Couriers Ltd - Uganda	Uganda	Services (Logistics)	S	2	34
Kilimo Trust	Uganda	Agriculture	S	2	7
Mango Tree Education Enterprises Ltd	Uganda	Education	S	1	19
Microcare Health Ltd	Uganda	Financial (Insurance)	S	3	67
Software Application (U) Ltd	Uganda	Services	S	1	21
Steadman Group Uganda Ltd	Uganda	Services	S	1	70
Uganda Insurer's Association	Uganda	Financial (Insurance)	S	1	11



“THE AFRICAN DEVELOPMENT BANK (AFDB), IN COLLABORATION WITH OTHER DEVELOPMENT PARTNERSHIPS, SEEKS TO IMPROVE THE INVESTMENT AND BUSINESS CLIMATE, LOWER TRANSACTION COSTS, ENHANCE ACCESS TO FINANCE, PARTICULARLY FOR SMES, AND BUILD MANAGERIAL AND TECHNICAL EXPERTISE. THE SUCCESS OF SUCH PROGRAMS HINGES CRUCIALLY ON THE EFFICIENT MANAGEMENT AND COST-EFFECTIVENESS OF BENEFICIARY CORPORATIONS.

IN THIS RESPECT, THE ROLE OF THE ATMS PROJECT IS ESSENTIAL IN STRENGTHENING GOOD GOVERNANCE AND THE MANAGERIAL CAPACITY OF AFRICAN CORPORATIONS, ESPECIALLY SMES WHICH FORM THE BACKBONE OF THE AFRICAN PRIVATE SECTOR. THE ATMS PROJECT SHOWS HOW PARTNERSHIP CAN SUCCESSFULLY SUPPORT PRIVATE SECTOR DEVELOPMENT IN AFRICA.”

TIM TURNER
DIRECTOR, PRIVATE SECTOR AND MICROFINANCE OPERATIONS
AFRICAN DEVELOPMENT BANK

CASE STUDY – GRANDS MOULINS DE MALI

Sector: Milling
Size: medium
Location: Mali
Number of Staff: 168

The challenge

The Grands Moulins du Mali was established in 1981 and is the first flourmill, in addition to the first agri-business, in Mali. In 1997, the company went through a difficult period; production and sales fell and there was a lack of funding for new investments.

During this time, the company approached AMSCO to assist in transforming the company from a family-run business to an industrial company and to strengthen the overall company. Particularly, Grands Moulins needed help in:

- competing against the prices of imported flour;
- meeting international standards of flour production; and
- attracting foreign investments.

Mali, a landlocked country, currently relies on imported wheat to meet local demand in the northern regions. The world wheat prices have nearly doubled since 2007 has posed additional challenges for impoverished communities in Mali.

The AMSCO solution

Since 1997, AMSCO has been assisting Grands Moulins du Mali by providing management support. In June 2003, AMSCO seconded an additional manager by the name of Christian Viale, a French national, who took on the role of Administrative and Finance Manager. Mr. Viale was tasked with reinforcing financial systems, improving performance throughout the company, and developing the local staff through training programmes.

At the same time, Mr. Viale was to build a dynamic team and to equip them with the management skills necessary to overcome business challenges.

The AMSCO impact

The AMSCO intervention has helped Grands Moulins de Mali to turn its fortunes around. Revenue has climbed from US \$13.3 million in 2003 to US \$73.9 million by 2007. GMM has become a stronger company and now employs 168 staff, up from 81 in 2003. In addition, GMM is now set for future growth; the company expects to achieve ISO 9001-V-200 certification by the end of 2008, meeting the necessary international standards to compete on a global level.



In addition, in 2006 GMM began working with local cooperatives to increase production. Since then, local production which stood at around 2,000 tonnes a year has increased. In 2008, the company estimates 5,000 tonnes of wheat will be produced which will, in turn, generate US \$2 million. GMM, which is the biggest purchaser of wheat in the area, is helping to secure a ready market for local producers through their cooperatives and is contributing to the growth of the local economy. Other projects initiated by the AMSCO Manager, which are at various stages of progress, include:

- A factory to provide a wide range of livestock feeds for local breeders;
- A factory to produce long-grain rice;
- Increasing the capacity of the mill;
- Training programmes for bakers; and
- Production of fortified flour aimed at battling deficiencies in children under the age of five.

Mr. Viale has significantly contributed to the growth of the business and, in April 2008, assumed a new role, Deputy General Manager.

CASE STUDY – AAR HEALTH SERVICES TANZANIA

Sector: Healthcare
Size: small
Location: Dar Es Salaam, Tanzania
Number of Staff: 71

The challenge

AAR Health Services is the one of the largest and most successful private health care company in East Africa, providing preventative and curative health care to clients in all income brackets.

AAR Health Services in Tanzania needed management assistance to support its drive to return to profitability, revamp company products, upgrade management information systems, train staff in best practices and strengthen its brand.

AMSCO decided to accept AAR Health Services Tanzania as a client because it is a business that could have a large positive impact for Tanzanians. Not only does it provide much needed medical services and employment for the benefit of Tanzania's people, it also has diverse shareholder composition with a significant share of African and female ownership.

As such, AMSCO's intervention at the company is in line with its drive to empower women and support the development of local wealth and businesses in the countries where it is active.

The AMSCO solution

AMSCO manager, Florence Kazhanje, a Zimbabwean national, was seconded to AAR Health Services to help the business turnaround. She has more than 25 years experience in healthcare financing and risk management.

Under Kazhanje's guidance, 10 training programmes for 136 people have been completed to date. The training programmes have covered important and varied areas of the business such as effective communication, occupational health, job evaluations, ISO training, change management and the balance scorecard.

The AMSCO impact

Since the AMSCO manager arrived at AAR Health Services Tanzania in 2006, the company has increased its revenue significantly, tightened financial controls, rolled out new products and services, and grown its network of outlets. The company has grown its base of employees by 33 people during this time.

AAR Health Services has opened a new medical facility - one of AAR's largest in the region - in Dar Es Salaam. The facility includes a day ward, surgery facility, laboratory, pharmacy and doctors' parlour, increasing the supply of quality medical services in the city.

AAR Health Services has also installed a new information system that allows it to keep more accurate data on its clients and run sophisticated analysis that helps it to manage risks and develop new products.

Kazhanje has helped AAR Health Services to register as an insurance company to carry risk for the medical services company. This move helps AAR Health Services to comply with Tanzanian regulations and strengthen its brand. Another AMSCO manager has been seconded to the new insurance company to help it build its business.



CASE STUDY – THE STEADMAN GROUP

Sector: Professional Services
 Size: medium
 Location: Nairobi, Kenya
 Number of Staff: 140

The challenge

The Steadman Group is one of Africa's leading marketing information companies. The Group offers market research, media monitoring information, and strategic management advice. These services provide clients with evidence and insight which inform and advise them on a wide range of business and social issues.

The company's Research Department, which is a key source of the company's revenue, focuses on consumer, media, and social research studies as well as opinion polling. Steadman sought to improve the quality of its own research and, thus, turned to AMSCO for assistance in placing an expert manager. The company, in particular, needed a manager to train and develop a professional cadre of applied researchers who would be equipped to consult for agencies and client companies.

In addition, the Group wished to work more closely with its clients to assist them in the effective application of research findings in their decision-making.

AMSCO saw this project as an opportunity to not only help a company in an important industry grow, but also as an opportunity to contribute to the development of Steadman's clients that are strengthening based on the research studies they are applying.

The AMSCO solution

In November 2006, AMSCO seconded Ms. Vivien Marles, a British national, to assist the Steadman Group in its growth strategy.

Ms. Marles' responsibilities have included establishing a research centre of excellence and developing a professional accreditation system for researchers, in collaboration with the Strathmore Business School, one of East Africa's top business schools. She is currently overseeing the production of high-quality market and social research to support the growth of the private sector and to promote social and economic growth.

The AMSCO impact

The Steadman Group's clients have already noted an improvement in the quality of the company's research and research-based insights since AMSCO's intervention began. Private and public sector organisations can tap into applied research from Steadman to help them in making better business and policy decisions in investment, marketing, and product development.

Since the arrival of the AMSCO manager, training programmes have helped to build the skills and the confidence of Steadman's employees, which has in turn translated into better service delivery to clients.

The Steadman Centre for Applied Research, in collaboration with Strathmore Business School, began operating in January 2007, and has since run four full programmes in applied research training for some 80 researchers of the future. 60 Steadman employees across Kenya, Uganda, and Tanzania have also been trained in the multiple disciplines of applied research. Additionally, the AMSCO Manager has facilitated the training of over 100 practitioners of applied research in other African countries including Benin, Burundi, Ethiopia, Tanzania, Uganda, and Zambia.

These training programmes are improving the quality of the research conducted which is directly impacting the strategic directions of African business.



CASE STUDY – DELTA DAIRIES

Sector: Dairy Processing
Size: medium
Location: Gaborone, Botswana
Number of Staff: 52

The challenge

Delta Dairies needed management and technical support to fulfil its ambition of establishing the first Ultra High Temperature (UHT) long-life milk manufacturing unit in Botswana.

From AMSCO's perspective, the project was an opportunity to help:

- Develop the dairy sector in Botswana;
- Create local entrepreneurial opportunities;
- Decrease the country's reliance on imported dairy products;
- Support a government drive to diversify Botswana's economy; and
- Build Botswana's skills and know-how in UHT long-life milk manufacturing.

The AMSCO solution

An experienced project manager was sourced to help Delta Dairies to establish the factory building complex, install all new machinery, and to develop the product branding and marketing. A production manager, from South Africa, was also placed to help run the UHT manufacturing unit. Through the ATMS Foundation, AMSCO provided financial support worth US\$40,000 for interim management services and \$30,000 in funding for training.

The AMSCO impact

Under the guidance of the AMSCO interim managers, Delta Dairies secured premises and all the necessary manufacturing licences for the UHT manufacturing unit. A factory was built to the company's specifications and outfitted with state-of-the-art production equipment.

UHT milk production has commenced, with 300,000 litres produced in January 2008 and there are plans to increase production to one million litres by March 2008. The plant's

maximum capacity is two million litres a month in a country where local demand is five million litres. Before production commenced at Delta Dairies' new plant, this milk was imported from South Africa and Zimbabwe.

Local successors for the AMSCO managers have already been identified, and training is underway to ensure a smooth transition to a local management team when the AMSCO managers' contracts end. In addition, all local staff received job relevant training with the help of the ATMS Foundation. The training courses covered topics such as operation and maintenance of plant and machinery, milk sterility tests, procedures and guidelines, plant hygiene, HR policies and procedures, accounting software, payroll administration, fire-fighting, first aid and basic computer skills.

The plant has created 52 new jobs, with half of these given to female employees. Additionally, at least 20 new positions will be created at Delta Dairies this year. Global Holdings Limited, Delta Dairies' distribution and merchandising partner, has also created 20 more jobs.



CASE STUDY – MOZAMBIQUE AIRPORTS HANDLING SERVICES (MAHS)

Sector: Aviation – Ground Handling
 Size: medium (2006 Revenues = \$3.4 million)
 Location: Maputo, Mozambique
 Number of Staff: 220

The challenge

Mozambique Airport Handling Services was formed in 2001 as a joint venture between LAM (Linhas Aéreas de Moçambique), a state-owned airline, Rogers Aviation of Mauritius and ADM (Aerportos de Moçambique). The company is responsible for providing ground handling services in Maputo and Beira Airports. Services include passenger handling, cargo handling, ramp handling and general upkeep of the flights. Airlines pay monthly handling fees that are based on the type of their aircraft as well as the number of flights they make to and from the airport each month.

Prior to the establishment of MAHS, handling services was provided by LAM, which held a monopoly for ground handling services at all Mozambique's airports. Check-in counters were disorganised, waiting lounges were cramped and uncomfortable, security was lax, and ramp equipment was maltreated. This state of affairs made it difficult for the organisation to justify raising its rates, in turn leading to a significant loss of revenues. The decision to create a separate company operating at Maputo and Beira Airports was intended to improve service levels to airlines and to enhance revenues and profits.

Even after the establishment of a focused handling company, MAHS continued to deliver a disappointing financial performance. Operating margins fell from 18% in 2002 to -2.4% in 2004. It was at this stage that the shareholders and management team turned to AMSCO for help.

The AMSCO solution

AMSCO saw this project as an opportunity to help Mozambique rebuild its country, which endured a long civil war, by strengthening the service sector. AMSCO seconded Mr. Antonio G. Baptista, a Portuguese national, to MAHS to serve as its interim general manager in July of 2005. Baptista came to the company with a wealth of experience in ground handling activities and the airline business. He was tasked with the overall management of the company to help to turn it into a profitable entity and pursue new opportunities for the business.

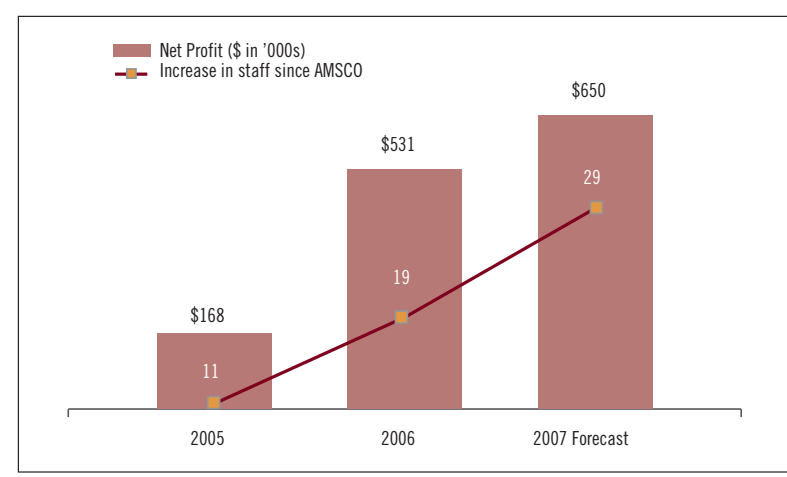
AMSCO also rendered training support to MAHS in the form of an ATMS Foundation training grant. 4 staff members received training in stock and warehouse management, 11 were trained in automated load control procedures, and 46 were trained in automated passenger check in procedures, besides training in Security and Dangerous Goods to all the staff.

The AMSCO impact

Since AMSCO's intervention, MAHS has improved its financial performance, boosted service levels to its airline clients, enhanced productivity, made significant capital investments, tightened up corporate governance and financial reporting, and grown its base of local skills. Relationships with all stakeholders, including trade unions, clients, passengers, and government authorities have improved dramatically.

Annual profits have climbed from \$168K in 2005 to a preliminary estimate of \$650K for 2007. Since 2005, MAHS has also created 29 new jobs and promoted a number of women into management positions, including Mrs. Victoria Felisberto, the station manager for Maputo and Mrs. Natalia Saraiva, station manager for Beira.

MAHS is on course to meet its goals for quality standards, following the finalisation of its procedures, quality and security manuals. The company is currently preparing for ISO certification.



CASE STUDY – INDEBANK MALAWI

Sector: Financial Services
Size: medium
Location: Blantyre, Malawi
Number of Staff: 124

The challenge

INDEbank Malawi needed help to manage its transformation from a development financial institution into a commercial bank, to reverse declining profitability and to expand operations across Malawi. The bank wanted to source an expert in commercial banking that could help it turn the business around, become more competitive and develop management skills and banking know-how among its Malawian employees. It approached AMSCO for help.

The AMSCO solution

AMSCO seconded Keith Stewart, originally from the U.K. and an expert with extensive experience in the banking industry, to INDEbank Malawi to serve as its Managing Director and Chief Executive Officer. Stewart was posted to the bank from February 2005 to February 2008. AMSCO also provided US\$67,706 in funding for training through the Foundation to help develop local commercial banking skills and expertise at INDEbank Malawi.

The AMSCO impact

During Stewart's tenure, INDEbank Malawi evolved from a development financial institution into a successful and profitable commercial bank. By 2006, Stewart helped INDEbank to bring operational costs under control and return to profitability for the first time since it became a commercial bank in 2002.

The bank recognises that it has some way to go to match international standards in terms of return on equity and cost: income ratios. However, by any metric, INDEbank Malawi's performance is improving year on year. Return on Capital increased from 15% a year in 2006 to 20% a year in 2007. Cost: income ratio improved from 89% in 2006 to 76% in 2007. Loan assets grew 63% and treasury profits increased by 48% from 2006 to 2007.

Stewart leaves behind a Malawian management team and a base of local employees with strong skills and commercial banking expertise. Some 124 INDEbank Malawi employees have gone through training courses over the past three years. These training programmes have resulted in improved performance and also prepared key staff for promotions into management.

The courses have helped INDEbank Malawi to develop skills and expertise across a range of areas, including the use of INDEbank's core banking system Flexicube, corporate governance, customer service, sales and marketing, risk management, human resources management, international trade, regulatory compliance, anti-money laundering and foreign exchange.

INDEbank Malawi is now playing an invaluable role in promoting financial security and national saving within the country. It is also expanding the reach of the financial sector in Malawi, helping many businesses within the country to gain access to deposit and loan services that help them to grow and prosper. Current and future initiatives will see the bank help more people from the rural unbanked population to access banking services for the first time.



CASE STUDY – SAMARTEX (THE THAUMATIN PROJECT)

Sector: Forestry
 Size: large
 Location: Samreboi, Ghana
 Number of Staff: 2 000

The challenge

Samartex, a Ghanaian company focused primarily on processing wood, has been an AMSCO client for a number of years. AMSCO initially got involved to help in the business turnaround. However, more recently, the company was faced with a new challenge. Samartex, sought to expand its business beyond wood processing into new areas. This initiative would not only contribute to the bottom line, but would also help the company diversity its revenue base.

AMSCO saw this as a great opportunity to assist a company located in a rural area of Ghana where few industries and employment opportunities exist. AMSCO also realized that Samartex's new focus would require an expert manager to ensure its success.

The AMSCO solution

In late 2005, AMSCO seconded an experience manager by the name of Lalith Gunatillake, a Sri Lankan national. Under the guidance of Mr. Gunatillake, the company initiated the Thaumatin Project which is responsible for the development and processing of Thaumatin.

Thaumatin is a natural low-calorie protein sweetener and flavour enhancer that is derived from a wild plant, locally known as Kaamtefe. The Kaamtefe plant grows in abundance in the undergrowth of parts of West Africa's rainforest.

In addition to its diversification plan, Smartex recognised that an intensive training programme would be critical to the success of its new product. It, thus, carried out training programmes to ensure that the product would meet international standards.

The AMSCO impact

Samartex has grown into a significant business that now employs more than 2,000 people

in Ghana's Samreboi area and contributes to the regional and national economy. The Thaumatin Project is now on its way to becoming an important contributor to the company's growth going forward.

As a result of the training programmes led by the AMSCO manager, the Thaumatin division now has 11 qualified and skilled internal auditors, seven of which are local staff. These auditors are monitoring the pilot-scale production of Thaumatin, which commenced in the beginning of 2006, and are ensuring a quality product is produced.



In 2007, Samartex's Thaumatin division received the highly coveted ISO 22000:2005 certification. This certification recognises that Samartex adheres to international standards of quality. Samartex is the first company in Ghana and one of only 300 worldwide to hold this certification. With this, Samartex can continue to grow its company and to export its product to the global markets.



AFRICA HAS MADE GREAT STRIDES IN ECONOMIC REFORM AND PERFORMANCE AFTER DECADES OF SETBACKS. HOWEVER THE BUSINESS ENVIRONMENT REMAINS PROBLEMATIC IN MANY RESPECTS AND INCAPABLE OF GENERATING THE HIGH RATES OF PRIVATE INVESTMENT THAT CAN FOSTER MORE RAPID AND SUSTAINED GROWTH. MORE REFORMS ARE NEEDED TO IMPROVE THE BUSINESS ENVIRONMENT.

THE UNDP AFRICA CONTINUES TO ASSIST AFRICAN GOVERNMENTS IN THEIR EFFORTS TO SUPPORT AND ENHANCE PRIVATE-SECTOR DEVELOPMENT, PARTICULARLY SMES THROUGH ITS PARTNERSHIP WITH ATMS/AMSCO. SMES ARE THE MAIN SOURCE OF EMPLOYMENT THROUGHOUT THE GLOBE AND, IN AFRICA, THEY COMPRISE OVER 90% OF BUSINESS OPERATIONS AND CONTRIBUTE TO OVER 50% OF EMPLOYMENT AND GDP. EMPOWERING THEM IS THEREFORE CRITICAL, ESPECIALLY IN TERMS OF THEIR ABILITY TO GENERATE EMPLOYMENT, STIMULATE GROWTH AND CREATE SOCIAL COHESION. AMSCO'S PIVOTAL ROLE IS TO FILL THE GAP OF MANAGEMENT CAPACITY IN PRIVATE SECTOR COMPANIES, ESPECIALLY SMES, IN AFRICA. IT IS ABLE TO DELIVER SERVICES THAT ARE DIRECTLY RESPONSIVE TO THE NEEDS OF AFRICAN ECONOMIES, THEREBY, RESULTING IN INCREASED CREDIBILITY OF AFRICAN SME DEVELOPMENT AND GOOD CORPORATE GOVERNANCE INITIATIVES.

GILBERT FOSSOUN HOUNGBO
ASSISTANT SECRETARY-GENERAL, ASSISTANT ADMINISTRATOR AND DIRECTOR OF UNDP'S REGIONAL BUREAU FOR AFRICA
UNITED NATIONS DEVELOPMENT PROGRAMME

ABRIDGED INCOME STATEMENT AND BALANCE SHEET AFRICAN MANAGEMENT SERVICES

ABRIDGED INCOME STATEMENT	2007	2006	2005
Revenues	28 394 883	22 501 239	17 191 016
Cost of sales	<u>(23 056 792)</u>	<u>(18 571 296)</u>	<u>(14 227 191)</u>
Gross profit	5 338 091	3 929 943	2 963 826
Other operating incomes	563 471	447 779	573 779
Administrative and other operating expenses	(5 482 228)	(3 803 580)	(2 885 849)
Finance income and expenditure	272 958	271 095	(39 836)
Non operating incomes	—	—	778 118
Profit/(Loss) for the year	<u>\$692 292</u>	<u>\$845 237</u>	<u>\$1 390 039</u>

ABRIDGED BALANCE SHEET	2007	2006	2005
ASSETS			
Non -Current Assets	236 931	170 523	135 880
Current Assets	<u>7 225 759</u>	<u>5 471 318</u>	<u>3 814 597</u>
TOTAL ASSETS	<u>\$7 462 690</u>	<u>\$5 641 841</u>	<u>\$3 950 477</u>
EQUITY			
Equity	3 129 015	2 436 723	1 591 486
Liabilities	<u>4 333 675</u>	<u>3 205 118</u>	<u>2 358 991</u>
TOTAL EQUITY AND LIABILITIES	<u>\$7 462 690</u>	<u>\$5 641 841</u>	<u>\$3 950 477</u>

Note :The Abridged Financial information has been derived from Audited Financial Statements for the respective years. For a more detailed understanding of the financial figures please refer to the Financial Statements which are available on request at AMSCO's Head Office in Amsterdam and or at the Chamber of commerce, Amsterdam, in The Netherlands. The Auditors have issued an unqualified opinion on the financial statements for 2005, 2006 and 2007.

ABRIDGED INCOME STATEMENT AND BALANCE SHEET ATMS FOUNDATION

ABRIDGED INCOME STATEMENT	2007	2006	2005
EXPENDITURE			
Administrative expenses	(777 334)	(553 645)	(366 963)
Training expenses reimbursed to Clients	(1 012 887)	(523 978)	(198 917)
Management support paid to Clients	(1 001 606)	(375 229)	(41 928)
Training execution fees paid to AMSCO	(248 471)	(128 429)	(258 780)
Funding for AMSCO Projects	(639 837)	(413 413)	(180 232)
Restructuring Costs	–	(95 784)	(148 984)
Total Expenditure	(3 680 135)	(2 090 477)	(1 195 803)
Capital Grant		–	(778 118)
Finance income and expenditure	493 447	461 630	(290 058)
Net Expenditure	(\$3 186 688)	(\$1 628 847)	(\$2 263 979)
ABRIDGED BALANCE SHEET	2007	2006	2005
ASSETS	\$8 032 842	\$4 361 101	\$5 308 257
LIABILITIES AND FUND CAPITALISATION			
Liabilities	646 055	742 693	61 002
Fund Capitalisation			
Opening Balance	3 618 408	5 247 255	5 849 991
Funds Received from Donors	6 955 067	–	1 661 243
	10 573 475	5 247 255	7 511 234
Less: Net Expenditure	(3 186 688)	(1 628 847)	(2 263 979)
Total Fund Capitalisation	7 386 787	3 618 408	5 247 255
TOTAL LIABILITIES AND FUND CAPITALISATION	\$8 032 842	\$4 361 101	\$5 308 257

Note: The Abridged Financial information has been derived from Audited Financial Statements for the respective years. For a more detailed understanding of the financial figures please refer to the Financial Statements which are available on request at AMSCO's Head Office in Amsterdam. The Auditors have issued an unqualified opinion on the financial statements for 2005, 2006 and 2007.

Explanatory Note by The Foundation

* Administrative expenses were considerably higher in 2007 primarily due the in-depth administrative and implementation efforts ensuring projects met the Guidelines and Criteria, incorporating corporate governance procedures and the initial fundraising trips that began in the second half of the year.

** AMSCO funded Projects were greater in 2007, due to the Foundation co-sharing a substantial part of the organization costs of the annual Regional workshops for AMSCO Managers in Namibia and Ghana.

THE NETWORK MANAGEMENT



Ayisi Makatiani
CEO and Managing Director



Fatuma Abdullah
ATMS Foundation Director



Daniel Ohonde
Regional Manager West Africa



Pauline Mbayah
Capacity Development Manager



Phetsile Ndzinisa
HR Manager



Robert Tomusange
Acting Portfolio Manager



Heather Wildman
Recruiting Manager



Adayapalam Sankaran Mani
CFO and COO



Anabela Appleton
Company Secretariat/Donor Relations
Coordinator



Abraham Lanor
Regional Manager Southern Africa



Kofi Andah
Regional Manager East Africa



Nkosikhona Mahlangu
Senior IT Officer



AFRICA IS A TOP PRIORITY FOR IFC, AS WE SEEK TO INCREASE OUR ROLE IN HELPING PEOPLE IMPROVE THEIR LIVES. DESPITE SIGNIFICANT PROGRESS MADE, AFRICA IS STILL A CHALLENGING PLACE TO DO BUSINESS. THERE IS TOO MUCH RED TAPE AND TOO FEW EXPERIENCED MANAGERS. AMSCO'S WORK COMPLEMENTS IFC'S PRIORITIES IN AFRICA AND DIRECTLY CONTRIBUTES TOWARDS ADDRESSING A MAJOR IMPEDIMENT TO PRIVATE SECTOR EXPANSION BY MOBILIZING SKILLED MANPOWER TO SUPPORT AFRICA'S ENTREPRENEURS. AFRICA NEEDS A MORE DYNAMIC PRIVATE SECTOR TO DRIVE GROWTH, CREATE JOBS, AND PROVIDE OPPORTUNITIES FOR ENTREPRENEURS. ALONG WITH OTHER DEVELOPMENT PARTNERS, IFC IS COMMITTED TO SUPPORTING AMSCO.

IFC, A MEMBER OF THE WORLD BANK GROUP, FOSTERS SUSTAINABLE ECONOMIC GROWTH IN DEVELOPING COUNTRIES BY FINANCING PRIVATE SECTOR INVESTMENT, MOBILIZING PRIVATE CAPITAL IN LOCAL AND INTERNATIONAL FINANCIAL MARKETS, AND PROVIDING ADVISORY AND RISK MITIGATION SERVICES TO BUSINESSES AND GOVERNMENTS. IFC IS A PROUD SUPPORTER OF AMSCO AND THE POSITIVE IMPACT IT IS HAVING ON AFRICA'S PRIVATE SECTOR DEVELOPMENT.

THIERRY TANOH
DIRECTOR, IFC AFRICA
INTERNATIONAL FINANCE CORPORATION (IFC)

THE NETWORK REGIONAL OFFICES

East Africa:

Regional Office, East Africa
ACS Plaza, Lenana Road
P.O Box 16908-0010
Nairobi, Kenya

Tel +254 20 386 1611 / 387 4378
Fax +254 20 387 4269
e-mail: roea@amscobv.com

Southern Africa:

Regional Office, Southern Africa
4 Fricker Road, Illovo Boulevard, Illovo
PO Box 41706, Craighall 2196
Johannesburg, South Africa

Tel +27 11 219 5000
Fax +27 11 268 0088
e-mail: rosa@amscobv.com

West Africa:

Regional Office, West Africa
Hse. No 1 Central Link Street, South
Legon
P.O Box CT2638, Cantonments
Accra, Ghana

Tel +233 21 513 152-6 / 701 2170-1
Fax +233 21 509 069
e-mail: rowa@amscobv.com

www.amSCO.org

Country Office Nigeria:

IFC Office, Maersk House (1st Floor)
121 Louis Solomon Close (Off Ahmadu
Bello Way)
Victoria Island
Lagos, Nigeria

Tel: +234 1-2799400; 2718738/9
Fax: +234 1-2793618/9
e-mail: info_ng@amscobv.com

Country Office Cameroon:

c/o UNDP/UNOPS
P.O. Box 836
1017 Nouvelle Route Bastos
Yaoundé, Cameroon

Operational Head Office:

4 Fricker Road, Illovo Boulevard, Illovo
PO Box 41706, Craighall 2196
Johannesburg, South Africa

Tel: +27 11 219 5000
Fax: +27 11 268 0088
e-mail: info@amscobv.com

Head Office:

Dam 5b, Unit E,
1012 JS, Amsterdam, The Netherlands
Tel: +31 20 664 1916
Fax: +31 20 664 2959



www.amsco.org