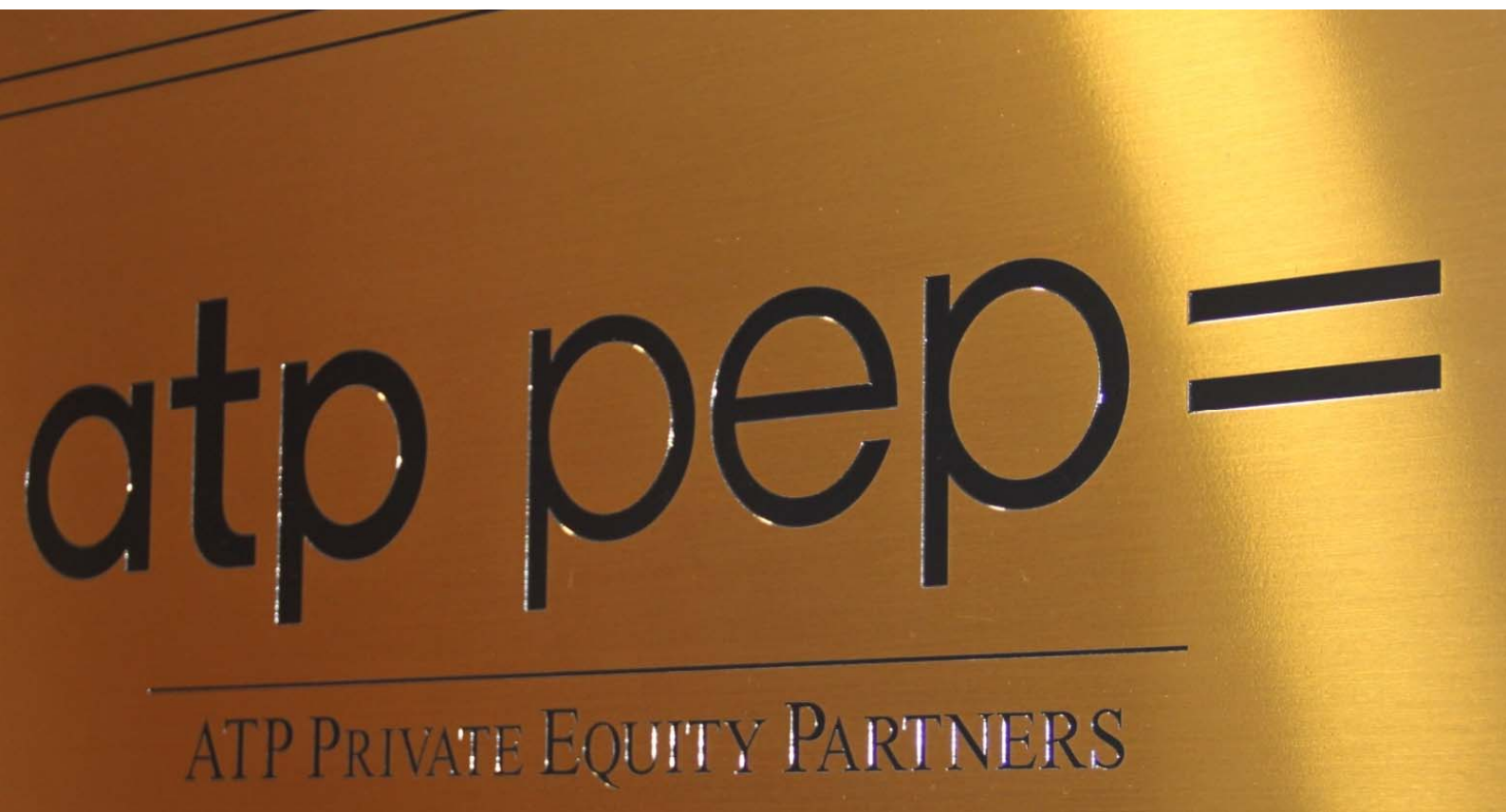


ATP PEP III  
Annual Report 2010

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ATP Private Equity Partners III K/S  
CVR-nr. 30 81 81 72

Annual report for the period of:  
1 January 2010 to 31 December 2010  
(4<sup>th</sup> financial year)

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

Copenhagen, / 2011

\_\_\_\_\_  
Director



## Company Details

ATP Private Equity Partners III K/S  
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DK-1122 Copenhagen

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Fax: +45 33 19 30 71

Website: [www.atp-pep.com](http://www.atp-pep.com)  
E-mail: [info@atp-pep.com](mailto:info@atp-pep.com)

CVR-no.: 30 81 81 72  
Date of establishment: 5 September 2007  
Registered office: Copenhagen  
Financial year: 1 January to 31 December  
4<sup>th</sup> financial year

### Supervisory board

Lars Rohde (Chairman)  
Lars Damgaard Sørensen  
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 1<sup>st</sup> February 2011.

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# Financial highlights

## Financial highlights - ATP Private Equity Partners III K/S (ATP PEP III)

DKK'000	2010 1/1–31/12	2009 1/1–31/12	2008 1/1–31/12	2007 5/9 – 31/12
<b>Income statement:</b>				
Profit (loss) from investment activities	389,204	(18,869)	(167,324)	(1,224)
Ordinary operating profit (loss)	371,392	(38,030)	(187,195)	(1,322)
Profit from financial items	71	207	348	22
Profit (loss) for the year	371,162	(37,844)	(187,870)	(1,300)
<b>Balance sheet:</b>				
Total assets	3,881,293	2,209,389	1,154,909	(169,853)
Equity	3,687,724	2,146,047	1,123,959	93,977
<b>Cash flows:</b>				
Operating activities	(1,212,101)	(1,032,738)	(1,263,206)	(20,612)
Financing activities	1,170,515	1,059,933	1,217,852	95,277
<b>Employees:</b>				
Average number of full-time employees	0*	0*	0*	0*
<b>Financial ratios:</b>				
Total Value to Paid-in	1.04x	0.89x	0.85x	0.99x
Distributed to Paid-in	0.10x	0.05x	0.02x	0.00x
IRR	2.8%	-10.8%	-37.4%	-37.0%

For terms and definitions please see the accounting policies page 16

\* There are no employees in ATP PEP III KS. Private Equity Advisors ApS (PEA) operates as the Management Company for ATP PEP III.

## Key figures for ATP Private Equity Partners III K/S (ATP PEP III)<sup>1</sup>

IRR (gross since inception)	2,8 %
TVPI	1.04 x
DPI	0.10 x
Number of portfolio funds	40
Number of co-investments	3

### Benchmarking as of 30 June 2010<sup>2</sup>

ATP PEP III was established in September 2007 and is considered a vintage 2007 fund. ATP PEP III has been benchmarked against data from Cambridge Associates LLC from 49 private equity fund-of-funds. For TVPI and DPI the result is a benchmark median, since quartiles are not available. The figures from ATP PEP III and the benchmark data are as of June 30<sup>th</sup> 2010.

\*Please note that benchmarking performance at this stage is very early as the portfolio is still maturing.

Vintage 2007	Benchmark	ATP PEP III
IRR	0.3 % ( <i>top quartile</i> )	-0.4 %
Total value to paid in	1.01x ( <i>median</i> )	1.00x
Distributed to paid in (median)	0.03x ( <i>median</i> )	0.05x

- The multiples are net to ATP PEP III, i.e. net of payment of management fee to portfolio funds, but before deduction of administrative expenses to ATP PEP III. 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.
- Source: Fund-of-funds and Secondaries Benchmark Statistics, Non-Marketable Alternative Asset from Cambridge Associates LLC as at 30 June 2010. Benchmark data are net returns to investors in the fund-of-funds that are involved in the benchmark. Performance data for ATP PEP III is net to the investors.

# Management Review for 2010

## Highlights of the Year for ATP PEP III

- The net profit for the year was DKK 371m, equivalent to a return of 12.7 %.
- 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.
- ATP PEP III made eight new commitments to private equity funds in 2010 and made an add-on investment to a co-investment totaling DKK 1,759m bringing the total commitments since inception to DKK 10,457m equivalent to 93% of the committed capital.
- In 2010 DKK 1,453m were paid in from investors to ATP PEP III bringing the total draw downs from investors to DKK 3,943m this is equivalent to 35 % of the committed capital.
- ATP PEP III made further distributions of DKK 283m to the investors in 2010 bringing total distributions since inception to DKK 400m this is equivalent of 10 % of the paid in capital

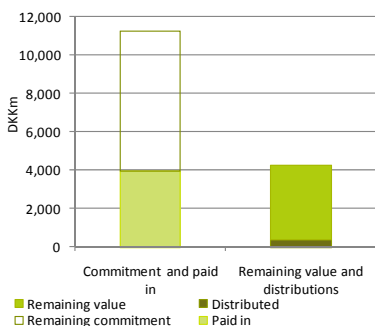
## Main Activity

ATP PEP III has a commitment of DKK 11,252m from ATP. ATP PEP III primarily makes commitments to funds in Europe and North America as well as co-investments with portfolio funds. ATP PEP III has the mandate to make commitments to funds outside of these main regions of up to 5 % of total commitments from ATP.

The investment period for making commitments to private equity funds has expired as of December 31<sup>st</sup> 2010. Co-investments through ATP PEP III may take place for up to three years after the end of the investment period.

Investing via a fund-of-funds such as ATP PEP III entails a very long term strategy. ATP PEP III has made commitments to funds over a period of three 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 up to 14 years from the time ATP PEP III made the first commitment to a fund until the final company has been exited. Today the maturity of ATP PEP III is approximately 3 ½ years.

## Overview of capital situation

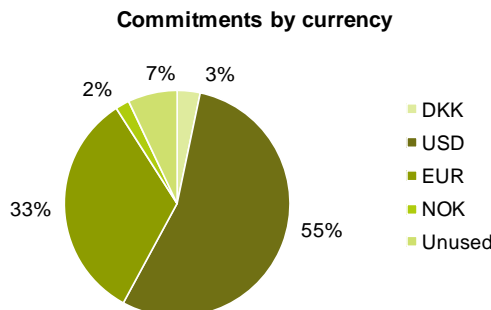
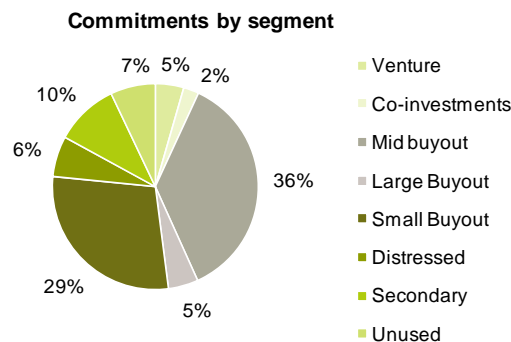


## Portfolio composition

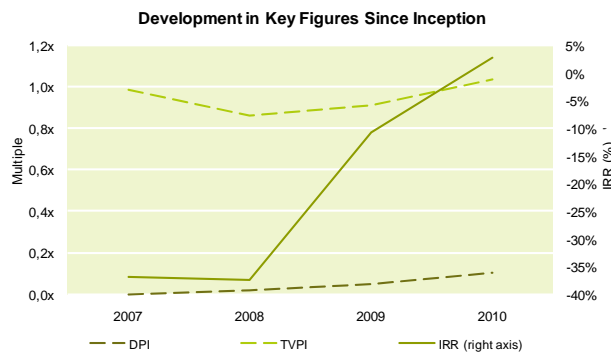
ATP PEP III has made commitments of DKK 10,457m and ATP PEP III's portfolio is a well diversified portfolio comprised of 40 private equity funds, whom have strong competences within their investment strategies.

Co-investments in companies are made with funds in the portfolio with no payment of management fee or carry to the funds. To date ATP PEP III has acquired three co-investments.

The pie chart below illustrates how the portfolio is compounded as of December 31<sup>st</sup> 2010 and is split by segments and currency. On page 9 there is a more in-depth description of the performance for the different segments.



The below-mentioned graph illustrates ATP PEP III's performance and realizations since inception in 2007. The definitions of the key figures are found on page 5.



**Profit (loss) for 2010**

The profit for the year was DKK 371m, this is equivalent to a return of 12.7 % compared to a loss of DKK -38m in 2009. The result was better than expected.

DKKm	
Management fee to portfolio funds and administrative expenses	(155.2)
Foreign exchange adjustment of assets (including currency hedges)	(2.4)
Unrealised value adjustments of funds and companies	390.9
Interest/dividends/realised gains	138.2
<b>Profit before tax</b>	<b>371.5</b>
Tax	(0.3)
<b>Profit for the year</b>	<b>371.2</b>

The Management fees to the portfolio funds as well as expenses relating to ATP PEP III were DKK 155m in 2010, versus DKK 118m in 2009. During ATP PEP III's investment period there will be an increase in expenses until the portfolio is complete. Compared to similar fund-of funds the internal management costs are low. ATP PEP III's internal management costs were DKK 18m in 2010 (DKK 57m since inception) this corresponds to 16 basis points. This can be compared to 25–75 basis points in other fund-of-funds.

The unrealised return was DKK 391m in 2010 versus DKK 102m in 2009. The result was due to an overall positive development of the earnings and a debt reduction of the underlying portfolio companies, as well as a positive development of the comparable quoted companies in 2010.

In 2010 ATP PEP III 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 III was DKK -2m, vs. DKK -33m in 2009.

**Balance sheet**

The total assets at the end of the year were DKK 3,881m versus DKK 2,209m at the end of 2009. The assets will grow further in the next couple of years along with new investments being made by portfolio funds.

**Portfolio value**

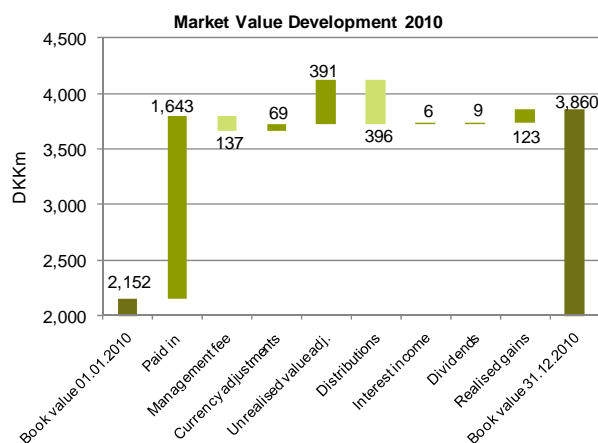
At year end, the total portfolio in ATP PEP III was valued at DKK 3,860m versus DKK 2,152m in 2009.

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.

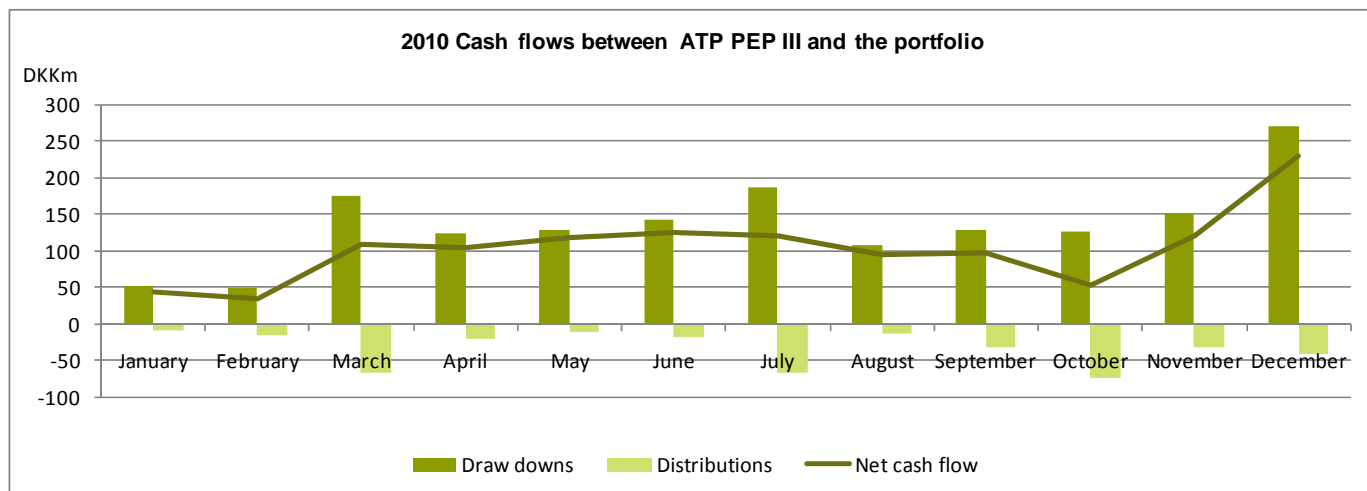
With regard to the investments made by venture funds, the valuation is based on the reporting from the funds. Venture funds typically value companies in accordance with the pricing in most recent financing rounds.

By monitoring the development in the valuations of underlying private equity funds' portfolio investments, ATP PEP III 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 III is represented on advisory boards in 24 of the 40 portfolio funds.

As mentioned above, the market value of the portfolio increased by a total of DKK 1,708m in 2010 which makes the total value of the portfolio DKK 3,860m as of December 31st 2010. The chart below indicates that this increase primarily is a result of payments made to new investments. Unrealised positive value adjustments of the portfolio furthermore increased the market value, while the realisations reduced the market value through distributions.



## Cash flows



The above-mentioned graph illustrates the cash flows between ATP PEP III and the portfolio for 2010. The portfolio is still being built up and therefore the draw downs are much higher than the distributions.

### Cash flows between ATP PEP III and the investors

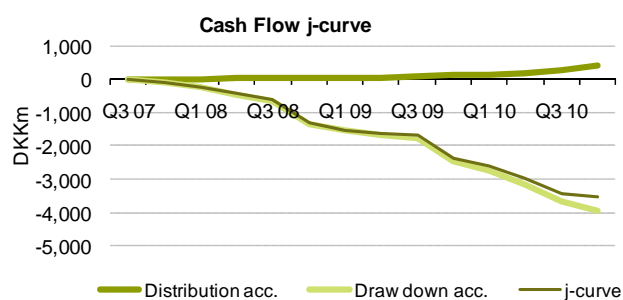
The investors in ATP PEP III paid in a total of DKK 1,453m throughout the year to finance the portfolio funds investments as well as to settle the difference on forward exchange contracts. At the end of 2010, ATP PEP III had called DKK 3,943m of ATP's commitment of DKK 11,252m corresponding to 35%.

The investors in ATP PEP III have throughout the year received distributions totaling DKK 283m. At the end of 2010, DKK 400m had been returned to the investors, which is equivalent to 10% of the invested capital.

### Cash flows since the establishment of ATP PEP III

The J curve illustrates accumulated net payments to and distributions from ATP PEP III. 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 of ATP PEP III is expected to be lower than 0 in a number of years ahead.

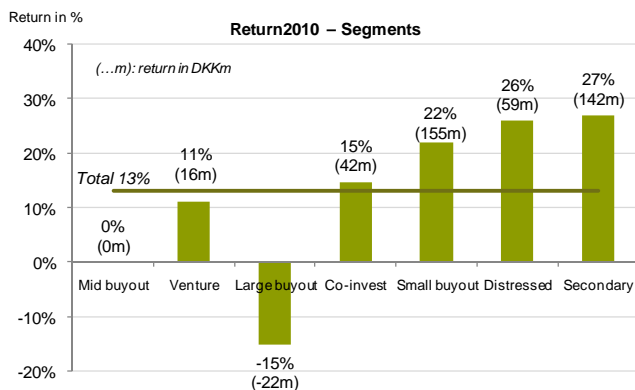
Please note that the maximum net drawn capital of ATP's commitment to ATP PEP I was 40%, as the J curve for this fund reached the bottom four years after the establishment of ATP PEP I.



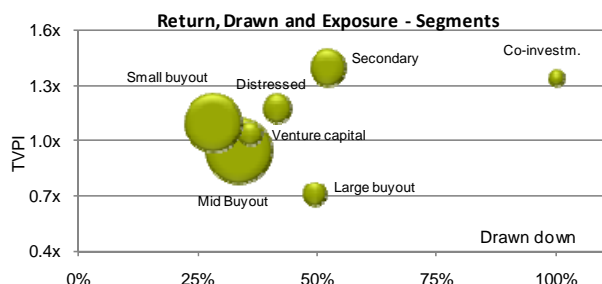
The portfolio companies' terms for bank financing have been especially challenging in 2008 and 2009, which has caused a delay in the draw downs on the J-curve compared to the normal development in a fund of fund. 2010 has however shown a rise in market activity for buying and selling of companies.

### Return from the portfolio funds

The returns from the portfolio funds excluding the currency adjustments for 2010 was 13 % and are spread on the categories as shown below.



The x axis of the chart below shows the draw downs made by the funds against commitments made by ATP PEP III. 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 III's investment portfolio (measured relative to commitments made).



Venture funds comprise 5 % of the total commitments spread over 6 funds. Currently the venture funds have drawn 36% of their commitments. The TVPI for the segment is positive (1.03x) despite that this is a immature portfolio and that the management fee has a strain on the returns at the start of the venture funds lifetime. As of December 31st 2010, the market value of the venture funds totaled DKK 180m vs. DKK 99m in 2009. The total returns for 2010 were 11%.

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

The second largest segment in ATP PEP III's portfolio, small buyout funds (14 funds), comprises 31 % of the committed capital. The funds have drawn 28% of their capital commitments and the market value of the segment represents 25% of the combined market value of ATP PEP's III portfolio. TVPI is 1,10x and the total returns for 2010 were 22%.

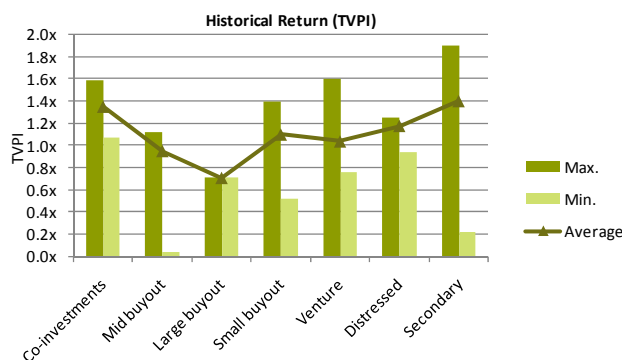
Commitments to 10 mid buyout funds comprise 39 % of the total commitments, which is the largest segment in the ATP PEP III portfolio. The funds on average have drawn 33 % of their capital commitments and the average TVPI for the segment is 0.95x, and the TVPI for funds in the segment range in the interval 0.04x – 1.11x. The return for 2010 constitutes DKK 0m, which is primarily due to an immature portfolio.

In 2010, the large buyout segment had a return of -15 % and comprised 5 % of the total commitments. The market value at December 31<sup>st</sup> 2010 amounted to DKK 164m compared to DKK 134m in 2009 and TVPI for segment is 0.71x.

The Distressed segment consists of 2 funds and represents 7% of the combined commitments in ATP PEP III. As of December 31st, the market value is equal to DKK 340m versus DKK 119m in 2009. TVPI for the segment is 1.18x and the total returns for the year in this segment represent 26%.

The Secondary segment representing 11 % of the combined commitments is made up of commitments to 7 funds. The market value of the segment represents DKK 609m versus DKK 434m in 2009 and the total returns in 2010 was 27%. The secondary positions have been acquired with a significant discount compared to the book value of the funds. TVPI for this segment is 1.40x.

The 3 co-investments constitute 2 % of the total commitments and has an average TVPI of 1.35x. The market value totaled DKK 306m in 2010 versus DKK 258m in 2009 and the return for 2010 was 15 %.



### 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 150–750m.

### Currency risks

Investments are made in DKK, NOK, EUR and USD, 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 III 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.

### Sensitivity analysis\*

	On actual investments	On remaining commitment
Sensitivity in DKK'000 of:		
a 1% increase in USD/DKK	17,377	39,140

\*It should be noted that the above sensitivities are only theoretical in that they do not take into account the currency hedging that is continuously taking place.

### Interest rate risks

Apart from trade balances with suppliers and forward contracts, ATP PEP III 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 III 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 organizations 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 8 % p.a.

This carried interest and its scope are disclosed in note 9.

**Expectations for 2011**

It is expected that the year end results for 2011 will be similar to those for 2010. This is due to fact that ATP PEP III's portfolio is still maturing.

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 2010 year end.

# Management Statement

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## 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 III 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

Supervisory Board:

Lars Rohde  
Chairman

Lars Damgaard Sørensen

Henrik Gade Jepsen

# Auditors' Reports

## Internal auditors report

### To the investors of ATP Private Equity Partners III K/S

We have audited the financial statements and the management review for ATP Private Equity Partners III 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 III K/S

We have audited the financial statements of ATP Private Equity Partners III 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

A photograph of a glass wall with the text "ATP PRIVATE EQUITY PARTNERS" etched in a gold color. The wall is part of a modern building with a warm, golden light reflecting off its surface. The background shows a blurred interior of a building with windows and architectural details.

ATP PRIVATE EQUITY PARTNERS

# Accounting Policies

The annual report of ATP Private Equity Partners III 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* comprise costs incurred concerning subsequent financial years.

*Liabilities* are measured at net realisable value.

*Deferred income* comprises payment received concerning income in subsequent years.

*Deferred tax* is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised at the expected value of their utilisation.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement. For the financial year a tax rate of 25 % has been used.

## 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.

## Financial ratios

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 III and the investors and is based on realised cash flows plus the value of equity at year end.

# Income Statement

## ATP PEP III

DKK'000	Note	2010	2009
<b>Interest and dividends</b>			
Interest, investments		6,770	610
Dividends and distributions		8,761	(2,394)
<b>Total interest and dividends</b>		<b>15,531</b>	<b>(1,784)</b>
<b>Capital gains and losses</b>			
Other securities and investments	1	373,673	(17,085)
<b>Total capital gains and losses</b>		<b>373,673</b>	<b>(17,085)</b>
<b>Profit (loss) from investment activities</b>			
		<b>389,204</b>	<b>(18,869)</b>
Administrative expenses	2	(17,812)	(19,161)
<b>Ordinary operating profit (loss)</b>		<b>371,392</b>	<b>(38,030)</b>
<b>Financial items</b>			
Financial income		71	207
<b>Profit (loss) before tax</b>		<b>371,463</b>	<b>(37,823)</b>
Tax		(301)	(21)
<b>Profit (loss) for the year</b>		<b>371,162</b>	<b>(37,844)</b>
<b>Proposed profit (loss) appropriation:</b>			
Profit (loss) for the year		371,162	(37,844)
<b>Transferred to equity</b>		<b>371,162</b>	<b>(37,844)</b>

# Balance sheet as of 31 December

## ATP PEP III

DKK'000	Note	2010	2009
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Investments</b>			
Other securities and investments	3	3,859,798	2,152,485
<b>Total investments</b>		<b>3,859,798</b>	<b>2,152,485</b>
<b>Total non-current assets</b>		<b>3,859,798</b>	<b>2,152,485</b>
<b>Current assets</b>			
<b>Receivables</b>			
Other receivables	4	6,575	398
Cash and cash equivalents		14,920	56,506
<b>Total current assets</b>		<b>21,495</b>	<b>56,904</b>
<b>Total assets</b>		<b>3,881,293</b>	<b>2,209,389</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Contributions by limited partners and general partner		3,543,576	2,373,061
Retained earnings		144,148	(227,014)
<b>Total equity</b>	5	<b>3,687,724</b>	<b>2,146,047</b>
<b>Current liabilities</b>			
Trade and other payables		74,927	-
Amounts owed to group enterprises		41	21
Other payables	6	118,601	63,321
<b>Total current liabilities</b>		<b>193,569</b>	<b>63,342</b>
<b>Total liabilities</b>		<b>193,569</b>	<b>63,342</b>
<b>Total equity and liabilities</b>		<b>3,881,293</b>	<b>2,209,389</b>
Contingent and other liabilities	7		
Related party disclosures	8		
Share purchase programme in the general partner	9		

# Cash Flow Statement

## ATP PEP III

DKK'000	2010	2009
Payments to portfolio funds	(1,643,177)	(1,323,281)
Distributions from portfolio funds	381,077	248,269
Payments to co-investments	(245)	-
Cash flow s, interest and dividends	15,531	(1,784)
Interest income, cash and cash equivalents	71	207
Realised foreign exchange gains and losses	(2,110)	(2,669)
Administrative expenses	(17,812)	(19,161)
Changes in working capital	54,564	65,682
Cash flow s from operating activities	(1,212,101)	(1,032,738)
Cash contributions from investors	1,453,529	1,149,532
Distributions to investors	(283,014)	(89,599)
Cash flow s from financing activities	1,170,515	1,059,933
<b>Changes in cash and cash equivalents</b>	<b>(41,586)</b>	<b>27,195</b>
Cash and cash equivalents at 1 January	56,506	29,311
<b>Cash and cash equivalents at 31 December</b>	<b>14,920</b>	<b>56,506</b>

# Notes

DKK'000	2010	2009
<b>1 Capital and foreign exchange gains and losses, other securities and investments</b>		
Realised capital gains, investments	122,636	12,410
Realised foreign exchange gains, investments	-	3,725
Unrealised capital gains, investments	572,624	253,924
Unrealised foreign exchange gains, investments	361,329	150,042
Foreign exchange gains, forward contracts	-	(5,426)
<b>Total capital and foreign exchange gains</b>	<b>1,056,589</b>	<b>414,676</b>
Realised foreign exchange losses, investments	-	(3,753)
Unrealised capital losses, investments	(319,215)	(250,209)
Unrealised foreign exchange losses, investments	(292,407)	(175,129)
Foreign exchange losses, forward contracts	(69,184)	-
Foreign exchange losses, cash accounts	(2,110)	(2,669)
<b>Total capital and foreign exchange losses</b>	<b>(682,916)</b>	<b>(431,761)</b>
<b>Total capital and foreign exchange gains and losses, other securities and investments</b>	<b>373,673</b>	<b>(17,085)</b>
<b>2 Administrative expenses</b>		
There are no employees in the Company.		
<b>3 Other securities and investments</b>		
Cost at 1 January	2,291,939	1,204,545
Additions during the year	1,643,421	1,323,281
Disposals during the year	(258,908)	(235,887)
<b>Cost at 31 December</b>	<b>3,676,452</b>	<b>2,291,939</b>
Impairment losses at 1 January	(258,891)	(123,539)
Reversal of previous impairment losses	87,817	37,272
Impairment losses during the year	(113,488)	(172,624)
<b>Impairment losses at 31 December</b>	<b>(284,562)</b>	<b>(258,891)</b>
Revaluations at 1 January	119,437	5,456
Reversal of previous revaluations	(38,832)	(3)
Revaluations during the year	387,303	113,984
<b>Revaluations at 31 December</b>	<b>467,908</b>	<b>119,437</b>
<b>Carrying amount at 31 December</b>	<b>3,859,798</b>	<b>2,152,485</b>

DKK'000	2010	2009
<b>4 Other receivables</b>		
Positive fair value of forward exchange contracts	-	327
Receivable dividend tax	6,575	70
	<b>6,575</b>	<b>398</b>
<b>5 Equity</b>		
Contributions by limited partners and general partner:		
Subscribed and paid-in at 1 January	2,373,062	1,313,129
Subscribed and paid-in during the year	1,453,528	1,149,532
Distributed during the year	(283,014)	(89,599)
	<b>3,543,576</b>	<b>2,373,062</b>
Retained earnings:		
Retained at 1 January	(227,014)	(189,170)
Retained earnings for the period	371,162	(37,844)
	<b>144,148</b>	<b>(227,014)</b>
<b>Total equity</b>	<b>3,687,724</b>	<b>2,146,047</b>
In accordance with the limited partnership agreement, on an ongoing basis the investors have agreed to pay up to DKK'000 11,252,000 as the capital requirement arises in the Company.		
At 31 December the investors' remaining commitments totalled:	7,308,715	8,762,244
Changes in commitments within the last 4 years:		
Subscribed and paid-in 2007	95,277	
Subscribed and paid-in 2008	1,244,947	
Distributed in 2008	(27,095)	
Subscribed and paid-in 2009	1,149,532	
Distributed in 2009	(89,599)	
Subscribed and paid-in 2010	1,453,528	
Distributed in 2010	(283,014)	
	<b>3,543,576</b>	
<b>6 Other payables</b>		
Payable regarding investment commitment	118,601	34,104
Negative fair value of forward exchange contracts	-	29,217
	<b>118,601</b>	<b>63,321</b>
<b>7 Contingent and other liabilities</b>		
Investment commitment regarding investments	6,498,486	6,115,908

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DKK'000	2010	2009
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**8 Related party disclosures**

Parties exercising control

Arbejdsmarkedets Tillægspension (ATP) Kongens Vænge 8 DK-3400 Hillerød	Ow ns 99.984%	Ow ns 99.984%
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The annual report is included in the consolidated financial statements of ATP.

The consolidated financial statements are available at [www.atp.dk](http://www.atp.dk).

ATP PEP III GP K/S Sjæleboderne 2, 1. sal 1122 København K	Ow ns 0.016%	Ow ns 0.016%
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## 9 Share purchase programme in the general partner ATP PEP III GP K/S

Owner	Date of establishment of programme	Market value of shares (acquisition price)	Number of shares	Acquisition price
Executive Board	05/09/2007	314,000	62,800.0	5
Executive employees	05/09/2007	406,000	81,200.0	5
Other employees	05/09/2007	280,000	56,000.0	5

### Parameters for carried interest

		Entitlement
Hurdle rate	8 % p.a.	Entitlement to 85% in 4.25 years
Carried interest cap (as % of commitment to fund)	0.89%	Entitlement to balance until 2017
Carried interest	1.75%	

### Scenarios for carried interest

Return in ATP PEP III K/S as % p.a.	DKKm (2007 prices)	% of investment commitment
0	0	0.00
10	14	0.12
12	28	0.25
15	51	0.45
21	100	0.89
25	100	0.89

### Comments

ATP PEP III GP K/S has a share capital comprising 200,000 A-shares of DKK 1 each, which is entitled to carried interest and a share capital of 87,500 B-shares, which is not entitled to carried interest.

The general partner ATP PEP III GP K/S will receive a carried interest on returns in the general partnership above 8 % p.a.

A cap has been established on the value of the carried interest program, corresponding to 0.89 % of the capital commitment to ATP Private Equity Partners III K/S or DKK 100.1m, calculated in 2007 prices.

The carried interest will be paid to ATP PEP III GP K/S by 1.75 % 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 11.25bn.

# Portfolio

Fund	Domicile	Segment
Accel-KKR Structured Capital Partners	Great Britain	Small buyout
Advent International GPE VI	Great Britain	Mid buyout
Advent Latin America PEF V	Brazil	Mid buyout
Apollo VII	USA	Distressed
Atlas Capital Resources II	USA	Distressed
Axcel IV	Denmark	Small buyout
BC European Capital VIII	Great Britain	Secondary
Bessemer VP VII Special Opportunity Fund	USA	Venture
Brazos Private Equity Fund III	USA	Small buyout
Bridgepoint IV	Great Britain	Mid buyout
Capiton IV	Germany	Small buyout
Charlesbank VII	USA	Mid buyout
Clarus Lifesciences II	USA	Venture
Delphi Ventures VIII	USA	Venture
Falcon	Turkey	Co-investment
First Reserve XII	USA	Large buyout
Herkules Private Equity III	Norway	Small buyout
HitecVision V, L.P.	Norway	Small buyout
Housatonic Equity Investors V	USA	Small buyout
IGI I Annex Fund	USA	Secondary
India Value Fund IV	India	Small buyout
Innova V	Poland	Small buyout
Institutional Venture Partners XII	USA	Venture
Inverness Graham Investments I	USA	Secondary
Inverness Graham Investments II	USA	Secondary
Invest Industrial IV	Italy	Small buyout
Invitel Co-Investment	Hungary	Co-investment
LGT Crown Global Secondaries II	Switzerland	Secondary
Lindsay, Goldberg & Bessemer I	USA	Secondary
Lindsay, Goldberg & Bessemer III	USA	Mid buyout
LS Power Equity Partners II	USA	Mid buyout
Mid Europa Fund III	Great Britain	Mid buyout
New Leaf Ventures II	USA	Venture
Nordic Capital VII Beta	Sweden	Mid buyout
Odyssey IV	USA	Mid buyout
Onset VI	USA	Venture
Pfingsten Fund IV	USA	Small buyout
Polaris III	Denmark	Small buyout
ProA Capital I	Spain	Small buyout
Providence V, Secondary	USA	Secondary
Safway Coinvest	USA	Co-investment
Trident V	USA	Mid buyout
Waterland Private Equity IV	Holland	Small buyout

For additional information please visit our website: [www.atp-pep.com](http://www.atp-pep.com)

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