

# MAJ INVEST EQUITY VIETNAM I K/S

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Annual report 2017



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# STATEMENTS

## STATEMENT BY MANAGEMENT

The executive board has today discussed and approved the annual report for Maj Invest Equity Vietnam I K/S for the financial year January 1 – December 31, 2017.

The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the limited partnership's assets, liabilities and financial position at December 31, 2017 and of the results of the limited partnership's operations and cash flows for the financial year January 1 – December 31, 2017.

We believe that the Management commentary includes a fair review of the affairs and conditions referred to therein.

We recommend the annual report 2017 for adoption at the annual general meeting.

Copenhagen, April 5, 2018

General partner:  
General Partner Equity Vietnam ApS

Excutive board:

  
Kasper Svarrer  
Thomas Riis

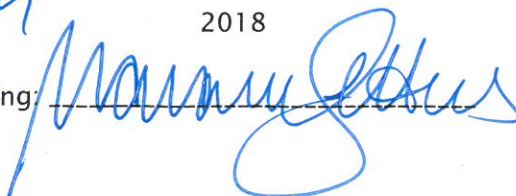
The annual report is presented and adopted at the annual general meeting.

on

26/4

2018

Chairman of the partnership meeting:



# STATEMENTS

## Independent auditor's report

To the limited partners in Maj Invest Equity Vietnam I K/S

### Opinion

We have audited the financial statements of Maj Invest Equity Vietnam I K/S for the financial year January 1 – December 31, 2017, which comprise accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. 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 financial position of the Limited Partnership at December 31, 2017 and of the results of the Limited Partnership's operations for the financial year January 1 – December 31, 2017 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Limited Partnership in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### 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 Limited Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Limited Partnership 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 as to 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



# STATEMENTS

## Independent auditor's report

is not a guarantee that an audit conducted in accordance with ISAs and 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 the financial statements.

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

- \* 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 Limited Partnership'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 Limited Partnership'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 Limited Partnership to cease to continue as a going concern.
- \* Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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.

# STATEMENTS

## Independent auditor's report

### Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review 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

Copenhagen, April 5, 2018

### ERNST & YOUNG

Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Ole Karstensen  
State Authorised  
Public Accountant  
MNE no.: mne16615



Rasmus Berntsen  
State Authorised  
Public Accountant  
MNE no.: mne35461

# MANAGEMENT COMMENTARY

## Fund information

The limited partnership	Maj Invest Equity Vietnam I K/S Gammeltorv 18 DK-1457 Copenhagen K Denmark
Manager contact information	E-mail: <a href="mailto:kontakt@majinvest.com">kontakt@majinvest.com</a> Website: <a href="http://www.majinvest.com">www.majinvest.com</a>
CVR no.	32 26 42 04
Financial year	January 1 – December 31
Registered office	Copenhagen
General partner	General Partner Equity Vietnam ApS
Executive board in General Partner Equity Vietnam ApS	Kasper Svarrer Thomas Riis
Manager	Management Equity Vietnam 1 ApS
Auditors	ERNST & YOUNG Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 DK-2000 Frederiksberg Denmark

# MANAGEMENT COMMENTARY

## KEY FIGURES AND RATIOS

'000 DKK	2017	2016	2015	2014	2013
<b>Key figures</b>					
<b>Profit/loss</b>					
Income of investments in portfolio companies*	(34,267)	(97,163)	(13,459)	51,154	45,090
Operating profit/loss	(37,074)	(100,460)	(17,970)	46,021	36,759
Profit/loss for the year	(34,719)	(99,764)	(17,427)	46,042	36,248
<b>Balance sheet</b>					
Investments in portfolio companies	165,126	385,786	333,840	318,881	352,035
Total assets	167,732	386,827	338,689	326,906	356,435
Equity	167,518	383,690	338,432	326,678	356,191
<b>Financial resources</b>					
Cash	2,600	496	2,778	5,229	775
Remaining commitment	10,085	10,085	10,085	15,576	20,632
Total financial resources	12,685	10,581	12,863	20,805	21,407
<b>Cash flow</b>					
Cash flows from operating activities	180,236	1,150	(3,278)	(4,702)	(8,948)
Cash flows from investing activities	3,322	(3,430)	6,286	84,712	(755)
Cash flows from financing activities	(181,455)	–	(5,459)	(75,555)	(10,824)
Net change in cash	2,105	(2,282)	(2,451)	4,454	(20,527)
<b>Ratios</b>					
Equity ratio	100%	100%	100%	100%	100%
Paid-in capital to committed capital (%)	98%	98%	98%	96%	96%

\*Income of investments in portfolio companies for 2013 – 2014 is not restated as a consequence of the changed accounting policies. Please refer to the next page where the key figures from the income statement are compared between 2015, 2016 and 2017 as if the accounting policies were unchanged.



# MANAGEMENT COMMENTARY

## KEY FIGURES AND RATIOS

'000 DKK

As a result of implementing changes of the Danish Financial Statements Act, which became effective on 1 January 2016, with the effect that positive fair value adjustments on investments in portfolio companies from 2016 is not recognised at the income statement but is recognised directly at the equity.

If the fair value adjustments on investments in portfolio companies were recognised in the income statement, the keyfigures of the income statement would have been as follows for the years 2015 – 2017:

	Former accounting polices			Present accounting polices		
	2017	2016	2015	2017	2016	2015
<b>Key figures</b>						
<b>Profit/loss</b>						
Income of investments						
in portfolio companies	(34,267)	47,860	21,181	(34,267)	(97,163)	(13,459)
Operating profit/loss	(37,074)	44,563	16,670	(37,074)	(100,460)	(17,970)
Profit/loss for the year	(34,719)	45,259	17,213	(34,719)	(99,794)	(17,427)

# MANAGEMENT COMMENTARY

## BUSINESS REVIEW

### **Maj Invest Equity Vietnam I K/S**

The private equity fund Maj Invest Equity Vietnam I K/S (Maj Invest Equity Vietnam) was established on June 16, 2009 as a Danish limited partnership and is owned by a number of Danish investors. The investors have entered into a limited partnership agreement. The purpose of the fund is to carry out investments in Vietnam.

Maj Invest Equity Vietnam has a total capital commitment of DKK 404.3 million. The investment period of the fund expired in November 2013, and consequently no investments are now being made in new portfolio companies.

Maj Invest Equity Vietnam has invested in well-established small and medium-sized Vietnamese companies with a well-defined business model. During the years, Maj Invest Equity Vietnam has made investments in six companies. An attractive and diversified portfolio of investments in Vietnamese companies operating with activities in production, service trades, education, marketing and distribution have been made.

Vietnamese law requires that Maj Invest Equity Vietnam mainly may be a minority owner but, if possible, in certain investment cases also may be majority owner.

The Fund has invested in six investments since its establishment of which five have been exited. As of year-end 2017, Maj Invest equity Vietnam has one active investment.

The objective of Maj Invest Equity Vietnam is to create and realize value in the portfolio companies. As the business carried out by Maj Invest Equity Vietnam is private equity, and no new investments will be made, Maj Invest Equity Vietnam's activity will end when all investments are sold.

### **Development in activities and the financial position**

There has been a high level of activity with the optimization of the investments. In the year there has been a success-full exit of the investment in the portfolio company Vietnam-Australia International School JSC.

### **The financial development in Vietnam**

Following last year's impressive growth figure of 6.21%, Vietnam's 2017 GDP growth of 6.81% exceeded the Government's target of 6.7% to reach its highest level in a decade. The accelerated growth was driven by higher domestic demand, record export earnings, and the government's economic reforms. As seen in the past, Vietnam's GDP typically expanded at the strongest rate in the last quarter of the year, and this year's Q4 wasn't any different. Vietnam posted impressive GDP growth of 7.65% in Q4. The economy saw strong growth in all three main areas of the economy, including: agriculture, industry & construction, and services. The upbeat results reflected a rebound of the agriculture sec-

# MANAGEMENT COMMENTARY

## BUSINESS REVIEW

tor, robust foreign inflows and rising global and domestic demand, which boosted manufacturing and exports.

Meanwhile, 2017's CPI rose by 3.53%, which was higher than last year's 2.66% but still lower than the 4% target set by the government. CPI was kept in check mainly thanks to efforts of the government to conduct regular market inspections and apply several price stabilization policies for indispensable goods. Further helping keep CPI under control were the State Bank of Vietnam's ("SBV") efforts to pursue a consistent monetary policy aimed at macroeconomic stability and inflation control.

The value of exports was estimated at USD 213.8 billion, an increase of 21%, higher than the annual growth rate of 9% in export value in 2016. Phones and various devices led among the key export commodities followed by garment and textiles products, computers and electronic devices and components, and shoes. Meanwhile, the value of imports in 2017 was estimated at USD 211.1 billion (+20.8%) fueled by increased demand for machinery and equipment for the manufacturing of mobile phones, electronics, and PCs. As a result, Vietnam recorded a trade surplus of USD 2.7 billion, same as in 2016.

In 2017, Vietnam attracted USD 21.3 billion (+42.3%) in registered foreign direct investment ("FDI") for new projects. Additionally, existing FDI projects dated prior to 2017 registered for a total share capital increase of USD 8.41 billion. Actual disbursed FDI reached USD 17.5 billion (+10.8%) and total foreign indirect investment ("FII") USD 6.2 billion (45.1%). The manufacturing sector was the largest beneficiary of foreign investments in 2017 with USD 8.4 billion in registered capital, accounting for 39.3% of the country's FDI inflows. The top three countries that invested into Vietnam included Japan (USD 7.74 billion, accounting for 36.4%), Korea (USD 3.97 billion, accounting for 18.7%), and Singapore (USD 3.77 billion, accounting for 17.7%).

With regards to the foreign exchange rate, the VND depreciated against the USD by 1.4% with foreign currency reserves of the country peaking at approximately USD 48 billion – the highest level ever, mainly contributed by total disbursed FII and foreign currencies mobilized locally. This significantly contributed to a stable exchange rate, enhanced macro-economic conditions, and increased trust from foreign investors in the country's economy.

In late 2017, Moody's changed its outlook for Vietnam's banking system for the next 12–18 months, shifting it from Stable to Positive. The positive outlook given to the Vietnamese banking system was attributed to government efforts in implementing measures to maintain macroeconomic stability, control inflation and promote economic growth. The improved outlook also reflected measures taken by the SBV in flexible monetary policy management, especially the restructuring of credit institutions and settling bad debts.



# MANAGEMENT COMMENTARY

## BUSINESS REVIEW

Overall, following 2015 and 2016, the Vietnamese economy continued showing robust growth in 2017 underlining the country's economic and political stability. For 2018, GDP growth is expected to reach 6.7%, supported by a bright global economic outlook, fundamental domestic strength, and continuing reform of the state-owned sector. Inflation is expected to be around 4%.

### Result for the year

The bottom-line for 2017 is a loss of DKK 34.7 million (2016 loss of DKK 99.8 million) and can be explained with the negative currency adjustment during the year. The negative result for 2016 can be explained with a positive fair value adjustment made directly at the equity of DKK 145.0 million.

### Development in portfolio companies in 2017

#### VMG Media JSC (VMG)

Maj Invest Equity Vietnam made its initial investment in VMG Media JSC in December 2011. VMG was established in 2006 to provide telecommunications and digital contents services and is the largest mobile value-added services ("MVAS") provider in Vietnam. VMG has transformed itself from a content provider into a technology company that has a wide product portfolio consisting of MVAS, mobile marketing, cloud gaming, and data-analytics including credit scoring.

Following 2016, VMG continued facing challenges in 2017. The profitable MVAS business showed a sharp decline due to the fact that the company lost a major part of its SMS-based lottery results business. At the same time, new business units like mobile marketing and cloud gaming did not gain traction due to struggling execution. As such, for the first time since the Fund made its investment in 2011, operating profit turned negative. In the meantime, data analytics (including credit scoring) – launched in 2017 and leveraging on VMG's extensive customer database and synergies from the long-standing working relationships with the telcos – was also still under development and did not contribute to the business results. However, if executed correctly, this business could help put VMG back into profitability again. Moreover, given the synergies, the data analytics business could also be a catalyst to the mobile marketing business.

Finally, in May 2017, VMG completed the sale of a business division to a major Korean strategic buyer who acquired a majority stake.

#### *Capital resources*

Maj Invest Equity Vietnam has a total capital commitment of DKK 404.3 million. On December 31, 2017, investors had paid DKK 394.3 million, or 98% of their capital commitments. The remaining capital commitment is DKK 10.1 million. Maj Invest Equity Vi-

# MANAGEMENT COMMENTARY

## BUSINESS REVIEW

etnam's equity amounted to DKK 167.5 million at December 31, 2017, matching an equity ratio of 100%.

### Financial risks

The objective of Maj Invest Equity Vietnam is to invest in Vietnamese portfolio companies and create value in such companies. The major risk factor is therefore the failure to create value in the underlying portfolio companies, and the currency risk. General economic trends, financing opportunities and trends in interest levels and currency have a tremendous impact on the potential for value creation in the portfolio companies and consequently also the future value of Maj Invest Equity Vietnam's investments.

### Uncertainties relating to recognition and measurement in the financial statements

Investments in portfolio companies are valued at their fair values, according to Accounting policies. The valuation includes accounting estimates and such valuation is therefore subject to some uncertainty.

### CSR policy

Maj Invest Equity Vietnam's CSR policy focuses on the fund's investments being sustainable and helping secure environmental and social responsible development in the portfolio companies. Maj Invest Equity Vietnam's CSR policy is adopted from The Investment Fund for Developing Countries (IFU) CSR policy. The CSR policy covers the following areas: Environment, work environment, safety, human rights and overall business ethics.

### Maj Invest Equity Vietnam I organisation

At year-end 2017, the equity team in Vietnam, advising Maj Invest Equity Vietnam, consisted of one partner, one senior investment manager and one investment associate. In Denmark Fondsmæglerselskabet Maj Invest A/S's (MI) are executive board and one Director involved in investments as well as three back-office staff involved in finance, legal matters and administrative duties.

### Ownership

Maj Invest Equity Vietnam is owned by a number of Danish professional and institutional investors: Lønmodtagernes Dyrtidsfond, PKA, IFU, DIP and Chr. Augustinus Fabrikker Aktieselskab, holding a stake of 99.2%. Maj Invest Management and staff involved in investments in Maj Invest Equity Vietnam, as well as one former external member of the fund's Investment Committee, have invested as special limited partners in Maj Invest Equity Vietnam. Any profits earned by such special limited partners are subject to tax under current Danish and local tax rules. The special limited partners do not pay management fees and partnership formation costs to the fund.

# MANAGEMENT COMMENTARY

## BUSINESS REVIEW

Investors	Commitment DKKm	Interest in per cent
Danish Pension Funds	275.0	68.01%
Other Danish professional investors	126.0	31.16%
Management and staff in Maj Invest Equity International	2.3	0.58%
Former member of the Investment Committee	1.0	0.25%
	<b>404.3</b>	<b>100.00%</b>

### Legal structure

Maj Invest Equity Vietnam is a Danish limited partnership with a Danish private limited company as general partner. The general partner is managed by an executive board consisting of two employees of MI. The general partner is a subsidiary of the manager which is owned by Maj Invest Holding A/S (Maj Invest Holding).

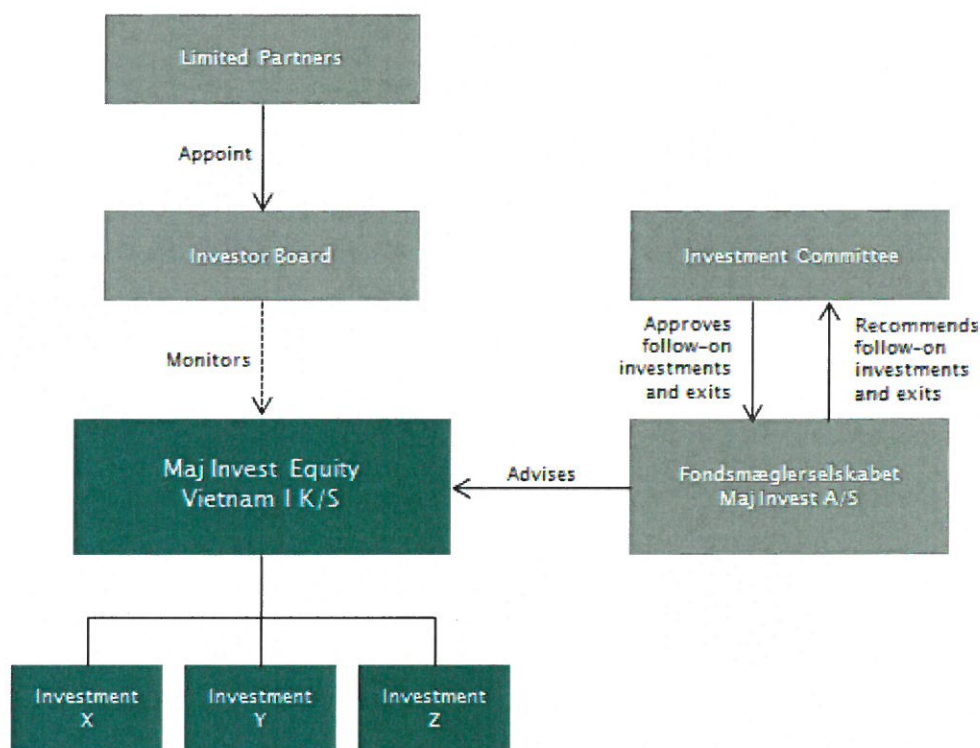




# MANAGEMENT COMMENTARY

## BUSINESS REVIEW

### Decision structure in Maj Invest Equity Vietnam I K/S



The Investment Committee is responsible for deciding any investments, follow on investments in or divestments of portfolio companies in Maj Invest Equity Vietnam following a recommendation by Maj Invest Equity International. The Investment Committee consists of five members. Reference is made to note 8, which shows any other executive functions or directorships held by investment committee members. Investments committee members do not participate in the particular companies and never invest in the portfolio companies in a discretionary manner.

#### Performance fee

Maj Invest Equity Vietnam has been established with a management fee structure which is normal in relation to the private equity market. This means that the manager receives a fixed management fee and a performance fee depending on the investors' returns on their investments. The performance fee is payable if the returns on investments adjusted for costs exceed a predetermined hurdle rate of 8% p.a. The performance fee is calculated as 20% of investor profits over the predetermined hurdle rate.

No performance fee had been allocated or paid as at December 31, 2017.

# MANAGEMENT COMMENTARY

## BUSINESS REVIEW

### **Events after the balance sheet day**

There have been no events after the balance sheet day and to date that materially affect the assessment of the annual report.



# FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### GENERAL

The annual report for Maj Invest Equity Vietnam I is prepared in accordance with the provisions of the Danish Financial Statements Act for reporting class B entities with the adoption of rules for reporting of class C entities such as cash flow statement and with the necessary adjustments considering that the company is a limited partnership, whose activity is private equity. Investments in portfolio companies are recognised in compliance with the International Private Equity and Venture Capital Valuation Guidelines, drawn by the IPEV Board.

In order to achieve a true and fair view of operations of the limited partnership, the presentation of the income statement and balance sheet has been changed compared with the reporting form shown in schedule 2 of the Danish Financial Statements Act. Income from investments in portfolio companies is presented as an item under operating profit/loss. The fair values of the investments are presented as one item under the balance sheet regardless of the size of the ownership interest.

The accounting policies are the same as last year.

With reference to the Danish Financial Statements Act §110, the limited partnership has not prepared consolidated financial statements.

### Recognition and measurement

All income and expenses relating to the financial year are recognised in the income statement regardless of time of payment. Negative value adjustments in respect of investments in portfolio companies are also recognised in the income statement.

Assets are recognised in the balance sheet, if, in all probability, future economic benefits will flow to the limited partnership, and the value of such assets can be measured reliably.

Liabilities are recognised in the balance sheet, if, in all probability, future economic benefits will flow out of the limited partnership, and the value of such liabilities can be measured reliably.

Recognition and measurement of assets and liabilities have taken into account any information available after the balance sheet date but before the presentation of the financial statements, either affirming or not affirming conditions existing on the balance sheet date.

# FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### Foreign currency translation

Transactions in foreign currencies are translated into Danish kroner using the exchange rates applicable on the transaction date. Assets and liabilities in foreign currencies are translated into Danish kroner using the rates on the balance sheet date.

## INCOME STATEMENT

### Income of investments in portfolio companies

Realised gains/losses on investments, negative unrealised value adjustments of investments are recognised in the income statement. Interest received on loans to and dividends received from portfolio companies are also recognised under "Income of investments in portfolio companies".

### Administrative expenses

Administrative expenses mainly consist of management fees, broken deal costs and other administrative expenses.

### Financial income and expenses

Financial income and expenses include interests on bank deposits, interests on bridge loans and interests on loans provided by the general partner "General Partner Equity Vietnam ApS".

### Tax

Maj Invest Equity Vietnam I is a Danish limited partnership. The limited partnership is transparent for tax purposes and taxes are levied on the individual investors in proportion to their shares in the partnership. Consequently, no provisions for tax have been made in the financial statements. However, tax withheld on the payment of dividends by the portfolio companies will be recognised in the income statement under tax.

## BALANCE SHEET

### ASSETS

#### Investments in portfolio companies

On initial recognition, investments in portfolio companies are measured at cost, with the addition of transaction costs. On subsequent recognition, investments are measured at fair value.

The fair value of investments in portfolio companies are measured at the most recent market price, for instance in the form of an expansion of capital or a partial sale based on the values of comparable companies or through the use of traditional valuation methods, such as EV/EBITDA, P/E, EV/EBIT, P/B.

# FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

Positive unrealised value adjustments of investments in associated companies are made directly at the equity. Negative unrealised value adjustments are recognised in the income statement.

If the fair value assessment is not reliable, investments will be measured at cost, with the addition of transaction costs.

Receivables from portfolio companies in the form of loans are recognised as receivables and measured at fair value.

### **Receivables**

Receivables from portfolio companies and other receivables are measured at the lower of amortized cost or net realisable value, which usually corresponds to the nominal value less write-downs for bad debts. Write-downs for bad debts are determined on the basis of an assessment of the individual receivables.

### **Cash**

Cash includes deposits with financial institutions.

## LIABILITIES

### **Financial liabilities**

Other liabilities are measured at amortised cost, usually corresponding to the nominal value.

## CASH FLOW STATEMENT

### **Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities as well as the year's movements in cash flows and the limited partnership's cash at the beginning and end of the year.

### **Cash flows from operating activities**

Cash flows from operating activities include the net profit or loss for the year, adjusted for changes in working capital and non-cash operating items, such as value adjustments of investments in portfolio companies and provisions. The working capital includes current assets less short-term liabilities, exclusive of items included in cash and bank loans.

### **Cash flows from investing activities**

Cash flows from investing activities include payments in respect of acquisitions or divestments of portfolio companies.



# FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### **Cash flows from financing activities**

Cash flows from financing activities include payments to and from limited partners as well as any changes in bank loans.

# FINANCIAL STATEMENTS

## INCOME STATEMENT

'000 DKK	Note	2017	2016
Income of investments in portfolio companies	1	(34,267)	(97,163)
Administrative expenses		(2,807)	(3,297)
<b>Operating profit/loss</b>		<b>(37,074)</b>	<b>(100,460)</b>
Financial income		2,455	824
Financial expenses		(100)	(128)
<b>Profit/loss for the year</b>		<b>(34,719)</b>	<b>(99,764)</b>
<b>Proposed distribution of net profit/loss</b>			
Retained earnings		(34,719)	(99,764)
		<b>(34,719)</b>	<b>(99,764)</b>

# FINANCIAL STATEMENTS

## BALANCE SHEET

'000 DKK	Note	31/12/2017	31/12/2016
<b>ASSETS</b>			
Investments in portfolio companies	2	165,126	382,324
Receivables from portfolio companies	3	–	3,462
<b>Total investments</b>		<b>165,126</b>	<b>385,786</b>
<b>Total non-current assets</b>		<b>165,126</b>	<b>385,786</b>
Receivables from portfolio companies		6	546
<b>Total receivables</b>		<b>6</b>	<b>546</b>
<b>Cash</b>		<b>2,600</b>	<b>496</b>
<b>Total current assets</b>		<b>2,606</b>	<b>1,041</b>
<b>Total assets</b>		<b>167,732</b>	<b>386,827</b>
<b>EQUITY AND LIABILITIES</b>			
Paid-in capital		394,255	394,255
Distributions		(280,771)	(99,316)
Fair value adjustment		–	179,663
Retained earnings		54,032	(90,912)
<b>Total equity</b>		<b>167,518</b>	<b>383,690</b>
Debt to general partner	4	125	125
<b>Total long-term liabilities</b>		<b>125</b>	<b>125</b>
Debt to general partner	4	50	50
Other payables		39	2,962
<b>Total short-term liabilities</b>		<b>89</b>	<b>3,012</b>
<b>Total liabilities</b>		<b>214</b>	<b>3,137</b>
<b>Total equity and liabilities</b>		<b>167,732</b>	<b>386,827</b>
Cash flow statement – adjustments	5		
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Executive board and Investment Committee	8		



## FINANCIAL STATEMENTS

### Statement of changes in equity.

'000 kr.	Paid-in capital from limited partners	Distribu- tions to limited partners	Fair value adjustment	Retained earnings	Total
<b>2017</b>					
Equity at beginning of year	394,255	(99,316)	179,663	(90,912)	383,690
Distributions to limited partners	-	(181,455)	-	-	(181,455)
Fair value adjustment	-	-	(179,663)	179,663	-
Retained earnings	-	-	-	(34,719)	(34,719)
<b>Equity at year end</b>	<b>394,255</b>	<b>(280,771)</b>	<b>-</b>	<b>54,032</b>	<b>167,515</b>

The limited partners are liable for their share of the remaining  
commitment as of 31/12 2017

10,085

#### 2016

Equity at beginning of year	394,255	(99,316)	34,640	8,852	338,432
Fair value adjustment	-	-	145,023	-	145,023
Retained earnings	-	-	-	(99,764)	(99,764)
<b>Equity at year end</b>	<b>394,255</b>	<b>(99,316)</b>	<b>179,663</b>	<b>(90,912)</b>	<b>383,690</b>

The limited partners are liable for their share of the remaining  
commitment as of 31/12 2016

10,085

# FINANCIAL STATEMENTS

## CASH FLOW STATEMENT

'000 DKK	Note	2017	2016
Profit/loss for the year		(34,719)	(99,764)
Adjustments	5	214,983	95,812
Change in working capital	6	(2,384)	4,406
<b>Cash flows from operating activities before net financials</b>		<b>177,881</b>	<b>454</b>
Financial income etc.		2,455	824
Financial expenses etc.		(100)	(128)
<b>Cash flows from operating activities</b>		<b>180,236</b>	<b>1,150</b>
Investment in portfolio companies and loans		-	(10,339)
Disposals of portfolio companies and loans		3,322	6,909
<b>Cash flows from investing activities</b>		<b>3,322</b>	<b>(3,430)</b>
Paid-in capital from investors		-	-
Distributions to investors		(181,455)	-
<b>Cash flows from financing activities</b>		<b>(181,455)</b>	<b>-</b>
<b>Cash flows for the year, net</b>		<b>2,105</b>	<b>(2,282)</b>
Cash at the beginning of the year		496	2,778
<b>Cash at the end of the year</b>		<b>2,600</b>	<b>496</b>

# FINANCIAL STATEMENTS

## NOTES

'000 DKK	2017	2016
<b>NOTE 1 Income of investments in portfolio companies</b>		
Unrealised negative value adjustment	(217,407)	(96,903)
Received dividend from portfolio companies	183,203	-
Realised gain/loss on loans to portfolio companies	(132)	(655)
Interest on loans to portfolio companies	69	395
	<u>(34,267)</u>	<u>(97,163)</u>
<b>NOTE 2 Investments in portfolio companies</b>		
	<u>31/12/2017</u>	<u>31/12/2016</u>
Cost at 01/01	243,132	243,132
Additions during the year	-	-
Disposals during the year	-	-
Cost at 31/12	<u>243,132</u>	<u>243,132</u>
Value adjustments at 01/01	139,192	82,359
Currency adjustments during the year	(43,428)	13,109
Value adjustments during the year:		
Unrealised positive value adjustment	-	134,377
Unrealised negative value adjustment	(173,770)	(90,653)
Disposals during the year	-	-
Value adjustments at 31/12	<u>(78,006)</u>	<u>139,192</u>
<b>Carrying amount at 31/12</b>	<u><b>165,126</b></u>	<u><b>382,324</b></u>

The investments in portfolio companies have been made through 100 % owned subsidiaries.



# FINANCIAL STATEMENTS

## NOTES

'000 DKK

	31/12/2017	31/12/2016
<b>NOTE 3 Loan to portfolio companies</b>		
Cost at 01/01	11,350	7,525
Additions during the year	69	10,734
Disposals during the year	(2,961)	(6,909)
Cost at 31/12	8,458	11,350
Value adjustments at 01/01	(7,888)	824
Currency adjustments during the year	(209)	(255)
Disposals during the year	(361)	-
Value adjustments during the year	-	(8,457)
Value adjustments at 31/12	(8,458)	(7,888)
<b>Carrying amount at 31/12</b>	<b>-</b>	<b>3,462</b>

### NOTE 4 Debt to general partner

Debt to general partner is an installment-free loan to Maj Invest Equity Vietnam I for the full term of Maj Invest Equity Vietnam I.

# FINANCIAL STATEMENTS

## NOTES

'000 DKK	31/12/2017	31/12/2016
<b>NOTE 5 Cash flow statement – adjustments</b>		
Financial income	(2,455)	(824)
Financial expenses	100	128
Interest on loans to portfolio companies	(69)	(395)
Unrealised value adjustments in portfolio companies	217,407	96,903
Other adjustments	-	-
	<b>214,983</b>	<b>95,812</b>

## NOTE 6 Cash flow statement – change in working capital

Change in receivables	540	1,526
Change in other short-term liabilities	(2,923)	2,880
	<b>(2,384)</b>	<b>4,406</b>

## NOTE 7 Contingent liabilities etc.

### *Contingent liabilities*

Maj Invest Equity Vietnam I has entered into a management agreement with Management Equity Vietnam I ApS for the manager's administration of Maj Invest Equity Vietnam I as well as the provision of investment advisory services to Maj Invest Equity Vietnam I. On termination, Maj Invest Equity Vietnam I may in certain circumstances be obliged to pay management fees for up to 1 year. At December 31, 2017 the fee payable amounted to approx. DKK 0.9 million. (December 31, 2016 approx DKK 3.6 million).

Maj Invest Equity Vietnam I has contingent liabilities in connection with the sale of portfolio companies. While most of the warranties have expired, certain key warranties are unlimited in time and amount. The key warranties are normal sales guarantees for this line of business.

# FINANCIAL STATEMENTS

## NOTES

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### NOTE 8 Executive board and Investment Committee

#### Executive board of the general partner:

***Thomas Riis***

***Director of:***

ACE Capital ApS, Danish Microfinance Partners General Partner ApS, Danish Microfinance Partners Management ApS, DMP Holding 1 ApS and Management Equity Vietnam I ApS.

In addition, managing director or directorship of various holding companies and underlying portfolio companies owned by LD Equity 3 K/S, Maj Invest Equity 4 K/S, Maj Invest Equity 5 K/S, Maj Invest Equity Vietnam I K/S and Maj Invest Equity Southeast Asia II K/S.

***Kasper Svarrer***

***Director of:***

Kasper Svarrer Holding ApS, DMP Holding 1 ApS, Danish Microfinance Partners General Partner ApS, Danish Microfinance Partners Management ApS and Management Equity Vietnam I ApS.

***Chairman of:***

Fonden MIFIF II GP.

***Board member of:***

Jutlandia Terminal A/S, A/S J. Lauritzen's Eftf., Esbjerg, Jantzen A/S, Microcred Holding S.A. and Arohan Financial Services Pvt.

***Member of Investment Committee of:***

Maj Invest Financial Inclusion Fund II K/S.

#### Investment Committee:

***Jeppe Christiansen***

***CEO of:***

Fondsmæglerselskabet Maj Invest A/S and Maj Invest Holding A/S.

***Director of:***

Maj Invest Equity A/S, Emlika ApS and Det Kgl. Vajsenhus.

***Chairman of:***

Haldor Topsøe A/S and Emlika ApS.

***Vice Chairman of the boards of:***

Novo Nordisk A/S and Maj Bank A/S.

***Board member of:***

Kirkbi A/S, Symphogen A/S, Novo Holdings A/S, JKLE Holding ApS and Maj Invest Equity A/S.



# FINANCIAL STATEMENTS

## NOTES

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***Member of Investment Committee of:***

Maj Invest Equity Southeast Asia II K/S, Maj Invest Financial Inclusion Fund II K/S, Danish Microfinance Partners K/S, Maj Invest Equity 4 K/S and Maj Invest Equity 5 K/S.

***Erik Holm******CEO, Managing Partner of:***

Maj Invest Equity A/S.

***Director of:***

Fondsmæglerselskabet Maj Invest A/S, Maj Invest Holding A/S and Erik Holm Holding ApS. In addition, chairman and board member of several holding companies and underlying portfolio companies owned by Maj Invest Equity 4 K/S and Maj Invest Equity 5 K/S.

***Chairman of:***

Cenex ApS.

***Vice Chairman of the boards of:***

Arvid Nilssons Fond, SP Group A/S and SP Moulding A/S.

***Board member of:***

Fonden Maj Invest Equity General Partner, Brødrene A. & O. Johansen A/S, AO Invest A/S, Maj Invest Singapore Private Ltd., Maj Invest South America S.A. and Maj Invest Equity A/S.

***Member of Investment Committee of:***

LD Equity 1 K/S, LD Equity 2 K/S, LD Equity 3 K/S, Maj Invest Equity 4 K/S, Maj Invest Equity 5 K/S and Maj Invest Equity Southeast Asia II K/S.

***Michael Hauge Sørensen******Chairman of:***

Top-Toy A/S, Top-Toy Holding II A/S, Top-Toy Holding III A/S and Fristads Kansas Group AB.

***Board member of:***

Santa Fe Group A/S, IC Group A/S, Zebra A/S and Michaso Holdings Limited and Elevate Global Limited.

***Member of Investment Committee of:***

Maj Invest Equity Southeast Asia II K/S.

***Sameer Kalra******CEO of:***

Framo AS.

***Chairman of:***

Framo AS, Framo Fusa AS, Framo Holsnøy AS, Framo Flatøy AS and PHE Holding AS.

***Board member of:***

Framo Services AS.

# FINANCIAL STATEMENTS

## NOTES

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***Member of Investment Committee of:***

Maj Invest Equity Southeast Asia II K/S.

***Torben Kjær***

***Board member of:***

Fonden LDE 2 GP, Fonden LDE 3 GP and Fonden MIE 5 GP.

***Member of Investment Committee of:***

Maj Invest Equity Southeast Asia II K/S.