MAJ INVEST EQUITY SOUTHEAST ASIA II K/S

Annual report 2018

Maj Invest Equity Southeast Asia II K/S | Gammeltorv 18, DK-1457 Copenhagen K | Telephone +45 33 38 73 00 | www.majinvest.com | CVR no. 36 53 33 66

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STATEMENT BY MANAGEMENT

The Exercutive board has today discussed and approved the annual report for Maj Invest Equity Southeast Asia II K/S for the financial year January 1 - December 31, 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the limited partnership's assets, liabilities and financial position at December 31, 2018 and of the results of the limited partnership's operations and cash flows for the financial year January 1 - December 31, 2018.

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

I recommend the annual report 2018 for adoption at the annual general meeting.

Copenhagen, March 28, 2019

General partner:
MIE SEA II GP ApS
Executive board:

Cato Baldvinsson

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

on 29/4 2019

Chairman: ____________________

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Independent auditor's report

To the limited partners in Maj Invest Equity Southeast Asia II K/S

Opinion

We have audited the financial statements of Maj Invest Equity Southeast Asia II K/S for the financial year January 1 – December 31, 2018, 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, 2018 and of the results of the Limited Partnership's operations for the financial year January 1 – December 31, 2018 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

Independent auditor's report

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 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

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Independent auditor's report

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 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 misstatement of the Management's review.

Copenhagen, March 28, 2019

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Ole Karstensen, mne16615 State Authorised Public Accountant	Rasmus Berntsen, mne35461 State Authorised Public Accountant

MANAGEMENT COMMENTARY

Fund information

The limited partnership	Maj Invest Equity Southeast Asia II K/S Gammeltorv 18 DK-1457 Copenhagen K Denmark
Manager contact information	E-mail: kontakt@majinvest.com Website: www.majinvest.com
CVR no.	36 53 33 66
Financial year	January 1 – December 31
Registered office	Copenhagen
General partner	MIE SEA II GP ApS
Executive board in MIE SEA II GP ApS	Cato Baldvinsson
Manager	Maj Invest Equity A/S
Depositary	Private Equity Administrators Depositary Services ApS
Auditors	ERNST & YOUNG Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 DK-2000 Frederiksberg Denmark

MANAGEMENT COMMENTARY

KEY FIGURES AND RATIOS

'000 USD	2018	2017	2016	2015 (11 months)
Key figures				
Profit/loss				
Value adjustment of investments in portfolio companies	(4,337)	–	(4,254)	–
Operating profit/loss	(6,315)	(1,989)	(6,301)	(1,938)
Profit/loss for the year	(6,330)	(2,287)	(6,354)	(1,956)
Balance sheet				
Investments in portfolio companies	28,613	30,677	8,490	6,054
Total assets	29,593	31,650	9,600	7,009
Equity	29,530	31,639	9,577	6,995
Financial resources				
Cash	978	959	922	955
Remaining commitment	43,912 *	48,133	72,482	81,048
Total financial resources	44,890	49,092	73,404	82,003
Cash flow				
Cash flows from operating activities	(1,939)	(2,125)	(2,279)	(1,942)
Cash flows from investing activities	(2,261)	(22,187)	(6,690)	(6,054)
Cash flows from financing activities	4,221	24,349	8,936	8,952
Net change in cash	19	37	(33)	955
Ratios				
Equity ratio	100%	100%	100%	100%
Paid-in capital to committed capital (%)	51.4% *	46.7%	19.8%	9.9%

* Refence is made to the "Statement of capital" on page 23.

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Maj Invest Equity Southeast Asia II K/S

The private equity fund Maj Invest Equity Southeast Asia II K/S (Maj Invest Equity Southeast Asia II) was established on January 30, 2015 as a Danish limited partnership and is owned by a number of Danish investors. The purpose of the Fund is to carry out investments in Vietnam and Indonesia.

The objective of Maj Invest Equity Southeast Asia II is to create and realize value in the portfolio companies.

Maj Invest Equity Southeast Asia II prioritises a long-term value creation and emphasis that each individual investment is to be supported by well-crafted strategy and business plan for the business entity and that owners and management agree on such strategy and plan. Maj Invest Equity Southeast Asia II rarely create value primarily through leverage.

During the years Maj Invest Equity Southeast Asia II has invested in four investments: two investments in Vietnam and two investments in Indonesia.

In 2018, it was decided not to make any new investments in the Fund. Existing investments will be further developed for the purpose of future exits.

At the end of 2018, Maj Invest Equity Southeast Asia II has a total capital commitment of USD 90.37 million. In beginning of December 2018, the limited partners have decided to reduce the total commitment to USD 55.0 million.

CSR policy

Maj Invest Equity Southeast Asia II's CSR Policy serves as the framework for ensuring the incorporation of environmental, social and governance factors (ESG) into the investment decision-making process and ownership practices and for ensuring a responsible and positive development on ESG factors in the companies. The Fund promotes the UN Global Compact principles, with the addition of good corporate governance and animal welfare.

Ownership

Maj Invest Equity Southeast Asia II is owned by a number of Danish professional and institutional investors holding a stake of 98.96%. Maj Invest Management, the Investment Committee and staff involved in investments in Maj Invest Equity Southeast Asia II have invested as special limited partners in Maj Invest Equity Southeast Asia II. 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.

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Investors	Commitment 31.12.2018 '000 USD	Interest in per cent
Danish Pension Institutions	65,000	71.93%
Other danish professional investors	20,000	22.13%
Maj Invest Holding A/S	4,430	4.90%
Investment Committee	290	0.32%
Management and staff etc.	650	0.72%
	90,370	**100.00%**

Legal structure

Maj Invest Equity Southeast Asia II is a Danish limited partnership with a Danish private limited company as general partner. The investors have entered into a limited partnership agreement. The general partner is managed by an executive board consisting of an external director. The general partner is a subsidiary of the manager Maj Invest Equity A/S which is owned by Maj Invest Holding A/S (Maj Invest Holding).

Under two management agreements, the manager handles all investment-related and administrative tasks for Maj Invest Equity Southeast Asia II. Consequently, Maj Invest Equity Southeast Asia II has no staff employed. The manager has made an advisory service agreement with Fondsmæglerselskabet Maj Invest A/S (MI) in respect of some of the investment-related tasks and an agreement with Maj Invest Holding in respect of administrative tasks.

Decision structure

The investors in Maj Invest Equity Southeast Asia II has set up an Investor Board with representatives appointed by the investors. The Investor Board is the investors representative body which evaluates the overall developments in the Fund. The Investor Board approves the members of the Investment Committee and various other specific decision points.

The Investment Committee is responsible for deciding any investments, follow on investments in or divestments of portfolio companies in Maj Invest Equity Southeast Asia II following a recommendation by the Manager. The Investment Committee consists of five members: three external members with business experience, the CEO of MI and the managing partner of Maj Invest Equity A/S. Reference is made to note 8, which shows any other executive functions or directorships held by Investment Committee members.

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License as manager with the Danish FSA

The Manager has received a license as manager (in Danish: forvalter) with the Danish FSA (in Danish: Finanstilsynet) and the Manager is under financial regulation and the Danish FSA supervision.

Maj Invest Equity Southeast Asia II has appointed a depositary in accordance with the provisions in FAIF.

Remuneration for the financial year paid to management and staff in Maj Invest Equity A/S is disclosed in the annual report of Maj Invest Equity A/S which is available on the website www.majinvest.com. Information is given on Manager level.

Carried interest

Maj Invest Equity Southeast Asia II 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 as well as a share of carried interest depending on the investors' returns on their investments.

Carried interest is payable if the returns on investments adjusted for costs exceed a predetermined hurdle rate of 8% p.a. The carried interest is calculated as 20% of investor profits over the predetermined hurdle rate.

No carried interest had been allocated or paid as of December 31, 2018.

The financial development in Vietnam and Indonesia

Vietnam

Following last year's impressive growth figure of 6.81%, Vietnam's 2018 GDP growth of 7.08% 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 first and the last quarter of the year, and this year wasn't any different with GDP growth of 7.45% and 7.31% in Q1 and Q4 respectively. The economy saw strong growth in all three main areas: agriculture, industry & construction, and services. The upbeat results reflected a rebound of the agriculture sector, robust foreign inflows and rising global and domestic demand, which boosted manufacturing and exports.

Meanwhile, 2018's Consumer Price Index (CPI) rose by 3.54%, which was almost the same as last year's 3.53% 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, the

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State Bank of Vietnam's efforts to pursue a consistent monetary policy aimed at macroeconomic stability and inflation control also helped to keep CPI under control.

The value of exports was estimated at USD 244.72 billion in 2018, an increase of 13.8% compared to 2017. 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 2018 was estimated at USD 237.51 billion (+11.5% y-o-y) 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 7.2 billion, a significant increase compared to last year's USD 2.7 billion.

In 2018, Vietnam attracted USD 17.97 billion (+15.5% y-o-y) in registered foreign direct investment ("FDI") for new projects. Additionally, existing FDI projects dated prior to 2018 registered for a total share capital increase of USD 7.60 billion. Meanwhile, actual disbursed FDI reached USD 19.1 billion (+9.1% y-o-y) and total foreign indirect investment ("FII") reached USD 9.89 billion (+59.8% y-o-y). The manufacturing sector was the largest beneficiary of FDI in 2018 with USD 9.07 billion in registered capital, accounting for 50.4% of the country's FDI inflows. Top countries directing FDI capital into Vietnam in 2018 included Japan (USD 6.59 billion, accounting for 36.7%), Korea (USD 3.66 billion, accounting for 20.4%) and Singapore (USD 1.42 billion, accounting for 7.9%).

With regards to the foreign exchange rate, the commercial VND/USD exchange rate fluctuated moderately. After remaining fairly stable during 4M/2018, the VND started to depreciate against the USD from around 22,800 in May to around 23,200 in August. Since August, the VND/USD exchange rate has fluctuated slightly at around 23,200 - 23,300 until year-end. Foreign currency reserves of the country peaked at approximately USD 60 billion - the highest level ever, mainly thanks to the trade surplus, the FDI, FII and remittance from overseas Vietnamese. This significantly contributed to a stable exchange rate, enhanced macro-economic conditions, and increased trust from foreign investors in the country's economy.

In November 2018, Moody's changed its 12-18 months outlook on the banking system in Vietnam to stable from positive (Ba3 stable) stating "economic growth in Vietnam will remain robust, and the banks' asset quality will improve, helping to strengthen their profitability". The stable outlook was attributed to the government's efforts on implementing measures to maintain macroeconomic stability, control inflation and promote economic growth. On asset quality, Moody's also stated that Vietnamese banks will show improved asset quality over the next 12-18 months, because strong economic growth will translate into improvements in borrower repayment capabilities and enable the banks to accelerate the write-offs of legacy problem assets. However, rapid credit growth in recent years can

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result in a deterioration of asset quality as new loans mature, although this situation is unlikely to occur during Moody's outlook period of the next 12-18 months.

Overall, following the 2015 - 2017 period, the Vietnamese economy continued showing robust growth in 2018 underlining the country's economic and political stability. For 2019, GDP growth is expected to grow in the range of 6.6% - 6.8%, supported by strong domestic fundamental strengths, the continued reform of the state-owned sector, and that Vietnam is poised to be a beneficiary of the US-China trade war. Meanwhile, the government has set the inflation target below 4% in 2019.

Indonesia

The Indonesian economy grew by 5.17% in 2018, which was the fastest growth since 2013 and higher than 5.07% GDP growth in 2017, mainly driven by a continuation of strong domestic consumption and government spending. The GDP growth of 5.17% was slightly lower than Government's 5.18% target for 2018.

In 2018, the current account deficit in Indonesia widened to 3.0% of GDP, compared to 1.6% of GDP in 2017. This was driven by a trade deficit of USD 8.6 billion compared to trade surplus of USD 11.8 billion in 2017. The trade deficit in 2018 was driven by slower growth in export of 6.7% compared to 2017's growth of 16.2%, while import growth was 20.2% compared to 2017's growth of 15.7%. The increase in import in 2018 was driven by Rupiah depreciation, robust growth in equipment investment, and an increase in crude oil prices. For 2019, the current account deficit is expected to improve to 2.0%-2.5% of GDP.

The Central Bank of Indonesia ("BI") stated that inflation averaged 3.20% in 2018, lower than the 3.81% during the same period last year, driven by more stable price increases in food, electricity, water, and subsidized fuels. For 2019, Indonesia targets to maintain the inflation rate at around 3.5%, on account of controllable market demand, and administered prices and the stable exchange rate of the rupiah.

Indonesia attracted USD 27.86 billion in foreign direct investment (FDI) in 2018, down from the USD 32.24 billion lured in 2017, according to the country's investment coordinating board. Chairman of the board Thomas Lembong said that the delayed execution of policies and external obstacles from abroad were factors in slowing down investment inflows. He showed his belief in brighter prospects for FDI attraction this year, especially after the presidential and parliamentary polls in April 2019. President Joko Widodo has undertaken a massive improvement in rules, procedures and incentives. The government also plans to relax restriction on foreign ownership in 49 business sectors, a move which aims to lure more foreign investment to park into the country.

Amid the increase in the U.S. Federal Funds Rate and increasing tension of trade between the United States and China, the Indonesian Rupiah depreciated from IDR 13,558 per USD

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on December 31, 2017 to IDR 14,460 per USD on December 31, 2018. The Rupiah is expected to recover to the level of IDR 14,000 per USD in 2019.

Overall, amid various factors which impacted the Rupiah, and widening current and trade deficit in 2018, the economy showed a solid growth in 2018 with stable inflation. IMF's Chief Economist, Maurice Obstfeld, stated that despite factors such as tighter global financial conditions, and the long shadow cast by US-China trade tensions, growth in Indonesia is still expected to be fairly strong.

For 2019, GDP growth is expected to reach 5.3%, supported by fundamental domestic strength, policies towards improving trade and current account deficit, and private consumption growth.

Financial position and development in the portfolio companies in 2018

Profit/loss for the year
The bottom-line for 2018 is a loss of USD 6.3 million (2017 loss of USD 2.3 million). The result for the year has been influenced by a negative unrealised value adjustment of USD 4.3 million in one of the portfolio companies. The result is not in line with the management expectations for 2018.

Development in the portfolio companies in 2018
Berrybenka Pte. Ltd. (Berrybenka)
Maj Invest Equity Southeast Asia II made its initial investment in Berrybenka in February 2015. Berrybenka was established in 2012 and is a B2C fashion e-commerce company in Indonesia. Berrybenka aims to be the #1 B2C fashion e-commerce company in Indonesia by selling an assortment of attractive fashion products at affordable prices through its online and offline distribution channel (omnichannel), as well as delivering the best customer shopping experience for the online fashion consumer. Berrybenka has a focus on female fashion within the middle market segment.

During 2018, Berrybenka successfully implemented a strategy pivot from a department store-style fashion provider into a pure fashion private label business. The strategy enabled Berrybenka to better differentiate itself from its competitors while being able to achieve breakeven at a much lower sales point. Under the new strategy, Berrybenka was able to grow its gross profit and gross margin, while significantly reducing its operating expense in parallel. This resulted in significant EBITDA loss reduction of 59% y-o-y compared to 2017. During 2018, Berrybenka also furthered strengthen its offline sales performance with 21 stores as of the end of 2018.

Moving forward, so as to improve the appeal of products in the online business the company will focus more on selling Hijabenka products online.

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As of December 31, 2018 the Fund's ownership in Berrybenka is 19.97% plus convertible notes that when converted would give the Fund a total ownership of 41.84% in Berrybenka.

Niso Corporation (Niso)

Maj Invest Equity Southeast Asia II made its initial investment in Niso in October 2016. Niso was established in 1991 and is a Vietnamese F&B company operating a variety of different restaurant and coffee shop concepts, typically based on Vietnamese café concepts offering a mix of Vietnamese and Western dishes. While most of Niso's concepts focus on middle and higher income earners, Niso has recently introduced its latest concept Nambento targeting the middle-income earners which has higher potential of scalability. As of December 2018, Niso operated 32 outlets under 8 unique brands.

Following 2017, Niso continued facing challenges in 2018. Management has been changed during the year with the latest management team being the former senior executives from a large F&B chain in Vietnam. In 2018, Niso successfully implemented some key improvements including (1) closing several underperforming stores which did not manage to turn around (Maxim's, Thanh Nien, Nam An, Fly Phan Ke Binh, Terrace Lexington, and Terrace Sunrise) and (2) managing to optimize and gradually reduce the head office expenses to 12% of sales in December. Additionally, the company opened 3 new Runam stores, 4 Nambento stores and 1 Fly store.

Going forward, the new management team has come up with a 5-year business plan with the focus being on optimizing the performance of existing brands by increasing store traffic (via new menu development, outlet refurbishment, increased marketing and improved staff training) and decreasing outlet cost structure. The business plan has been presented to and fully supported by the shareholders with a capital injection in early 2019.

As of December 31, 2018 the ownership of the Fund in Niso Corporation is 35.0%.

Fit and Health Indonesia (Gold's Gym)

Maj Invest Equity Southeast Asia II made its initial investment in Gold's Gym in April 2017. PT Fit and Health Indonesia, established in 2004, is the second leading fitness club chain operator in Indonesia. It operates 18 clubs (15 self-owned, 2 joint ventures, and 1 franchise) in 3 major cities across Indonesia under the "Gold's Gym" brand, a licensed brand from the USA. The company currently employs more than 600 employees and has more than 41,000 active club members. The company's main source of revenue are gym membership fees and personal trainer fees. The Company's core target market are people aged between 17 and 36 with an average income above USD 250 per month.

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Following restructuring and reorganization processes in 2017, Gold's Gym started showing significant improvement in 2018. Under the new management team appointed in early 2018, the company has consistently recorded positive EBITDA since July 2018. The improvement was led by the growth in the number of active members and personal training sessions, in parallel with head office cost reduction. The management has also completed major club refurbishments and improved SOP implementation. The challenges faced in 2018 were the lack of qualified human resources to support the back office, while the company implemented a new ERP system in late 2017. This hindered timely reporting and analysis for business decisions. Moving forward, the company will continue optimizing the operations in the existing clubs and further improve the back office before adding new clubs.

Kim Healthcare Group Joint Stock Company (Kim Dental)

Maj Invest Equity Southeast Asia II made its initial investment in Kim Dental in May 2017. Kim Dental was established in 2009, being one of a few private health care services companies in Vietnam that has managed to build a network of 26 dental clinics and 1 cosmetic surgery hospital as of December 2018. Kim Dental aims to become the leading player in the local dental market by functioning as a one-stop shop catering to all dental needs at competitive prices. Furthermore, Kim Dental offers excellent customer services and its clinics are well-equipped and maintain high hygiene standards.

During 2018, the clinic network grew from 19 locations to 27 locations. In second half of 2018 management decided to focus on standardizing its operating model. The company has finalized a clinic operating model where the dentists will be in charge of the sales process and the clinic operation managers will focus on overall clinic operations and the clinic P&L. Moreover, the company has also accelerated its sales training to help enhance the dentists' sales skills and implemented a commission scheme for dentists so as to incentivize them to increase sales. With the clinic managers in place and the dentists having support from customer service staff in the sales process, the company is confident it can increase its sales at its clinics. As such, from late October, the company started ramping up its marketing activities (focusing on both branding and push marketing) so as to drive traffic to the clinics as well as improve the average basket size.

As of December 31, 2018 the ownership of the Fund in Kim Dental is 42.49%.

Capital resources

At year-end Maj Invest Equity Southeast Asia II has a total capital commitment of USD 90.4 million. On December 31, 2018, investors had paid USD 46.5 million, or 51.4% of their capital commitments, and the remaining capital commitment is USD 43.8 million. With effect as of January 1, 2019, the Limited Partner decided to reduce the total capital commitment to USD 55.0 million. The effect of the reduction is that the investors had

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paid 84.5% of their capital commitments and the remaining capital commitment is USD 8.5 million after the reduction.

Maj Invest Equity Southeast Asia II's equity amounted to USD 29.5 million at December 31, 2018, matching an equity ratio of approx. 100%.

Financial risks
The objective of Maj Invest Equity Southeast Asia II is investments in Vietnamese and Indonesian 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 Southeast Asia II's investments.

Events after the balance sheet day
In 2019, Maj Invest Equity Southeast Asia II has made minor follow-on investments in two portfolio companies. Besides this, there have not been other events after the balance sheet date and to date that materially affect the assessment of the annual report.

Uncertainties relating to recognition and measurement in the financial statements
The investments in the portfolio companies are valued at fair value, according to Accounting policies. The valuation includes accounting estimates and such valuation is therefore subject to some uncertainty.

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ACCOUNTING POLICIES

GENERAL

The annual report for Maj Invest Equity Southeast Asia II 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, whoes 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 the operations of the limited partnership, the presentation of the income statement has been changed compared with the reporting form shown in schedule 2 of the Danish Financial Statements Act.

The annual report is prepared in USD (USD/DKK: 31/12-2018: 651.94 / 31/12-2017: 620.77)

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.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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.

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ACCOUNTING POLICIES

Foreign currency translation
If transactions in other currencies than USD, these are translated into USD using the exchange rates applicable on the transaction 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, depositary fee, partnership formation costs and other administrative expenses.

Financial income and expenses
Financial income and expenses include interest on bank deposits, interest on bridge loans and annual risk premium to the general partner "MIE SEA II GP ApS".

Tax
Maj Invest Equity Southeast Asia II 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.

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

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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.

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 amortized 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.

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 USD	Note	2018	2017
Income of investments in portfolio companies	1	(4,337)	–
Administrative expenses		(1,978)	(1,989)
Operating profit/loss		**(6,315)**	**(1,989)**
Financial income		1	3
Financial expenses		(16)	(301)
Profit/loss before tax		**(6,330)**	**(2,287)**
Withholding tax		–	–
Profit/loss for the year		**(6,330)**	**(2,287)**
Proposed distribution of net profit/loss			
Retained earnings		(6,330)	(2,287)
		(6,330)	**(2,287)**

FINANCIAL STATEMENTS

BALANCE SHEET

'000 USD	Note	31/12/2018	31/12/2017
ASSETS			
Investments in portfolio companies	2	22,938	25,355
Receivables from portfolio companies	3	5,675	5,322
Total investments		**28,613**	**30,677**
Total non-current assets		**28,613**	**30,677**
Receivables from group companies		–	14
Other receivables		2	–
Total receivables		**2**	**14**
Cash		**978**	**959**
Total current assets		**980**	**973**
Total assets		**29,593**	**31,650**
EQUITY AND LIABILITIES			
Paid-in capital		46,458	42,237
Distributions		–	–
Retained earnings		(16,928)	(10,598)
Total equity		**29,530**	**31,639**
Other payables		63	11
Total short-term liabilities		**63**	**11**
Total liabilities		**63**	**11**
Total equity and liabilities		**29,593**	**31,650**
Cash flow statement - adjustments	4		
Cash flow statement - change in work capital	5		
Uncertanties relating to recognition and measurement in the financial statements	6		
Contingent liabilities etc.	7		
Other notes	8		

FINANCIAL STATEMENTS

Statement of capital

'000 USD	Paid-in capital	Retained earnings	Fair value adjustment	Total
2018				
Equity 01/01	42,237	(10,598)	–	31,639
Paid-in capital from limited partners during the year	4,221	–	–	4,221
Profit/loss for the year	–	(6,330)	–	(6,330)
Equity 31/12	**46,458**	**(16,928)**	**–**	**29,530**

The limited partners are liable for their share of the remaining commitment as of December 31, 2018	43,912

As a consequence of the limited partners decision to reduce the total commitment in the Fund with USD 35,37 million, the remaining commitment is reduced to USD 8,542 million as of January 1, 2019.

'000 USD	Paid-in capital	Retained earnings	Fair value adjustment	Total
2017				
Equity 01/01	17,888	(8,310)	–	9,578
Paid-in capital from limited partners during the year	24,349	–	–	24,349
Profit/loss for the year	–	(2,287)	–	(2,287)
Equity 31/12	**42,237**	**(10,598)**	**–**	**31,639**

The limited partners are liable for their share of the remaining commitment as of December 31, 2017	48,133

FINANCIAL STATEMENTS

CASH FLOW STATEMENT

'000 USD	Note	2018	2017
Profit/loss for the year		(6,330)	(2,287)
Adjustments	4	4,340	298
Change in working capital	5	66	162
Cash flows from operating activities before net financials		**(1,924)**	**(1,827)**
Financial income		1	3
Financial expenses		(16)	(301)
Cash flows from operating activities		**(1,939)**	**(2,125)**
Purchase of investments in portfolio companies		(1,908)	(17,865)
Changes in loan to portfolio companies		(353)	(5,322)
Sale of shares in portfolio companies		–	1,000
Cash flows from investing activities		**(2,261)**	**(22,187)**
Paid-in capital from limited partners		4,221	24,349
Distributions to limited partners		–	–
Cash flows from financing activities		**4,221**	**24,349**
Cash flows for the year, net		**19**	**37**
Cash at the beginning of the year		959	922
Cash at the end of the year		**978**	**959**

'000 USD	2018	2017
NOTE 1 Income of investments in portfolio companies		
Realised gain/loss on loans to portfolio companies	(12)	–
Unrealised value adjustments	(4,325)	–
	(4,337)	**–**

NOTE 2 Investments in portfolio companies	**31/12/2018**	**31/12/2017**
Cost at 01/01	29,609	12,744
Additions during the year	1,908	17,865
Disposals during the year	–	(1,000)
Cost at 31/12	31,517	29,609
Value adjustments at 01/01	(4,254)	(4,254)
Value adjustments during the year	(4,325)	–
Value adjustments at 31/12	(8,579)	(4,254)
Carrying amount at 31/12	**22,938**	**25,355**

The investments are valued according to the fair value measurements in Level 3 of the fair value hierarchy. One of the investments is a minority investment with an ownership percentage less than 20%. The investment's fair value is recognised based on the valuation from the recent capital injection in 2016 with addition of convertible notes.

FINANCIAL STATEMENTS

NOTES

'000 USD	31/12/2018	31/12/2017
NOTE 3 Receivables from portfolio companies		
Cost at 01/01	5,322	–
Additions during the year	353	5,322
Disposals during the year	–	–
Cost at 31/12	5,675	5,322
Carrying amount at 31/12	**5,675**	**5,322**
NOTE 4 Cash flow statement – adjustments		
Financial income	(1)	(3)
Financial expenses	16	301
Unrealised value adjustment	4,325	–
	4,340	**298**
NOTE 5 Cash flow statement – change in working capital		
Change in receivables	14	174
Change in other short-term liabilities	52	(12)
	66	**162**

'000 DKK

NOTE 6 Uncertanties relating to recognition and measurement in the financial statements
The investments in the portfolio companies are valued at fair value, according to accounting policies. The valuation includes accounting estimates and such valuation is therefore subject to some uncertanity.

NOTE 7 Contingent liabilities etc.
Contingent liabilities
Maj Invest Equity Southeast Asia II has entered into management agreements with Maj Invest Equity for the Manager's administration of Maj Invest Equity Southeast Asia II as well as the provision of investment advisory services to Maj Invest Equity Southeast Asia II. On termination, Maj Invest Equity Southeast Asia II may in certain circumstances be obliged to pay management fees for up to a 9 month period.
At December 31, 2018 the fee payable amounted to app. USD 0.8 million.

In connection to invest additional in portfolio companies, the Fund has, under certain conditions which must be performed by the portfolio companies, potential contingent liabilities to invest up to USD 0.2 million as of December 31, 2018.

NOTE 8 The Excutive board and Investment Committee
Executive board of the general partner:
Cato Baldvinsson
Director of:
MIE SEA II GP ApS.
Chairman of:
Maj Bank A/S.
Board member of:
Pensionskassen PENSAM.

Investment Committee:
Jeppe Christiansen
CEO of:
Fondsmæglerselskabet Maj Invest A/S and Maj Invest Holding A/S.
Director of:
Maj Invest Equity A/S and Det Kgl. Vajsenhus.
Chairman of:
Haldor Topsøe A/S and Emlika ApS.
Vice Chairman of the boards of:
Novo Nordisk A/S, Symphogen A/S and Maj Bank A/S.
Board member of:
Kirkbi A/S, Novo Holdings A/S, JKLE Holding ApS and Maj Invest Equity A/S.
Member of Investment Committee of:
Maj Invest Equity Vietnam I 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.

FINANCIAL STATEMENTS

NOTES

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:
Maj Invest Equity 4 K/S, Maj Invest Equity 5 K/, LD Equity 1 K/S, LD Equity 2 K/S, LD Equity 3 K/S and Maj Invest Equity Vietnam I K/S.

Michael Hauge Sørensen
Chairman and co-owner of:
Fristads Kansas Group AB and Homemate ApS.
Board member of:
Santa Fe Group A/S, IC Group A/S, Zebra A/S, Michaso Holdings Limited and Elevate Global Limited.
Member of Investment Committee of:
Maj Invest Vietnam I 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.
Member of Investment Committee of:
Maj Invest Equity Vietnam I K/S.

Torben Kjær
Board member of:
Berrybenka Pte. Ltd., Singapore, Kim Health Care Group Corporation, Vietnam, Niso Corporation, Vietnam, Fonden LDE 2 GP, Fonden LDE 3 GP and Fonden MIE 5 GP.
Member of Investment Committee of:
Maj Invest Equity Vietnam I K/S.