

ATP PEP I
Annual Report 2010

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ATP PRIVATE EQUITY PARTNERS

ATP Private Equity Partners I K/S
CVR-no. 27 02 53 90

Annual report for the period of:
1 January 2010 – 31 December 2010
(8th financial year)

This annual report has been presented and
reviewed by the companies general assembly

Copenhagen, / 2011

Director



Company Details

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CVR-no.: 27 02 53 90
Date of establishment: 5 February 2003
Registered office: Copenhagen
Financial year: 1 January – 31 December
8th financial year

Supervisory board

Lars Rhode (chairman)
Lars Damgaard
Henrik Gade Jepsen

Auditors

Deloitte
Statsautoriseret Revisionsaktieselskab
Weidekampsgade 6
DK-2300 Copenhagen S

Ownership

ATP owns more than 50 % of the share capital.

Annual general meeting

The annual general meeting is to be held on 1st February 2010.

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Financial Highlights

Financial highlights – ATP Private Equity Partners I K/S (ATP PEP I)

DKK'000	2010	2009	2008	2007	2006
Income statement:					
Profit (loss) from investment activities	1,026,563	392,574	(514,122)	866,278	1,304,541
Ordinary operating profit (loss)	1,021,544	388,126	(518,705)	858,742	1,299,566
Profit from financial items	54	137	931	1,115	1,127
Profit (loss) for the year	1,020,859	386,704	(529,754)	864,586	1,295,961
Balance sheet:					
Total assets	4,803,426	4,243,555	3,911,886	4,540,304	4,318,970
Equity	4,703,673	4,171,561	3,887,812	4,522,918	4,247,427
Cash flows:					
Operating activities	510,924	119,303	97,606	589,779	(537,749)
Financing activities	(488,747)	(102,955)	(105,351)	(589,095)	540,535
Employees:					
Average number of full-time employees for ATP Private Equity Partners II K/S, ATP Private Equity Partners I K/S and ATP Private Equity K/S	0*	0*	0*	0*	17
Financial ratios:					
Total Value to Paid-in	1.48x	1.33x	1.27x	1.41x	1.29x
Distributed to Paid-in	0.76x	0.68x	0.65x	0.58x	0.40x
IRR	14.6%	12.9%	13.6%	21.4%	21.1%

For terms and definitions please see the accounting policies

* There are no employees in ATP PEP I KS. The employees of the company were transferred to Private Equity Advisors ApS on 23 November 2006

Key figures for ATP Private Equity Partners I K/S (ATP PEP I)¹

IRR (gross since inception)	14,6 %
TVPI	1,48x
DPI	0,76x
DPI	23
Number of co-investments	4

Benchmarking as of 30 June 2010²

ATP PEP I was established on 5 February 2003 and is considered a vintage 2003 fund. ATP PEP I has been benchmarked against data from Cambridge Associates LLC from 26 private equity fund-of-funds. For TVPI and DPI the results are a benchmark median, since quartiles are not available. The figures from ATP PEP I and the benchmark data are as of 30 June 2010.

Vintage 2003	Benchmark	ATP PEP I
IRR	9.9 % (top quartile)	14.6 %
Total value to paid-in	1.19x (median)	1.43x
Distributed to paid-in (median)	0.33x (median)	0.71x

1. The multiples are net to ATP PEP I, i.e. net of payment of management fee to portfolio funds, but before deduction of administrative expenses to ATP PEP I. IRR is calculated on the basis of realized cash flows and the value of the equity at the end of the period. Total Value to Paid-in (TVPI): Distributions to investors added to the value of the remaining portfolio divided by paid-in capital by the investors. Distributed to paid-in (DPI): Distributions to investors divided by paid-in capital by the investors.
2. Source: Fund-of-funds and Secondaries Benchmark Statistics, Non-Marketable Alternative Asset from Cambridge Associates LLC as at June 30th 2010. Benchmark data are net returns to investors in the fund-of-funds that are involved in the benchmark. Performance data for ATP PEP I is net to the investors.

Management Review for 2010

Highlights of the year in ATP PEP I

- The net profit for the year was DKK 1,021m equivalent to a return of 23.0 %.
- The positive return is primarily due to a positive development in the underlying portfolio companies' income and debt reductions, and a positive development in comparable quoted companies
- In 2010 a total of DKK 245m was paid in from investors to ATP PEP I bringing the total draw downs from investors to DKK 6,583m this is equivalent to 88 % of the committed capital.
- ATP PEP I made further distributions of DKK 734m to the investors in 2010 bringing total distributions since inception to DKK 5,031m corresponding to 76 % of total invested capital.

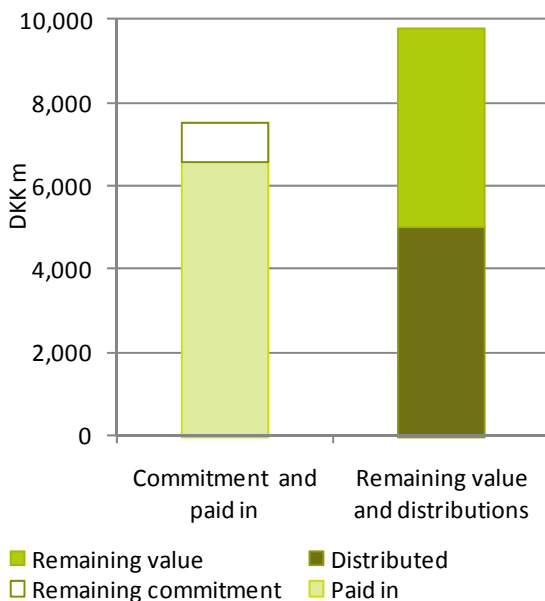
Main Activity

The investment portfolio of ATP PEP I is made up of commitments to private equity funds in Europe and North America and of co-investments with these funds.

The investment period for ATP PEP I has ceased.

Investing via a fund-of-funds such as ATP PEP I entails a very long term strategy. ATP PEP I made commitments to funds over a period of 2.5 years. After receiving the commitments the funds in general have a period of 3–5 years to make investments in companies. Portfolio funds usually exit these companies after 3–7 years of ownership. This means that it may take 14 years from the time ATP PEP I made a first commitment to a fund until the final company has been exited. ATP PEP I is in the 8th year of this process.

Overview of capital situation



Portfolio composition

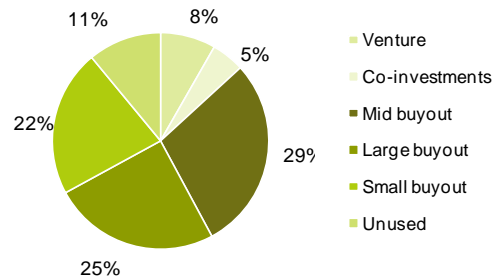
ATP PEP I has made commitments of DKK 6,676m and has a well diversified portfolio of 23 private equity funds, all of which have strong competences in each of their investment strategies.

The goal has been to build a portfolio comprised of private equity funds following different strategies of investment with a limited degree of overlap.

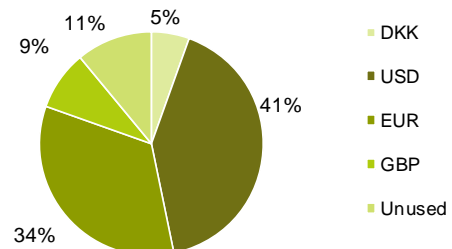
Co-investments in companies are made with funds in the portfolio with no payment of management fee or carry to the funds. ATP PEP I has made a total of 4 co-investments.

The pie chart below, split by segments and currency, illustrates how the portfolio is compounded as of December 31st 2010. On page 9 there is further description of the performance for the different segments.

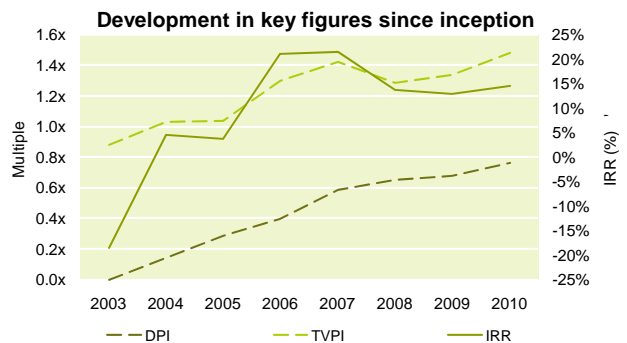
Commitments by segment



Commitments by currency



The graph below illustrates ATP PEP I's performance and realisations since inception in 2003. The definitions of the key figures are found on page 5.



Profit for year 2010

The profit for the year was DKK 1,021m which is equivalent to a return of 23.0 % compared to a profit of DKK 387m in 2009. In the Annual Report 2009 the expressed expectation of the 2010 profit was at level with or higher than the 2009 profit. Due to a general positive trend in the portfolio the profit for 2010 exceeded expectations.

DKKm	
Management fee to portfolio funds and administrative expenses	(38.4)
Foreign exchange adjustment of assets (including currency hedges)	(14.1)
Unrealised value adjustments of funds and companies	533.7
Interest/dividends/realised gains	540.4
Profit (loss) before tax	1,021.6
Tax	(0.7)
Profit (loss) for the year	1,020.9

The unrealised returns in 2010 totalling DKK 534m versus DKK 410m in 2009 is attributable to a generally positive development of the underlying portfolio company's earnings and debt reduction combined with a positive development in 2010 in the comparable quoted companies.

The realised returns totalling DKK 540m are significantly higher than corresponding returns for 2009 which totaled DKK 91m. This is due to the rise in activity of buying and selling of companies in 2010 compared to 2009.

Management fee and administrative expenses were DKK 38m in 2010, versus DKK 44m in 2009. In comparison to similar fund-of-funds the administrative expenses of ATP PEP I are low. In 2010, ATP PEP I's internal management costs were DKK 5m (DKK 57m since inception). This corresponded to 7 basis points of the total capital commitment from the investors. This should be compared to a level of 25–75 basis points in other fund-of-funds.

In 2010 ATP PEP I had a foreign exchange gain on portfolio funds in foreign currency; however an equivalent foreign exchange loss was realized on forward exchange contracts. The end net currency adjustment loss for ATP PEP I was DKK -14m, vs. DKK -69m in 2009.

Balance sheet

The company's total assets at the end of the year was DKK 4,803m versus DKK 4,244m in 2009. It is expected that the balance sheet will be reduced in the coming years in step with portfolio funds realising their underlying companies, combined with the portfolio funds being fully invested.

Portfolio value

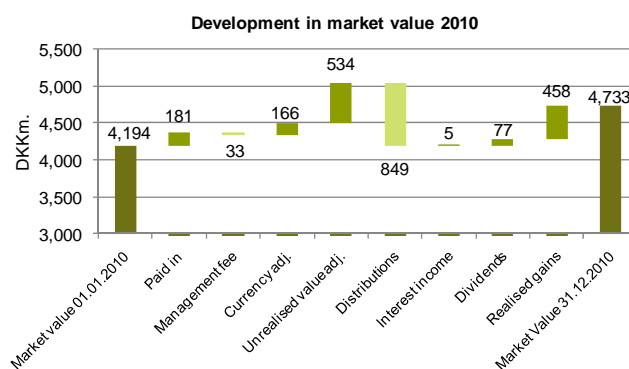
Total assets at the end of the year was valued at DKK 4,733m versus DKK 4,194m in 2009.

The valuation of investments in non-listed companies is associated with special risks. The funds' own fair value valuations are normally used if the funds report in accordance with the International Private Equity and Venture Capital Valuation Guidelines or US GAAP.

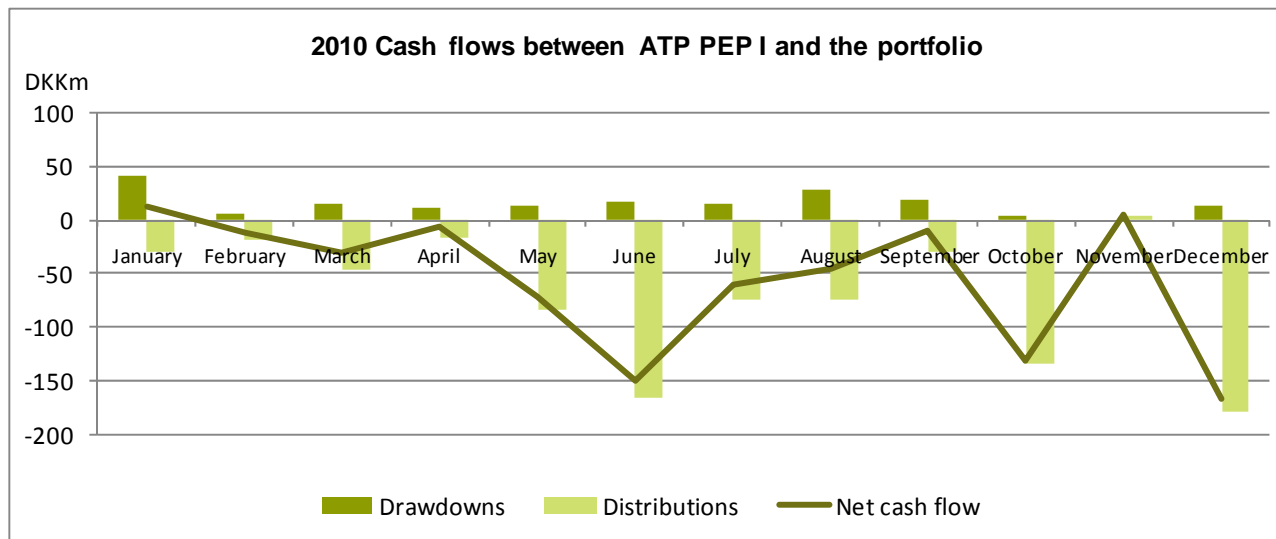
With regards to the investments made by venture funds, the valuation is based on the reporting from the funds. Venture funds typically value companies in accordance with the pricing in most recent financing rounds.

By monitoring the development in the valuations of underlying private equity funds' portfolio investments, ATP PEP I receives current information on the fair market value of the portfolio and is able to monitor the investment activity and the reporting from the portfolio funds. The investment activity is monitored through regular communication with the funds and participation on advisory boards. ATP PEP I is represented on advisory boards in 18 of the 23 portfolio funds.

As mentioned above the market value of the portfolio increased by a total of DKK 539m in 2010 to total DKK 4,733m as of December 31st 2010. The chart below indicates that the increase is mainly attributed to the unrealised positive value adjustments of the portfolio and to a lesser extent to the drawdowns and unrealised gain from the currency adjustments. The distributions resulting from the realisations in the portfolio totalling DKK 849m have however reduced the market value.



Cash flows



The above-mentioned graph illustrates the cash flows between ATP PEP I and the portfolio for 2010. Distributions in 2010 were higher than draw downs which can be attributed to the maturity of the portfolio and to the limited extent in which portfolio funds are taking on new investments.

Cash flows between ATP PEP I and the investors

The investors in ATP PEP I paid in a total of DKK 245m throughout the year to finance the portfolio funds investments as well as to settle the difference on forward exchange contracts. At the end of 2010, ATP PEP I had called DKK 6,583m of ATP's commitment of DKK 7,501m corresponding to 88 %.

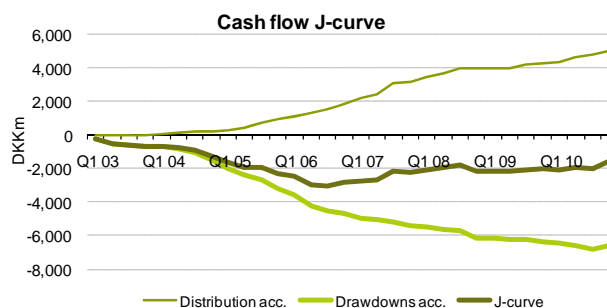
The investors in ATP PEP I have throughout the year received distributions totaling DKK 734m. At the end of 2010, DKK 5,031m had been returned to the investors, which is equivalent to 76 % of the invested capital.

Cash flows since the establishment of ATP PEP I

The J curve illustrates accumulated net payments to and distributions from ATP PEP I. In the first couple of years of the investment period the J curve shows net negative cash flows until distributions to investors exceed new cash calls. The J curve showed a positive development in 2010, although below the level expected but with a positive trend compared to 2009.

Since the establishment of the fund, the maximum net accumulative capital drawn has been DKK 3bn or 40 % of the commitments to ATP PEP I. The original expectation at the time of establishment in 2003 was that the J curve would reach the bottom at a net capital draw of 60–65 % of the capital commitments in 2007/08.

The high distribution activity from the portfolio funds in 2006 and 2007 resulted from sound flotation opportunities, sales of companies and an attractive opportunity for refinancing of the companies.

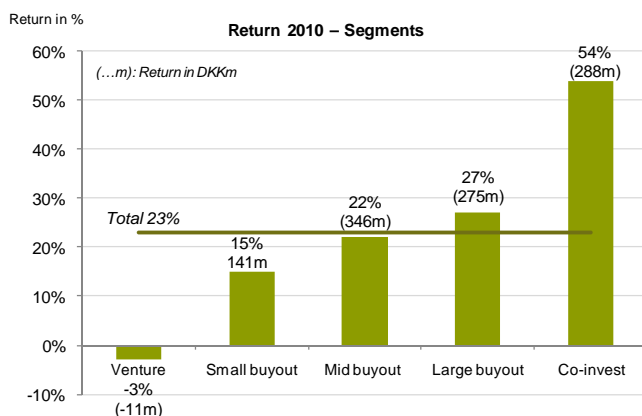


As the term of the investment period has ended in most of the ATP PEP I portfolio funds, capital calls in 2011 and 2012 primarily will relate to payment of management fees and follow up investments. On the other hand, distributions are expected to accelerate during that period of time. Based on this, we expect the J curve to show a positive development over the coming years.

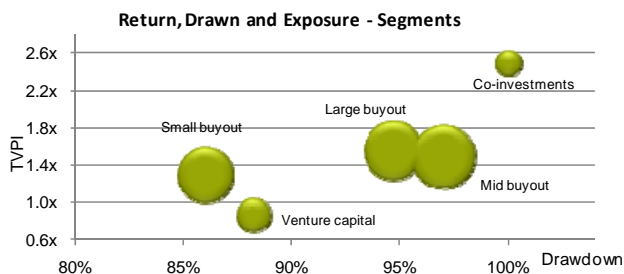
Returns from the Portfolio Funds

In 2010, the returns from the portfolio funds totaled DKK 1,027m versus DKK 393m in 2009.

The return for 2010 was 23% and is spread across the different categories as represented in the graph below.



The x axis of the chart below shows the draw downs made by the funds against commitments made by ATP PEP I. The y axis shows the historical performance via TVPI, see definition on the bottom of page 5. The circles show the individual segments' share of ATP PEP I's investment portfolio (measured relative to commitments made).



Venture funds comprise 9 % of commitments split on 6 funds. At this stage the funds have drawn 88 % of their commitments. As of December 31st 2010, the market value of the venture funds totaled DKK 428m versus DKK 348m in 2009, and the total returns for 2010 were -3%. TVPI for the segment is 0.87x and the interval for the 6 venture funds range from 0.53x to 1.15x.

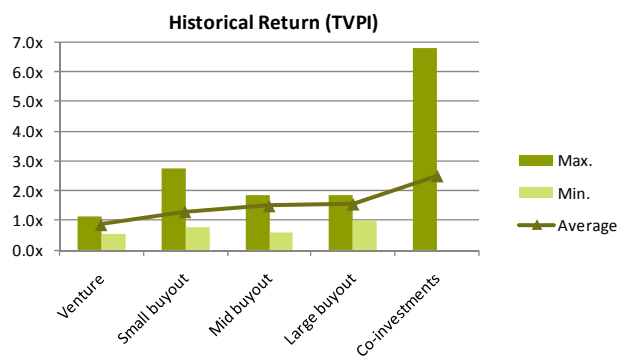
*Segment	Enterprise Value EURm
Small buyout	0-249
Mid buyout	250-999
Large buyout	1000+

Small buyout funds (a total of 7) represent 25% of the committed capital and the funds have drawn 86% of the commitments from ATP PEP I. TVPI for the small buyout segment is 1.30x which is less than the mid and large buyout funds. The reason for this is that the small buyout funds have less access to early refinancing. In 2010, the market value of the segment totaled DKK 916m versus DKK 1,012m in 2009, and the total return was 15%. As shown in the graph below there is a significant spread on the TVPI for the individual funds in the small buyout segment; 0.76x to 2.73x

The mid buyout funds (representing 33% of the committed capital spread across a total of 6 funds) has drawn 97% of the commitments from ATP PEP I. Mid market funds have increasingly started to realise their investments and TVPI is 1.49x. The chart below shows that there is currently a large spread on the returns for the mid market segment ranging from 0.61x to 1.83x, however there are positive returns in 5 of the 6 funds (TVPI above 1.00x). The market value for the segment totals DKK 1,609m versus DKK 1,484m in 2009 and the return for 2010 was 22%.

The large buyout funds represent 28% of the total commitments and are spread across a total of 4 funds. In 2010, the market value was DKK 1,106m versus DKK 930m in 2009 and the return was 27%. TVPI for the large buyout segment totaled 1.55x. The chart below shows that the TVPI for the 4 large buyout funds is within the interval range 0.98x to 1.86x

The 4 co-investments combined have a total market value of DKK 678m versus DKK 384m in 2009, and they represent 6% of the total commitments from ATP PEP I. The 2010 returns totaled 54% and TVPI is 2.49x and is within the interval range from 0.00x to 6.78x.



Investment Risk

Risk hedging of financial risks in the portfolio funds is facilitated by undertaking a sufficient diversification of investments and making fairly uniform investment commitments depending on the investment type. For high risk funds such as venture funds investment commitments are made in the amount of DKK 50–150m, whereas commitments to buyout funds, which are associated with lower risks, typically range from DKK 150–550m.

Currency risks

Investments are made in a number of currencies and earnings, cash flows and equity are subject to currency fluctuations. It is company policy to hedge financial risks in currencies other than EUR.

The currency hedging comprises forward exchange contracts. Current positions are hedged on a monthly basis, while risks on unused capital commitments to portfolio funds are not.

Accordingly, for risk assessment purposes it is essential that ATP PEP I is able to identify the fair value of the underlying assets to be able to properly hedge currency risks.

The effect on the actual investments and remaining commitments is specified in the table below.

USD/GBP Sensitivity Analysis*

Effect in DKK'000 of:	On actual investments	Remaining commitment
a 1% increase in GBP/DKK	2,403	301
a 1% increase in USD/DKK	19,599	3,558

*Please notice that the sensitivity calculations in the table are merely theoretical, as they do not take the currency hedging into account.

Interest rate risks

Apart from trade balances with suppliers and forward contracts, ATP PEP I has no liabilities. Debt is often raised in the funds' portfolio investments, and consequently an indirect interest rate risk exists, which could affect future investment results.

Credit risks

The company's credit risks partly relate to primary financial assets and partly to derivative financial instruments with a positive market value. The company is not subject to any material risks in respect of customers or business partners.

Liquidity risks

The limited partner ATP is an acknowledged financial institutional investor who is under the supervision of the Danish Financial Supervisory Authority. The general partner's capital base is fully paid-in and the unused capital is placed as cash funds at an acknowledged North American bank. For this reason the liquidity risk is assessed as being extremely low.

Social responsibility guidelines

The investments of ATP PEP I are mainly made through private equity funds in Europe and North America. Social responsibility is often a prerequisite for lasting, sound earnings and maintaining the value of shareholdings. In order to ensure accordance between ATP's social responsibility principles and the portfolio fund's investments, a separate agreement to this effect is always made with the fund in the form of a side letter. This agreement among others requires compliance with laws and rules established by national authorities on the Company's markets or by international organisations following Denmark's accession. In addition, investments are not to be made in countries that are subject to a trade embargo enforced by the UN, the EU and acceded by Denmark.

Investing in the general partnership

The limited partner wishes to align the interests of the employees of the management company with those of the limited partner, especially in the long term. For this reason an investment program has been established for employees via the general partnership.

The partners in the management company are required to invest in the general partnership, whereas the other employees are offered shares. Shares in the general partnership are acquired by cash payment.

As a general partner the company has unlimited liability for the limited partnership's liabilities. The general partnership's acquisition of shares in the limited partnership is made at a premium.

The general partnership will receive proportionately larger distributions than the limited partner when the limited partner has received a minimum return of 10% p.a.

This carried interest and its scope are disclosed in note 11.

Expectations for 2011

It is expected that the year end results for 2011 will be similar or slightly below to those for 2010.

The market conditions affecting the value of the investments in 2011 are extremely difficult to predict though.

Events after the balance sheet date

No significant events have taken place after the year end.

Management Statement

Statement by Private Equity Advisors and the Supervisory Board

Private Equity Advisors ApS and the Supervisory Board today discussed and approved the annual report of ATP Private Equity Partners I K/S for the financial year 1 January to 31 December 2010.

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

We consider the accounting policies used and the estimates made to be appropriate. Accordingly, the annual report gives a true and fair view of the Company's financial position at 31 December 2010 and of the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2010.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 25 January 2011

Private Equity Advisors ApS

Torben Vangstrup

Klaus Rühne

Bestyrelse:

Lars Rohde
Chairman

Lars Damgaard Sørensen

Henrik Gade Jepsen

Auditors' Reports

Internal Auditors' Report

To the investors of ATP Private Equity Partners I K/S

We have audited the financial statements and the management review for ATP Private Equity Partners I K/S for the financial year 2010. The financial statements and the management review have been prepared in accordance with the Danish Financial Statements Act.

Basis of opinion

We have conducted our audit in accordance with the Danish Financial Supervisory Authority's Executive Order on Auditing of the Danish Labour Market Supplementary Pension Scheme (ATP), The Labour Market Occupational Diseases Fund (AES) and the Employee's Capital Pension Fund (LD) and in accordance with the Danish Standards on Auditing. Those standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements and the management review are free from material misstatement.

The audit has been performed in accordance with the division of duties agreed with the external auditors and has included an assessment of procedures and internal controls established, including the risk management organised by Management relevant to the reporting processes and significant business risks. Based on materiality and risk we have examined, on a test basis, the basis of amounts and other disclosures in the financial statements and management review, including evidence supporting amounts and disclosures. Furthermore, the audit has included evaluating the appropriateness of the accounting policies applied by Management and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements and the management review.

We have participated in the audit of risk and other material areas and believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the procedures and internal controls established, including the risk management organised by Management relevant to the reporting processes and material business risks, are working satisfactorily.

Furthermore, in our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2010 and of its financial performance and cash flows for the financial year 2010 in accordance with the Danish Financial Statements Act.

Finally, in our opinion, the management review gives a fair review in accordance with the Danish Financial Statements Act.

Hillerød, 25 January 2011

Peter Jochimsen
Internal auditor

Independent Auditor's Report

To the investors of ATP Private Equity Partners I K/S

We have audited the financial statements of ATP Private Equity Partners I K/S for the financial year 1 January to 31 December 2010, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes as well as the management report. The financial statements and the management report have been prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements and the management report

Management is responsible for the preparation and fair presentation of financial statements and for the preparation of a management report that contains a fair review in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements and a management report that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on these financial statements and this management report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the management report are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2010 and of its financial performance and its cash flows for the financial year 1 January to 31 December 2010 in accordance with the Danish Financial Statements Act and the management report contains a fair review in accordance with the Danish Financial Statements Act.

Copenhagen, 25 January 2011

Deloitte

Statsautoriseret Revisionsaktieselskab

Anders O. Gjelstrup
State Authorised
Public Accountant

Bill Haudal Pedersen
State Authorised
Public Accountant



ATP PRIVATE EQUITY PARTNERS

Accounting Policies

The annual report of ATP Private Equity Partners I K/S for 2010 has been prepared in accordance with the provisions applying to medium-sized reporting class C enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

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

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including impairment losses.

Foreign currency translation

Transactions denominated in foreign currencies are translated into DKK at the exchange rates at the transaction date. Investments, receivables and payables denominated in foreign currencies are translated into DKK at the exchange rates at the balance sheet date. Realised and unrealised foreign exchanges gains and losses are recognised in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and set-off of positive and negative values is only made when the Company has the right and the intention to settle several financial instruments net.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as capital gains and losses.

Income statement

Gains on other securities and investments comprise realised and unrealised value adjustments of investments and foreign exchange gains and losses on transactions in foreign currencies.

Administrative expenses comprise costs incurred during the year on the Company's investment activities. Administrative expenses comprise fee to ATP in respect of the administrative work performed by ATP on behalf of the Company.

Financial income comprises interest income on cash and cash equivalents.

The Company is not independently taxable, as the profit/loss of the Company is taxed through the limited partner and general partner's taxable income. Tax in the income statement is dividend taxes from foreign portfolio companies.

Balance sheet

Investments in associates and other securities and investments comprise investments in portfolio funds and portfolio companies and are measured at fair value at the balance sheet date. Value adjustments are recognised in the income statement on a current basis.

Management fees paid to portfolio companies are capitalised together with the investment in the individual portfolio company. Management fees are amortised over the period to which they relate.

Investments in portfolio companies that do not have a quoted market price are measured based on the latest trading price either in the form of a capital increase or a partial sale based on the value of comparable companies and using traditional valuation methods.

If the fair value cannot be determined reliably, cost is used, which comprises acquisition costs.

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

Accrued income comprises costs incurred concerning subsequent financial years.

Liabilities are measured at net realisable value.

Deferred income comprises payment received concerning income in subsequent years.

Cash flow statement

The cash flow statement shows the cash flows from operating and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise administrative expenses adjusted for changes in working capital, including cash flows between the Company and funds that are invested in and direct investments.

As the Company's primary activity is investment activity, investment activities are not disclosed separately.

Cash flows from financing activities comprise paid-in capital and distributions to the limited partners and the general partner of the limited partnership.

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Key figures

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Total Value to Paid-in:

Value of distributions to investors + value of remaining portfolio / paid-in capital from investors.

Distributed to Paid-in:

Value of distributions to investors / paid-in capital from investors.

IRR :

Calculated between ATP PEP I and the investors and is based on realised cash flows plus the value of equity at year end

Income Statement

ATP PEP I

DKK'000	Note	2010	2009
Interest and dividends			
Interest, investments		5,357	1,091
Dividends and distributions		77,465	14,263
Total interest and dividends		82,822	15,354
Capital gains and losses			
Investments in associates	1	60,091	(50,023)
Other securities and investments	2	883,650	427,243
Total capital gains and losses		943,741	377,220
Profit from investment activities		1,026,563	392,574
Administrative expenses	3	(5,019)	(4,448)
Ordinary operating profit		1,021,544	388,126
Financial items			
Financial income		54	137
Profit (loss) before tax		1,021,598	388,263
Tax		(739)	(1,559)
Profit (loss) for the year		1,020,859	386,704
Proposed profit (loss) appropriation:			
Profit (loss) for the year		1,020,859	386,704
Transferred to equity		1,020,859	386,704

Balance sheet as of 31 December

ATP PEP I

DKK'000	Note	2010	2009
Assets			
Non-current assets			
Investments			
Investments in associates	4	123,512	169,268
Other securities and investments	5	4,609,530	4,024,811
Total investments		4,733,042	4,194,078
Total non-current assets		4,733,042	4,194,078
Current assets			
Receivables			
Receivables from group enterprises		-	167
Other receivables	6	13,162	14,266
		13,162	14,432
Cash and cash equivalents		57,222	35,044
Total current assets		70,384	49,477
Total assets		4,803,426	4,243,555
Equity and liabilities			
Equity			
Contributions by limited partners and general partner		1,551,967	2,040,714
Retained earnings		3,151,706	2,130,847
Total equity	7	4,703,673	4,171,561
Current liabilities			
Trade and other payables		1,094	39
Amounts owed to group enterprises		87,952	104
Other payables	8	10,707	71,851
Total current liabilities		99,753	71,994
Total liabilities		99,753	71,994
Total equity and liabilities		4,803,426	4,243,555
Contingent and other liabilities	9		
Related party disclosures	10		
Share purchase programme in the general partner	11		

Cash Flow Statement

ATP PEP I

DKK'000	2010	2009
Payments to portfolio funds	(174,910)	(340,531)
Distributions from portfolio funds	766,411	196,518
Payments from co-investments	(5,675)	-
Cash flow s, interest and dividends	82,822	15,354
Interest income, cash and cash equivalents	54	137
Realised foreign exchange gains and losses	(1,069)	(6,584)
Administrative expenses	(5,019)	(4,448)
Changes in w orking capital	(151,689)	258,858
	<hr/>	<hr/>
Cash flow s from operating activities	510,925	119,303
	<hr/>	<hr/>
Cash contributions from investors	245,046	200,303
Distributions to investors	(733,793)	(303,258)
	<hr/>	<hr/>
Cash flow s from financing activities	(488,747)	(102,955)
	<hr/>	<hr/>
Changes in cash and cash equivalents	22,178	16,348
	<hr/>	<hr/>
Cash and cash equivalents at 1 January	35,044	18,697
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	57,222	35,044
	<hr/> <hr/>	<hr/> <hr/>

Notes

DKK'000	2010	2009
1 Capital gains and losses, associated investments		
Realised capital gains, investments	81,866	-
Unrealised capital gains, investments	36,580	15,059
Total capital gains	118,446	15,059
Realised capital losses, investments	(58,355)	-
Unrealised capital losses, investments	-	(65,082)
Total capital losses	(58,355)	(65,082)
Total capital gains and losses, associated investments	60,091	(50,023)
2 Capital and foreign exchange gains and losses, other securities and investments		
Realised capital gains, investments	405,782	75,991
Realised foreign exchange gains, investments	-	60,064
Unrealised capital gains, investments	1,009,272	1,141,630
Unrealised foreign exchange gains, investments	568,058	1,100,237
Foreign exchange gains, forward contracts	2,884	32,375
Total capital and foreign exchange gains	1,985,996	2,410,296
Realised capital losses, investments	(30,102)	(130)
Realised foreign exchange losses, investments	-	(60,092)
Unrealised capital losses, investments	(487,228)	(721,182)
Unrealised foreign exchange losses, investments	(402,546)	(1,195,066)
Foreign exchange losses, forward contracts	(181,401)	-
Foreign exchange losses, cash accounts	(1,069)	(6,584)
Total capital and foreign exchange losses	(1,102,346)	(1,983,053)
Total capital and foreign exchange gains and losses, other securities and investments	883,650	427,243

DKK'000	2010	2009
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3 Administrative expenses

There are no employees in the Company.

4 Investments in associates

Cost at 1 January	264,856	225,285
Additions during the year	12,842	39,651
Disposals during the year	(36,822)	(79)
Cost at 31 December	240,876	264,856
Impairment losses at 1 January	(95,589)	(45,566)
Impairment losses during the year	(21,775)	(50,023)
Impairment losses at 31 December	(117,364)	(95,589)
Carrying amount at 31 December	123,512	169,268

Name	Registered Office	Ownership	Voting Rights
Polaris Private Equity II K/S	Copenhagen	15.00%	15.00%

The above investment is recognised at fair value

DKK'000	2010	2009
5 Other securities and investments		
Cost at 1 January	4,265,580	4,085,305
Additions during the year	167,743	300,880
Disposals during the year	(272,042)	(120,605)
Cost at 31 December	<u>4,161,281</u>	<u>4,265,580</u>
Impairment losses at 1 January	(1,024,177)	(1,098,321)
Reversal of previous impairment losses	367,110	342,153
Impairment losses during the year	(191,277)	(268,009)
Impairment losses at 31 December	<u>(848,344)</u>	<u>(1,024,177)</u>
Revaluations at 1 January	783,408	531,933
Reversal of previous revaluations	614,570	(53,999)
Revaluations during the year	(101,385)	305,474
Revaluations at 31 December	<u>1,296,593</u>	<u>783,408</u>
Carrying amount at 31 December	<u><u>4,609,530</u></u>	<u><u>4,024,811</u></u>
6 Other receivables		
Positive fair value of forward exchange contracts	-	3,796
Receivable dividend tax	<u>13,162</u>	<u>10,470</u>
	<u><u>13,162</u></u>	<u><u>14,266</u></u>

DKK'000	2010	2009
7 Equity		
Contributions by limited partners and general partner:		
Subscribed and paid-in at 1 January	2,040,714	2,143,669
Subscribed and paid-in during the year	245,046	200,303
Distributed during the year	(733,793)	(303,258)
	<u>1,551,967</u>	<u>2,040,714</u>
Retained earnings:		
Retained at 1 January	2,130,847	1,744,143
Retained earnings for the period	1,020,859	386,704
	<u>3,151,706</u>	<u>2,130,847</u>
Total equity	<u>4,703,673</u>	<u>4,171,561</u>
In accordance with the limited partnership agreement, on an ongoing basis the investors have agreed to pay up to DKK'000 7,500,547 as the capital requirement arises in the Company.		
At 31 December the investors' remaining commitments totalled	917,180	1,210,497
Changes in commitments within the last 8 years:		
Subscribed and paid-in 2003	650,009	
Subscribed and paid-in 2004	845,013	
Distributed in 2004	(216,217)	
Subscribed and paid-in 2005	1,719,025	
Distributed in 2005	(700,250)	
Subscribed and paid-in 2006	1,488,774	
Distributed in 2006	(948,239)	
Subscribed and paid-in 2007	708,478	
Distributed in 2007	(1,297,572)	
Subscribed and paid-in 2008	726,720	
Distributed in 2008	(832,072)	
Subscribed and paid-in 2009	200,303	
Distributed in 2009	(303,258)	
Subscribed and paid-in 2010	245,046	
Distributed in 2010	(733,793)	
	<u>1,551,967</u>	
8 Other payables		
Payable regarding investment commitment	10,707	27,874
Negative fair value of forward exchange contracts	-	43,977
	<u>10,707</u>	<u>71,851</u>

DKK'000	2010	2009
9 Contingent and other liabilities		
Investment commitment regarding investments	455,745	526,479
10 Related party disclosures		
Parties exercising control		
Arbejdsmarkedets Tillægspension (ATP) Kongens Vænge 8 DK-3400 Hillerød	Ow ns 99,993%	Ow ns 99,993%
The annual report is included in the consolidated financial The consolidated financial statements are available at www.atp.dk .		
ATP PEP I GP K/S Sjæleboderne 2, 1st Floor DK-1122 Copenhagen K	Ow ns 0,007%	Ow ns 0,007%

11 Share purchase programme in the general partner ATP PEP I GP K/S

Owner	Date of establishment of programme	Market value of shares	Number of shares	Acquisition price
Executive Board	05/02/2003	219,802	63,435	3.465
Executive employees	05/02/2003	116,843	33,721	3.465
Other employees	05/02/2003	150,111	43,322	3.465
Unallocated	05/02/2003	206,244	59,522	3.465

Parameters for carried interest

		Entitlement
Hurdle rate	10% p.a.	Entitlement to 85% in 8.5 years
Carried interest cap (as % of commitment to fund)	0.25%	Entitlement to balance until 2013
Carried interest	0.42%	

Scenarios for carried interest

Return in ATP PEP I K/S as % p.a.	DKKm (2003 prices)	% of investment commitment
0	0	0
10	0	0
12	2	0.03
15	5	0.07
20	12	0.16
25	19	0.25
30	19	0.25

Comments

ATP PEP I GP K/S has a share capital comprising 200,000 shares of DKK 1 each.

The general partner ATP PEP I GP K/S will receive a carried interest on returns in the general partnership above 10 % p.a.

A cap has been established on the value of the carried interest programme, corresponding to 0.25 % of the capital commitment to ATP Private Equity Partners I K/S or DKK 18.75m, calculated in 2003 prices.

The carried interest will be paid to ATP PEP I GP K/S by 0.423 % until the cap is reached.

Share offers are conditional on employment in Private Equity Advisors ApS.

The calculation assumes a commitment from ATP of DKK 7.5bn.

Portfolio

Fund	Domicile	Segment
Abingworth Bioventures IV LP	Great Britain	Venture Capital
American Securities Partners IV, L.P.	USA	Mid buyout
Celtic House Venture Partners Fund III L.P.	USA	Venture Capital
The third Cinven fund LP	Great Britain	Large Buyout
EQT IV (No. 1) LP	Great Britain	Mid buyout
Falck A/S (Co-investering med Nordic Capital V)	Denmark	Co-investment
First Reserve Corporation X LP	USA	Large Buyout
Gala Coral Group Limited (Co-investering med Cinven III)	Great Britain	Co-investment
Graphite Capital VI LP	Great Britain	Small Buyout
Gresham III Fund A LP	Great Britain	Small Buyout
Providence Equity Partners GCO L.P.	Spain	Co-investment
Investitori Associati IV SpA	Italy	Mid buyout
Lake Capital Partners LP	USA	Mid buyout
Lindsay Goldberg & Bessemer LP	USA	Mid buyout
Nordic Capital V, L.P.	Great Britain	Mid buyout
Nordic Venture Partners II K/S	Denmark	Venture Capital
Novak Biddle Venture Partners IV, L.P.	USA	Venture Capital
Onset V, L.P.	USA	Venture Capital
Pfingsten Executive QP Fund III, L.P.	USA	Small Buyout
Polaris Private Equity II K/S	Denmark	Small Buyout
Providence Equity Partners V L.P.	USA	Large Buyout
Roark Capital Partners, LP	USA	Small Buyout
EQT Sanitec Co-Investment Limited Partnership	Finland	Co-investment
Silver Lake Partners II, L.P.	USA	Large Buyout
Spray Venture Partners II, L.P.	USA	Venture Capital
Waterland Private Equity Fund II B.V.	Holland	Small Buyout
Wicks Communications & Media Partners III, L.P.	USA	Small Buyout

For further information please visit our website www.atp-pep.com

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