


Private Equity New Markets II K/S

Tuborg Havnevej 18
2900 Hellerup
Central Business Registration No
30540409

Annual report 2016

The Annual General Meeting adopted the annual report on 23.03.2017

Chairman of the General Meeting



Name: Linda á Dunga Brøndum

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Entity details

Entity

Private Equity New Markets II K/S
Tuborg Havnevej 18
2900 Hellerup

Central Business Registration No: 30540409
Registered in: Hellerup
Financial year: 01.01.2016 - 31.12.2016

Board of Directors

David Richard Hexter, Chairman
Bent Pedersen, Vice-chairman
Carl Jørgen Dan Jensen

Executive Board

Penm Partners GP II ApS

Bank

Nordea
Strandgade 3
0900 Copenhagen C

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
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 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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

Hellerup, 23.03.2017

Executive Board

Penm Partners GP II ApS

Board of Directors



David Richard Hexter
Chairman



Bent Pedersen
Vice-chairman



Carl Jørgen Dan Jensen

Independent auditor's report

To the shareholders of Private Equity New Markets II K/S

Opinion

We have audited the financial statements of Private Equity New Markets II K/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities 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.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

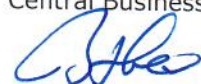
Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Hellerup, 23.03.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Bill Haudal Pedersen

State Authorised Public Accountant

Management commentary

Primary activities

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, Private Equity New Market II K/S decided to focus solely on Vietnam.

Development in activities and finances

In the financial year 2016 Private Equity New Markets II K/S made a loss of DKK 133.7 million. The negative result relates to unrealized and realized value adjustments of portfolio companies.

Income statement for 2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Administrative costs	1	(6.392)	(7.585)
Other operating income		<u>6.202</u>	<u>7.427</u>
Operating profit/loss		(190)	(158)
Income from other fixed assets investments		(136.553)	(30.148)
Other financial income		3.005	0
Other financial expenses		<u>0</u>	<u>(241)</u>
Profit/loss for the year		<u>(133.738)</u>	<u>(30.547)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(133.738)</u>	<u>(30.547)</u>
		<u>(133.738)</u>	<u>(30.547)</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Other investments		802.656	1.206.452
Fixed asset investments		802.656	1.206.452
Fixed assets		802.656	1.206.452
Receivables from owners and management		0	3.709
Receivables		0	3.709
Cash		133	525
Current assets		133	4.234
Assets		802.789	1.210.686

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Contributed capital	2	617.570	617.570
Retained earnings		185.070	589.406
Equity		<u>802.640</u>	<u>1.206.976</u>
Bank loans		119	0
Other payables		30	3.710
Current liabilities other than provisions		<u>149</u>	<u>3.710</u>
Liabilities other than provisions		<u>149</u>	<u>3.710</u>
Equity and liabilities		<u>802.789</u>	<u>1.210.686</u>

Statement of changes in equity for 2016

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	617.570	589.406	1.206.976
Ordinary dividend paid	0	(270.598)	(270.598)
Profit/loss for the year	0	(133.738)	(133.738)
Equity end of year	617.570	185.070	802.640

Notes

1. Administrative costs

	2016	2015
	DKK'000	DKK'000
Management fees	6.202	7.428
Other costs	190	157
Total administrative expenses	6.392	7.585

2. Contributed capital

	2016	2015
	DKK'000	DKK'000
General Partner	-	-
Limited Partners	617.570	617.570
Total contributed capital	617.570	617.570

The total committed capital amounts to 689.850.000 DKK, where as 617.569.822 DKK is paid in.

Paid in capital:

2012: 618.469.822 DKK

2013: 618.469.822 DKK

2014: 618.469.822 DKK

2015: 617.569.822 DKK

2016: 617.569.822 DKK

Carried interest

Since carried interest is a matter between the owners, carried interest is not provided for in the balance sheet. At 31 December 2016, 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. There is great uncertainty in the assesment of carried interests.

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 Entity'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.

1.1 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 the Entity's shareholding in one company counts for the vast majority of the value. It should be noted that the size of the position in a single company indicates that it may not be possible to sell all of the shares on a short horizon at the recognised value.

The Entity's listed portfolio company is valued at the quoted price at 31 December 2015. The stock market in Vietnam is affected by a relatively high political and market risk.

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.

Accounting policies

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.

General

The Entity is managed by a supervisory board (designated herein "Board of Directors") and a general partner (designated herein "Executive Board").

Income statement

Administrative costs

Administrative expenses include administration fees and other expenses.

Other operating income

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

Income from other fixed asset investments

Income from other fixed asset investments comprises income from portfolio companies which includes realisations and value adjustments of equity investments, dividends and other portfolio income.

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 37 of the Danish Financial Statements Act, and value adjustments are recognised in the income statement under income from other fixed assets investments.

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

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Equity

The statement of changes in equity for 2016 is presented according to the contribution method. Retained earnings consist of retained earnings and distributions.

Other financial liabilities

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

Dividend

Ordinary dividend paid represents distributions paid out during the year.