

**Private Equity New Markets II K/S  
Central Business Registration No  
30540409**

**Annual report 2013**

The Annual General Meeting adopted the annual report on

**Chairman of the General Meeting**



Name:

**Tomas Krüger Andersen**  
Attorney

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## **Entity details**

### **Company**

Private Equity New Markets II K/S  
Tranegårdsvej 20  
2900 Hellerup

Central Business Registration No: 30540409  
Registered in: Hellerup  
Financial year: 01.01.2013 - 31.12.2013

Phone: +4530709043  
Internet: [www.penmpartners.com](http://www.penmpartners.com)  
E-mail: [info@penmpartners.com](mailto:info@penmpartners.com)

### **Board of Directors**

David Hexter, Chairman  
Bent Pedersen, Vice-chairman  
Børge Obel  
Dan Jensen

### **Executive Board**

PENM Partners GP II ApS

### **Bank**

Nordea

### **Company auditors**

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
0900 København C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Private Equity New Markets II K/S for the financial year 01.01.2013 - 31.12.2013.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2013 and of the results of its operations for the financial year 01.01.2013 - 31.12.2013.


We recommend the annual report for adoption at the Annual General Meeting.

Hellerup, 08.04.2014

### Executive Board

  
PENM Partners GP II ApS





### Board of Directors

  
David Hexter  
Chairman

  
Bent Pedersen  
Vice-chairman

  
Børge Obel

  
Dan Jensen

## Independent auditor's reports

### To the owners of Private Equity New Markets II K/S

#### Report on the financial statements

We have audited the financial statements of Private Equity New Markets II K/S for the financial year 01.01.2013 - 31.12.2013, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### Management's responsibility for the financial statements

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

#### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

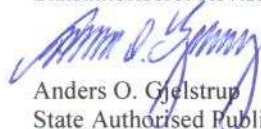
#### Opinion

In our opinion, the financial statements give a true and fair view of the Partnership's financial position at 31.12.2013 and of the results of its operations for the financial year 01.01.2013 - 31.12.2013 in accordance with the Danish Financial Statements Act.

Copenhagen, 08.04.2014

#### Deloitte

Statsautoriseret Revisionspartnerselskab



Anders O. Gjelstrup  
State Authorised Public Accountant

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The accounting policies applied for these financial statements are consistent with those applied last year.

Presentation of the income statement and the balance sheet as well as the description of items has been adjusted to the Partnership's special activity as a private equity partnership.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

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

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

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Management's significant accounting judgements and estimates

In preparing the annual report it is required that the Management makes a number of accounting estimates and assumptions that form the basis of presentation, recognition and measurement of the Entity's assets and liabilities.

The main uncertainty in the recognition and measurement relates to the valuation of the Entity's investments in Vietnam, of which one company has the vast majority of the value. It should be noted that the size of the position in a single company indicates that the shares probably cannot be sold on a short horizon at the recognised value.

PENM II's listed portfolio companies are valued at the quoted price at 31 December 2013. The stock market in Vietnam is affected by a relatively high political and market risk.

## **Accounting policies**

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date.

Exchange rate differences that arise between the rate at the transaction date and the one in effect at the payment date, or the balance sheet date, are recognised in the income statement as financial items.

Exchange rate differences on financial fixed assets are recognised in the income statement as income from portfolio companies.

### **Income statement**

#### **Fair value adjustment of other investment assets and related financial liabilities**

Income from portfolio companies includes realisations and value adjustments of equity investments, dividends and other portfolio expenses.

#### **Administrative expenses**

Administrative expenses include administration fees and other expenses.

#### **Other operating income**

Other operating income comprises refunds that are reimbursed administration and management fees.

#### **Other financial income**

Financial items comprise interest income, realised and unrealised currency gains on receivables, payables and other monetary items in foreign currency and on transactions in foreign currencies.

#### **Other financial expenses**

Financial items comprise interest income, realised and unrealised currency losses on receivables, payables and other monetary items in foreign currency and on transactions in foreign currencies.

### **Balance sheet**

#### **Other investments**

Securities are recognised at fair value pursuant to section 38 of the Danish Financial Statements Act, and value adjustments are recognised in the income statement under income from portfolio companies.

Listed securities are recognised at the quoted price at the balance sheet date.

The valuation of the unlisted portfolio companies are based on appraised fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines).

## **Accounting policies**

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Income statement for 2013**

	<u>Notes</u>	<u>2013</u> <u>'000DKK</u>	<u>2012</u> <u>'000DKK</u>
Fair value adjustments of other investment assets		<u>(189.057)</u>	<u>135.514</u>
<b>Gross profit/(loss)</b>		<b>(189.057)</b>	<b>135.514</b>
Administrative costs	1	(9.786)	(17.332)
Other operating income		<u>9.691</u>	<u>17.213</u>
<b>Operating profit/(loss)</b>		<b>(189.152)</b>	<b>135.395</b>
Other financial income		11	556
Other financial expenses		<u>(33)</u>	<u>(300)</u>
<b>Net profit/(loss) for the year</b>		<b><u>(189.174)</u></b>	<b><u>135.651</u></b>
<b>Proposed distribution of profit or loss</b>			
Retained earnings		<u>(189.174)</u>	<u>135.651</u>
		<b>(189.174)</b>	<b>135.651</b>

**Balance sheet at 31.12.2013**

	<u>Notes</u>	<u>2013</u> <u>'000DKK</u>	<u>2012</u> <u>'000DKK</u>
Other investments		<u>1.124.740</u>	<u>1.317.838</u>
<b>Fixed asset investments</b>		<u><b>1.124.740</b></u>	<u><b>1.317.838</b></u>
<b>Fixed assets</b>		<u><b>1.124.740</b></u>	<u><b>1.317.838</b></u>
Cash		<u>1.316</u>	<u>6.721</u>
<b>Current assets</b>		<u><b>1.316</b></u>	<u><b>6.721</b></u>
<b>Assets</b>		<u><u><b>1.126.056</b></u></u>	<u><u><b>1.324.559</b></u></u>

**Balance sheet at 31.12.2013**

	<u>Notes</u>	<u>2013</u> <u>'000DKK</u>	<u>2012</u> <u>'000DKK</u>
Contributed capital	2	618.470	618.470
Retained earnings		<u>503.293</u>	<u>699.990</u>
<b>Equity</b>		<b><u>1.121.763</u></b>	<b><u>1.318.460</u></b>
Bank loans		3.039	202
Other payables		<u>1.254</u>	<u>5.897</u>
<b>Current liabilities other than provisions</b>		<b><u>4.293</u></b>	<b><u>6.099</u></b>
<b>Liabilities other than provisions</b>		<b><u>4.293</u></b>	<b><u>6.099</u></b>
<b>Equity and liabilities</b>		<b><u>1.126.056</u></b>	<b><u>1.324.559</u></b>
Contingent liabilities	3		
Main activity	4		

**Statement of changes in equity for 2013**

	<b>Contributed capital '000DKK</b>	<b>Retained earnings '000DKK</b>	<b>Total '000DKK</b>
Equity beginning of year	618.470	699.990	1.318.460
Ordinary dividend paid	0	(7.523)	(7.523)
Profit (loss) for the year	0	(189.174)	(189.174)
<b>Equity end of year</b>	<b>618.470</b>	<b>503.293</b>	<b>1.121.763</b>

## Notes

### 1. Administrative expenses

	<b>2013</b>	<b>2012</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Administration fees	9,691	17,213
Other costs	95	119
<b>Total administrative expenses</b>	<b>9,786</b>	<b>17,332</b>

### 2. Contributed capital

	<b>2013</b>	<b>2012</b>
	<b>DKK'000</b>	<b>DKK'000</b>
General Partner	0	450
Limited Partners	618,470	618,020
<b>Total contributed capital</b>	<b>618,470</b>	<b>618,470</b>

### 3. Contingent liabilities

#### Carried interest

Since carried interest is a matter between the owners, carried interest is not provided for in the balance sheet. At 31 December 2013, PENM II has reached an unrealised return on its investments in excess of the prescribed limit (hurdle rate) for initiation of carried interest.

In assessing the investors' equity value investors should take the deduction of the carried interest into account. Due to the Partnership's early stage, there is great uncertainty in the assessment of carried interests.

## Notes

### 4. Main activity

Private Equity New Market II K/S was founded in 2008 with the following investment strategy:

- to invest in unlisted companies in Africa, Central and Southeast Asia, focusing on Danida's Program Countries (PENM I approved countries)
- to focus on selected industries with a high growth potential
- to contribute significant know-how to portfolio companies
- to take active part in preparation and implementation of business plans
- to be a minority shareholder (10-40 per cent shareholding) through partnership agreements.

In 2008 PENM II decided to focus solely on Vietnam.