

# Missionpharma Group ApS

Annual report  
**2015**

Approved at General Meeting  
26 May 2016  
Chairman:  
Torben Nørskov



**MISSIONPHARMA**  
cfaogroup.com

Missionpharma Group ApS  
Vassingerøedvej 9 · 3540 Lyngby · Denmark  
[www.missionpharma.com](http://www.missionpharma.com)  
CVR No. 29 78 27 92



# Contents

---

<b>Management Review .....</b>	<b>3</b>
Company details .....	3
About Missionpharma .....	4
Group chart.....	5
Group locations.....	6
Financial highlights for the Group in DKK .....	7
Financial highlights for the Group in USD.....	8
Performance 2015 .....	9
Outlook 2016 .....	10
Risk management .....	11
Corporate Social Responsibility .....	14
<b>Reports .....</b>	<b>18</b>
Statement by the Executive Board and Board of Directors.....	18
Independent auditors' report .....	19
<b>Group and parent accounts .....</b>	<b>22</b>
Income statement.....	22
Balance sheet - Assets.....	23
Balance sheet – Equity and liabilities.....	24
Statement of changes in equity .....	25
Cash flow statement .....	26
Notes to the annual report .....	27
Accounting policies .....	34
Definition of financial ratios .....	37



## Company details

---

### **Missionpharma Group ApS**

Vassingerødvej 9  
3540 Lynge  
Denmark  
[www.missionpharma.com](http://www.missionpharma.com)

CVR no.: 29 78 27 92  
Financial year: 1 January - 31 December  
Established: 4 October 2006  
Registered office: Allerød, Denmark

### **Board of Directors**

Jean-Marc Pierre René Leccia (Chairman)  
Denis Georges Fernand Maurice  
Eric Pierre Jean Muris  
Kim Erik Ginnerup

### **Executive Board**

Kim Erik Ginnerup (CEO)  
Poul Lindof (CFO)

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup, Denmark



## About Missionpharma

---

### Missionpharma's purpose statement

***We accelerate the new Africa***

*Missionpharma contributes to progress in Africa by strengthening tomorrow's healthcare with intelligent solutions and trustful partnerships.*

"We accelerate the new Africa" is Missionpharma's new purpose statement. The purpose pinpoints our focus on strengthening healthcare in Africa and thereby contribute to driving Africa forward and underlines our dedication to making a positive impact in Africa by doing what we are best at: To provide tailored intelligent healthcare solutions build on deep insight and decades of experience.

### Missionpharma's business

Missionpharma supplies generic pharmaceuticals, medical devices, medical kits and hospital equipment to countries outside the EU – primarily in Africa and Asia. Customers include ministries of health, central medical stores and public procurement agencies as well as NGOs, funders and private wholesalers. The products are both sold in bulk and kits. Missionpharma is not a manufacturer itself whereas all products are sourced globally from manufacturers.

The business model is mainly designed to respond to direct inquiries from the market. The business and overall market position has enabled Missionpharma to operate this market successfully since many years. Missionpharma is focused to continuously improve its market position in relation to customers, markets and products, optimizing execution of contracts, and simultaneously developing new business areas through strategic initiatives.

Missionpharma is today an integrated part of the French group Eurapharma ([www.eurapharma.com](http://www.eurapharma.com)). Eurapharma is part of the CFAO group ([www.cfao.com](http://www.cfao.com)).

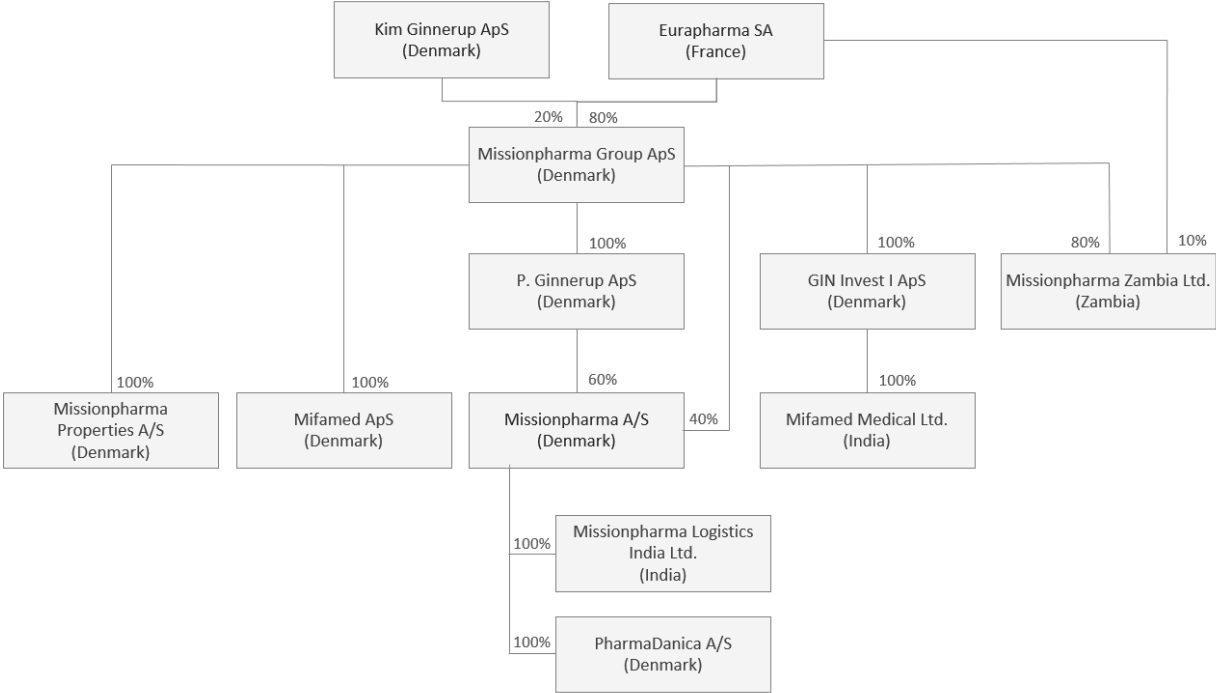
### Research and development activities

Missionpharma is not involved in research and development activities of new pharmaceutical products. However, the Company maintains a high level of innovation in order to respond to the requirements from customers.



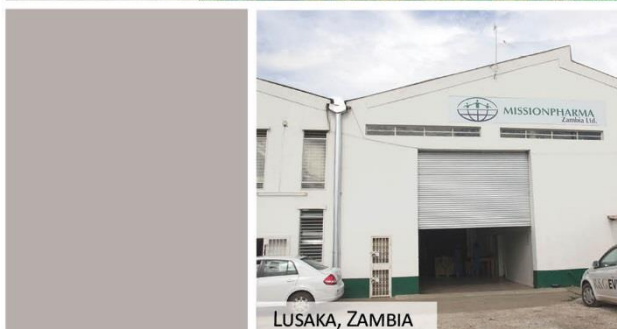
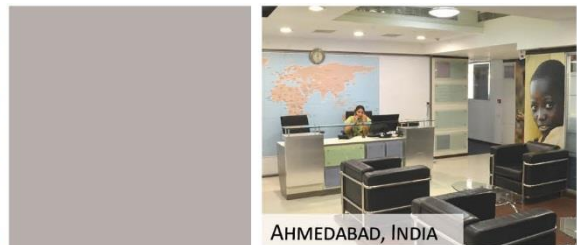
# Group chart

The chart reflects the companies in Missionpharma Group ApS:





## Group locations





## Financial highlights for the Group in DKK

DKK '000	2015	2014	2013	2012 (8 months)	2011/2012*
<b>Key figures</b>					
Revenue	754,044	703,056	536,409	387,530	618,881
Gross profit	138,947	141,518	115,279	86,349	112,680
Ordinary operating profit (EBIT)	83,210	89,807	65,373	47,187	35,402
Net financials	648	-1,676	-11,483	-547	-2,584
<b>Profit for the year</b>	<b>68,442</b>	<b>63,331</b>	<b>39,425</b>	<b>30,301</b>	<b>18,758</b>
Investments for the year	3,256	1,558	791	98,141	2,133
Total assets	397,081	429,277	322,315	344,777	271,734
<b>Equity</b>	<b>289,837</b>	<b>272,006</b>	<b>239,453</b>	<b>226,018</b>	<b>78,349</b>
<b>Net cash flow for the year</b>	<b>26,313</b>	<b>47,160</b>	<b>27,611</b>	<b>-65,197</b>	<b>18,202</b>
<b>Financial ratios</b>					
Operating margin (EBIT)	11.0%	12.8%	12.2%	12.2%	5.7%
Return on assets	20.1%	23.9%	19.6%	23.0%	12.8%
Return on equity	24.4%	24.8%	16.9%	29.9%	29.0%
Equity ratio	73.0%	63.4%	74.3%	65.6%	28.8%
Liquidity ratio	3.2	2.3	3.3	2.1	0.8
<b>Average number of full-time employees</b>	<b>136</b>	<b>111</b>	<b>104</b>	<b>125</b>	<b>114</b>

\* The financial ratios are calculated on the financial statements of the Mifamed Holding ApS



## Financial highlights for the Group in USD

USD '000	2015	2014	2013	2012 (8 months)	2011/2012*
<b>Exchange rates</b>					
Average DKK/100 USD rate (P&L)	670.49	563.45	561.66	585.58	540.24
Closing DKK/100 USD rate (balance sheet)	683.00	612.14	541.27	565.91	562.95
<b>Key figures</b>					
Revenue	112,462	124,777	95,504	66,179	114,557
Gross profit	20,723	25,116	20,525	14,746	20,857
Ordinary operating profit (EBIT)	12,410	15,939	11,639	8,058	6,553
Net financials	97	-297	-2,044	-93	-478
<b>Profit of the year</b>	<b>10,208</b>	<b>11,240</b>	<b>7,019</b>	<b>5,175</b>	<b>3,472</b>
Investments in the year	486	277	141	16,760	395
Total assets	58,138	70,127	59,548	60,924	48,270
<b>Equity</b>	<b>42,436</b>	<b>44,435</b>	<b>44,239</b>	<b>39,939</b>	<b>13,918</b>
<b>Net cash flow for the year</b>	<b>3,924</b>	<b>8,370</b>	<b>4,916</b>	<b>-11,134</b>	<b>3,369</b>
<b>Financial ratios</b>					
Operating margin (EBIT)	11.0%	12.8%	12.2%	12.2%	5.7%
Return on assets	20.1%	23.9%	19.6%	23.0%	12.8%
Return on equity	24.4%	24.8%	16.9%	29.9%	29.0%
Equity ratio	73.0%	63.4%	74.3%	65.6%	28.8%
Liquidity ratio	3.2	2.3	3.3	2.1	0.8
<b>Average number of full-time employees</b>	<b>136</b>	<b>111</b>	<b>104</b>	<b>125</b>	<b>114</b>

\* The financial ratios are calculated on the financial statements of the Mifamed Holding ApS





## Performance 2015

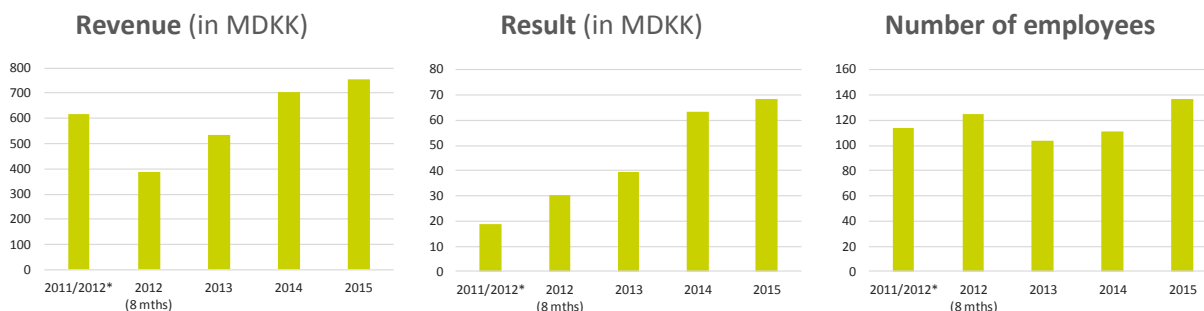
### Financials

The financial year ended at 31 December 2015 with a consolidated profit of DKK 68,442 thousand. The consolidated equity as at 31 December 2015 amounts to DKK 289,837 thousand. The consolidated cash flow for the financial year 2015 was positive with DKK 26,313 thousand.

The financial performance for the financial year 2015 exceeds the expectations of the Management and is considered very satisfactory.

The activities of 2015 have led to a revenue in line with expectations while a higher than expected efficiency in contract realization has affected the result positively. In line with expectations, certain markets have been subject to a negative macro-economic development and has, due to defaulted timely customer payments, led to a negative impact on reservations for losses on customer receivables. The increased reservations have affected the result negatively although not changing the overall positive outcome of 2015.

Missionpharma has not made any substantial investments during the financial year.



### Operations

Operational activities have throughout the year maintained a high level and despite a continuous increased competition and regulation in the market, the position of Missionpharma has developed positively.

The Missionpharma Group has during 2015 concluded a number of strategic initiatives including the establishment of a subsidiary in Zambia. An establishment which allows an increased focus through local presence in selected markets and to further develop Missionpharma’s market position.

Late 2015 the Group initiated a new visual identity and a number of new strategic initiatives for the coming years.

The strategic, operational and administrative integration with companies within the Eurapharma Group has continued throughout the year.



## Outlook 2016

---

The portfolio of contracts, pending quotations and inquiries for 2016 combined with the activities initiated leads to an expected growth in revenue.

In line with previous years, the level of activity is although substantially depending upon the inquiries from the market and success on quotations made and constitutes an essential element in assumptions to meet expectations.

The year 2016 shall be characterized by continuous operational and strategic efforts to both meet the increased competition and regulation in the market place, but simultaneously develop the market position and long term financial performance. Missionpharma shall also continue to strengthen the newly established local operation in Zambia as well as its local presence in Africa in general.

The negative economic and political tendencies are in certain markets expected to aggravate further, which shall reflect in a continued high focus on managing risk elements on operational exposures of customer receivables and inventories.

The ongoing integration and exploration of synergies with the parent company Eurapharma SA shall continue throughout 2016 and is expected to contribute positively to activities and earnings.

During 2016 the increased competition and regulation across the market place as well as the further development of the local presence are expected to negatively influence the financial performance of Missionpharma and consequently the result for 2016 is expected at a lower level compared to 2015.

No major investments are foreseen for 2016.

The capital resources have a satisfactory level and are expected to be unchanged during the coming financial year.

### **Subsequent events**

No event has occurred after the 2015 financial year-end which significantly could affect the financial position.



## Risk management

### Overall

Missionpharma systematically works with risk management as an integrated part of its business. Financial as well as non-financial risks are continuously identified and monitored to secure transparency in the accepted risks and to secure mitigation in line with policies whenever possible.

### Internal control

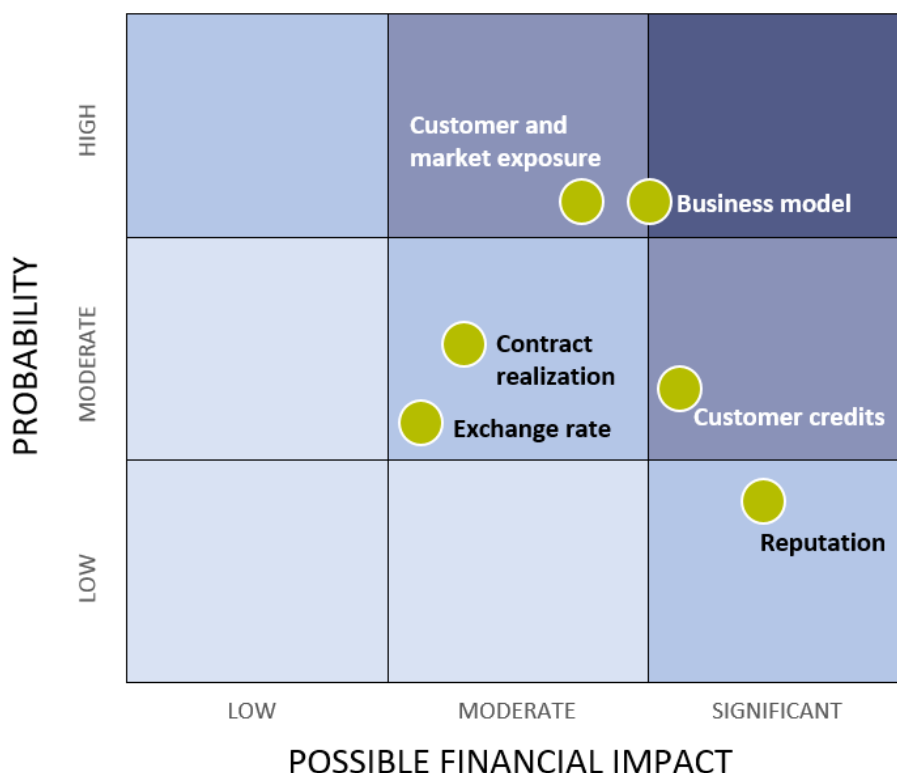
Missionpharma works with a structured internal control scheme as part of its business as well as being subject to internal controls procedures by its parent companies.

The internal control measures are aimed to secure not only a high level of effectiveness and correctness throughout its business and organization, the protection of resources and assets but also very much to secure compliance and control risk management in accordance with policies.

### Primary risk areas - mapping

Missionpharma considers today the probability and possible impact of the primary risks as stated in below risk matrix.

The risks “business model” and “customer and market exposure” have, as expected, become more prominent during 2015. Previous strategic initiatives now being operational together with the new strategic initiatives are though expected to reduce the probability and possible impact moving forward.





**Primary risk areas - description**

Following are considered being the material areas of risk which may influence the business in general as well as short term performance and long term strategic objectives.

Risk description	Possible impact	Risk mitigation
<b>Business model</b>		
<p>The business model of Missionpharma is exposed to the uncertainty of inquiries from the market and subsequent successful outcome of tenders participated in. The business consists of a combination of smaller and larger tenders where frequency, timing, value, and conditions for participation are concurrent elements of uncertainty.</p>	<p>The ability to predict financial performance on revenue, earning and cash flow is affected by the uncertainty in general and in particular if not successful on major tenders with larger financial impact.</p> <p>The short term (less than 1 year) uncertainty is moderate due to a certain portfolio of confirmed orders whereas the long term uncertainty (above 1 year) is significant.</p>	<p>An ongoing monitoring of inquiries, quotations and actual orders, versus targets set, is an essential element in internal reporting and management of the business. A high level of agility in capacity and cost structures is equally an important focus area.</p> <p>Strategic initiatives to diversify the business are in high focus.</p>
<b>Contract realization</b>		
<p>The positive outcome of a tender leads to binding sales prices and contractual terms in general. Cost of goods and other cost elements, being the calculative base for tenders participated in, are only locked at time of customer contract. Occasionally purchase is committed prior to conclusive contract.</p>	<p>The time lag between tender bid, contract and purchase transactions for contract realization is substantial. As cost elements only are renegotiated at time of final orders the time lag represents a risk in predicting financial outcome in comparison to expectations for contracts. Eventual commitment prior to conclusive contract constitutes a separate risk.</p> <p>Each risk represents a possible short and medium term impact on financial performance.</p>	<p>The reduction in risk is concentrated around the intelligence in building and pricing bids. As raw materials in the price of products offered represents the most significant element out of the total costing, particular focus on expected future price setting is made.</p>

Continues...



Risk description	Possible impact	Risk mitigation
<b>Customer and market exposure</b>		
<p>Customers are mainly public entities located within the main markets of Missionpharma, being African countries. A larger number of these customers and markets are subject to volatile economic and political conditions under both national as well as international influence.</p>	<p>The ability to predict short and long term financial performance on revenue, earning and cash flow is affected by:</p> <ul style="list-style-type: none"> <li>• Possible changes in customers overall environment which impacts purchase pattern, value and timing of inquiries.</li> <li>• Predicted or unpredicted changes in assumptions for contract realization.</li> <li>• Delays and defaults in customer payments.</li> </ul>	<p>Throughout both bidding and contract realization periods, maximum focus is maintained upon changes that possibly could represent a risk. Possible means of intervention are carefully considered.</p> <p>No appropriate insurance possibilities are available.</p> <p>Internal processes secure proper and transparent risk exposures.</p>
<b>Customer credits</b>		
<p>In line with contractual terms Missionpharma grants credits to customers.</p>	<p>Defaulted payments from customers have a short term impact on cash flow and possibly earnings through increased provision for losses.</p> <p>Defaulted payments have a long term impact on revenue, earnings and cash flow as participation in new tenders is limited with such customers in default.</p>	<p>The Missionpharma credit policy prescribes a comprehensive evaluation of any credit granted. Credit policies are implemented to guide and control when credit is granted to a customer. Ongoing monitoring and dunning procedures play an important part of daily operations.</p> <p>No appropriate insurance possibilities are available.</p>
<b>Exchange rates</b>		
<p>With a globalized business Missionpharma is throughout its operations exposed to foreign exchange rates. Exposure is primarily towards US Dollar (USD) vs. the reporting currency in Danish Kroner (DKK)</p>	<p>The ability to predict financial performance on revenue, earning and cash flow is affected by fluctuation in USD exchange rate both short and long term.</p>	<p>In accordance with policies Missionpharma hedges major flows in USD exposures through forward contracts. Hedging policy includes invoiced flows whereas flows related to orders and bids are not included. Missionpharma is not engaged in currency speculation.</p>
<b>Reputation</b>		
<p>Loss of reputation through inadequate contract realization or breach of business ethics represents a risk.</p>	<p>Loss of reputation may affect the possibility to participate with bids on customer inquiries or being awarded future contracts and consequently may affect the financial performance.</p>	<p>By ensuring high standards and clear processes throughout operations, maximum focus is secured on performance.</p> <p>Internal control and compliance measures including Corporate Social responsibility programs are in place to minimize risk.</p>



## Corporate Social Responsibility

The following descriptions are made in accordance with the Danish Financial Statements Act § 99a and § 99b.

### Policies in general

Missionpharma believes that all companies have an obligation to act in a socially responsible way.

Besides acting responsibly towards its own employees, it is important for Missionpharma to support a positive development in the countries, where its suppliers and customers operate.

Missionpharma distributes generic pharmaceuticals and medical equipment, and the Company's products play an important role in health projects in recipient countries. Missionpharma strives for integrity and transparency in buying and selling vital drugs and equipment.

Missionpharma believes that the widest possible access to drugs and medical equipment in recipient countries will positively affect social development of these countries. Missionpharma's CSR policies are designed to ensure process transparency and high quality drugs for the benefit of customers and consumers. Missionpharma believes that this CSR approach benefits suppliers, customers, employees and owners alike. In this way, Missionpharma actively contributes to the social responsibility by ensuring access to vital medicine.

Throughout Missionpharma's supply chain, policies ensure that Missionpharma lives up to its own CSR objectives. It is of utmost importance to Missionpharma that production methods, working conditions and quality of the medicine delivered are satisfactory.

Missionpharma's Quality Management System ensures that the drugs traded by the company comply with international standards.

Missionpharma has certified quality inspectors who inspect suppliers before approving them.

### Policies put into practice

#### Environment

Missionpharma's policies prescribe a continued focus on minimizing the environmental footprint of its activities.

Missionpharma contributes to the environmental reporting of the CFAO group. Within the CFAO group, best practices are shared and encouraged. It is our belief that we have achieved good results from the integration of group reporting during 2015 and that policies have been further developed along with the awareness and efforts to reduce environmental impact. Read more under: [www.cfaogroup.com](http://www.cfaogroup.com)

The main environmental impact of our business is considered being through the distribution of products and packaging operations.

- Means of distribution is an area that we do not have full control over, as this is often dictated by our business partners in tenders and contracts. No matter if distribution is under the control of Missionpharma, partners or customers, we have in 2015 continued to encourage to plan and execute distribution in the most environment-friendly way by optimizing shipments and logistical routing.



- Packaging is optimized within own operations or among partners with an ongoing objective to minimize waste and ensure waste disposal in a responsible way. In 2015, we have specifically improved waste handling in connection to our facilities in Denmark and India.

### Human rights

Missionpharma's policies prescribe strictly to control human rights within own operations and to the largest possible extend to influence those of our suppliers and partners in general.

Through dialogue and inspections of potential and current suppliers, Missionpharma seeks to influence production methods, procedures, etc. to align them with own standards and international regulations. In 2015, we have conducted more than 40 inspections at potential and current suppliers. To our satisfaction, no major non-conformities have been identified.

The policies of Missionpharma's parent companies are equally being observed and integrated. Read more under: [www.cfaogroup.com](http://www.cfaogroup.com)

### Quality Management System

Missionpharma focuses strongly on suppliers' production methods and working conditions. Missionpharma's Quality Management System lays down procedures and rules for auditing and approving new suppliers.

All suppliers are subject to the Quality Management System, which is particularly designed to ensure delivery of satisfactory pharmaceutical products and services. If a supplier fails to comply with the required international and Company's standards, the co-operation with that supplier is terminated.

The Quality Management System has also during the financial year 2015 proven its value to secure high quality products to customers.

### Anti-corruption program

The Missionpharma's Code of Conduct aims to:

- Give guidance to employees, business associates and agents by setting out Missionpharma's business practices for countering corruption, bribery and conflict of interests
- Complement Missionpharma's general initiatives within Corporal Social Responsibility (CSR)

The Code of Conduct has been translated to cover all main languages of Missionpharma's business.

The Code of Conduct will help the Group to strengthen its integrity and provide guidelines for all employees, agents and other business partners on how to act in different situations.

In 2015, Missionpharma has:

- Continued the implementation and training of new employees and other business relationships
- Revised earlier agreements and contracts to include the code of conduct
- Incorporated the code of conduct in full in commercial transactions



**Working environment and employees**

The Missionpharma business requires a high level of experience and knowledge among its employees as a base for a successful business. Missionpharma constantly strives to maintain and improve programs in place to retain and develop such skills among employees as well as the overall working environment. Missionpharma continuously focus on training and career programs among employees. A focus which shall continue and further strengthen during 2016.

The continuous efforts to improve working environment resulted, in line with previous years, in a top ranking among comparable sized companies in a Danish employee satisfaction survey during 2015.

During the financial year 2015 Missionpharma has continued its educational engagement by employing trainees in different departments.

**Goal and politics for gender equality**

Policies for gender equality are entirely established for Missionpharma Group ApS and the subsidiary Missionpharma A/S. Policies are not established at group level or for any other Danish or foreign subsidiary. The information given below entirely relates to Missionpharma Group ApS and Missionpharma A/S.

**Board of Directors**

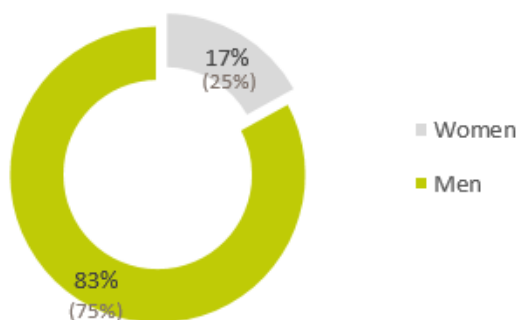
Missionpharma maintains its earlier objective of having one female in the Board before the end of the financial year 2016. There has been no change of Board members during 2015 and the composition remains at 4 male members.

**Other management levels**

Missionpharma’s policy strives towards a higher degree of gender diversity within its management teams as we believe it benefits our working environment and ability to develop. To achieve the overall objective a continuous focus is being maintained to secure gender equality during recruitment processes as well as personal development and talent programs.

During 2015 one managerial position has been subject to recruitment. The final shortlist of the recruitment contained candidates of both gender, although with the final recruitment of a male candidate. As the position was previously handled by a woman, the ratio worsened during 2015.

Gender composition of “other management levels” at end of 2015 vs. end of 2014 (figures in brackets):







**Reports**



## Statement by the Executive Board and Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the annual report of Missionpharma Group ApS for the financial year 1 January - 31 December 2015.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2015 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters, the results for the year and the Group's and the Company's financial position.


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

Lynge, 30 March 2016

### Executive Board



Kim Erik Ginnerup  
CEO



Poul Lindof  
CFO

### Board of Directors



Jean-Marc Pierre René  
Leccia  
Chairman



Denis Georges Fernand  
Maurice



Eric Pierre Jean Muris



Kim Erik Ginnerup



# Independent auditors' report on the financial statements and the consolidated financial statements

---

To the Shareholder of Missionpharma Group ApS

## Report on the Financial Statements and the Consolidated Financial Statements

We have audited the Financial Statements and the Consolidated Financial Statements of Missionpharma Group ApS for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, cash flow statement, statement of changes in equity, notes and summary of significant accounting policies. The Financial Statements and the Consolidated Financial Statements are prepared in accordance with the Danish Financial Statements Act.

### Management's Responsibility for the Financial Statements and the Consolidated Financial Statements

Management is responsible for the preparation of Financial Statements and the Consolidated 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 and Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements and the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements and the Consolidated Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements and the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements and the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements and Consolidated Financial Statements that give a true and fair view 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 Company'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 Consolidated Financial Statements.

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.



## Independent auditors' report on the financial statements and the consolidated financial statements (continued)

### Opinion

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Company and the Group operations at 31 December 2015 and of the results of the Company and the Group operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

### Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements and the Consolidated Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements and the Consolidated Financial Statements.

Copenhagen, 30 March 2016

#### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab  
CVR-nr. 33 77 12 31

Rasmus Friis Jørgensen  
State Authorised Public Accountant

Henrik Ødegaard  
State Authorised Public Accountant



# Group and parent accounts



## Income statement

DKK'000	Note	Consolidated		Parent company	
		2015	2014	2015	2014
<b>Revenue</b>		754,044	703,056	0	0
Goods for resale and consumables		-449,568	-400,378	0	0
Other external expenses		-165,529	-161,160	-99	-57
<b>Gross profit</b>		138,947	141,518	-99	-57
Staff costs	1	-45,256	-40,414	0	0
Amortization/depreciation and impairment of intangible assets & property, plant and equipment	5,6	-10,481	-11,296	0	0
<b>Ordinary operating profit</b>		83,210	89,807	-99	-57
Income from investments in subsidiaries	7	0	0	68,735	63,477
Financial income	2	2,753	17	0	0
Financial expenses	3	-2,105	-1,694	-219	-43
<b>Profit before tax</b>		83,858	88,131	68,417	63,377
Tax on profit	4	-15,404	-24,800	25	-46
<b>Profit for the year</b>		68,454	63,331	68,442	63,331
<b>Minority shareholders</b>		-12	0	0	0
<b>The Group's share of profit for the year</b>		68,442	63,331	68,442	63,331
<b>Proposed profit appropriation</b>					
DKK'000				2015	2014
Proposed dividends				54,800	50,600
Reserve for net revaluation under the equity method				18,135	32,477
Retained earnings				-4,493	-19,746
				68,442	63,331



## Balance sheet - Assets

DKK'000	Note	Consolidated		Parent company	
		2015	2014	2015	2014
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Intangible assets</b>					
Goodwill	5	43,882	51,777	0	0
		43,882	51,777	0	0
<b>Property, plant and equipment</b>					
Land and buildings	6	31,781	32,770	0	0
Other fixtures and fittings, tools and equipment		3,737	1,897	0	0
		35,518	34,667	0	0
<b>Investments</b>					
Investments in subsidiaries	7	0	0	289,881	271,757
Other investments		2,687	20	0	0
		2,687	20	289,881	271,757
<b>Total non-current assets</b>		<b>82,087</b>	<b>86,463</b>	<b>289,881</b>	<b>271,757</b>
<b>Current assets</b>					
<b>Inventories</b>					
Goods for resale		52,612	106,011	0	0
		52,612	106,011	0	0
<b>Receivables</b>					
Trade receivables		127,956	136,778	0	0
Receivables from subsidiaries		0	0	613	3,262
Income tax receivables		0	0	1,233	0
Other receivables		41,163	16,333	0	1
Deferred tax asset		0	1,334	0	0
		169,119	154,445	1,846	3,264
<b>Cash</b>		<b>93,263</b>	<b>82,358</b>	<b>907</b>	<b>298</b>
<b>Total current assets</b>		<b>314,994</b>	<b>342,813</b>	<b>2,753</b>	<b>3,562</b>
<b>TOTAL ASSETS</b>		<b>397,081</b>	<b>429,277</b>	<b>292,634</b>	<b>275,319</b>



## Balance sheet – Equity and liabilities

DKK'000	Note	Consolidated		Parent company	
		2015	2014	2015	2014
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital		125	125	125	125
Net revaluation according to the equity method		0	0	87,360	69,225
Retained earnings		234,912	221,281	147,552	152,055
Proposed dividends		54,800	50,600	54,800	50,600
<b>Total equity</b>		<b>289,837</b>	<b>272,006</b>	<b>289,837</b>	<b>272,006</b>
Minority shareholders		12	0	0	0
<b>Provisions</b>					
Deferred tax	8	4,220	3,659	0	0
		4,220	3,659	0	0
<b>Liabilities other than provisions</b>					
<b>Non-current liabilities other than provisions</b>					
Mortgage debt	9	4,798	6,442	0	0
		4,798	6,442	0	0
<b>Current liabilities other than provisions</b>					
Current portion of non-current liabilities other than provisions	10	1,407	2,524	0	0
Other credit institutions	11	112	15,520	0	0
Prepayment received from customers		17,401	17,313	0	0
Trade payables		54,158	78,345	0	0
Payables to subsidiaries		0	0	2,722	38
Corporation tax		7,381	0	0	3,200
Other payables		17,755	33,468	75	75
		98,214	147,170	2,797	3,313
<b>Total liabilities other than provisions</b>		<b>103,012</b>	<b>153,612</b>	<b>2,797</b>	<b>3,313</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>397,081</b>	<b>429,277</b>	<b>292,634</b>	<b>275,319</b>

Security for loans	11
Contingent assets and liabilities and other financial obligations	12
Related parties	13
Auditors' fees	14





## Statement of changes in equity

DKK'000	Parent company				Total
	Share capital	Revaluation (equity method)*	Retained earnings	Proposed dividends	
Equity at 1 January 2015	125	69,225	152,056	50,600	272,006
Dividends distributed	0	0	0	-50,600	-50,600
Exchange adjustment	0	0	-11	0	-11
Profit for the year	0	18,135	-4,493	54,800	68,442
<b>Equity at 31 December 2015</b>	<b>125</b>	<b>87,360</b>	<b>147,552</b>	<b>54,800</b>	<b>289,837</b>

\* Reserve for net revaluation according to the equity method.

DKK'000	Consolidated			
	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2015	125	221,281	50,600	272,006
Dividends distributed	0	0	-50,600	-50,600
Exchange adjustment	0	-11	0	-11
Profit for the year	0	13,642	54,800	68,442
<b>Equity at 31 December 2015</b>	<b>125</b>	<b>234,912</b>	<b>54,800</b>	<b>289,837</b>

### Accounting policies

**Proposed dividends** are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

### Minority Interests in the Group (in DKK '000)

	2015	2014
Minority interests at January 1, 2015	0	0
Share of profit/loss for the year	12	0
Share of change in equity	0	0
Dividend	0	0
<b>Minority interests at December 31, 2015</b>	<b>12</b>	<b>0</b>

### Share capital of the parent company

	2015	2014
Number of shares	125	125
Share capital in DKK	125,000	125,000

No shares have specific rights.



## Cash flow statement

DKK'000	Note	Consolidated	
		2015	2014
Profit for the year		68,442	63,331
Changes of non-cash operating items	15	25,110	36,652
Cash generated from operations (operating activities) before changes in working capital		93,551	99,983
Changes in working capital	16	12,312	8,729
Cash generated from operations (operating activities)		105,863	108,712
Financial income received		2,753	17
Financial expense paid		-2,105	-6,757
Cash flow from operations before tax		106,511	101,972
Corporation tax paid		-24,704	-20,800
<b>Cash flows from operating activities</b>		<b>81,807</b>	<b>81,172</b>
Additions of property, plant and equipment		-3,256	-1,558
Disposals of property, plant and equipment		7	5
<b>Cash flows from investing activities</b>		<b>-3,249</b>	<b>-1,553</b>
Mortgage debt, installment		-1,644	-1,460
Dividend distributed		-50,600	-31,000
<b>Cash flows from financing activities</b>		<b>-52,244</b>	<b>-32,460</b>
<b>Net cash flows from operating, investing and financing activities</b>		<b>26,314</b>	<b>47,160</b>
Cash and cash equivalents at 1 January 2015		66,838	19,678
<b>Cash and cash equivalents at 31 December 2015</b>	17	<b>93,151</b>	<b>66,838</b>

### Accounting policies

**Cash flows from operating activities** are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

**Cash flows from investing activities** comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

**Cash flows from financing activities** comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

**Cash and cash equivalents** comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.



## Notes to the annual report

### 1 Staff costs

DKK'000	Consolidated	
	2015	2014
<b>Group</b>		
Wages and salaries	40,333	36,483
Pension costs	2,578	2,224
Other social security costs	330	302
Other staff costs	2,015	1,405
	<u>45,256</u>	<u>40,414</u>
Salaries and fees paid to the Executive Board	5,360	4,191
The Board of Directors did not receive any remuneration.		
Average number of employees	<u>136</u>	<u>111</u>

#### Accounting policies

**Staff costs** comprises wages and salaries, inclusive holiday allowances, pensions and other expenses related to social contributions.

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
<b>2 Financial income</b>				
Other interest receivables, exchange gains and similar income	237	17	0	0
Revaluation of shares	2,516	0	0	0
	<u>2,753</u>	<u>17</u>	<u>0</u>	<u>0</u>
<b>3 Financial expenses</b>				
Interest expense to subsidiaries	0	0	0	43
Other interest payable, exchange losses and similar expenses	2,105	1,694	219	0
	<u>2,105</u>	<u>1,694</u>	<u>219</u>	<u>43</u>

#### Accounting policies

**Financial income and expenses** that relate to the reporting period are recognized in the income statement.

Net financials include interest income and expenses, realized and unrealized capital and exchange gains and losses on securities and foreign currency transactions, amortization of mortgage loans and surcharges and allowances under the advance-payment-of-tax- scheme, etc.

Shares are valued at market price.



#### 4 Tax on the profit for the year

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
Current tax for the year	20,398	26,307	-25	46
Change in provision for deferred tax	560	-1,507	0	0
Prior year adjustments	-5,554	0	0	0
	<u>15,404</u>	<u>24,800</u>	<u>-25</u>	<u>46</u>

##### Accounting policies

**Tax on profit/loss for the year** comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in equity.

The parent company is covered by the Danish rules on compulsory joint taxation of the Missionpharma Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

#### 5 Intangible assets

##### Group

DKK'000	Goodwill
Cost at 1 January	<u>78,940</u>
Cost at 31 December	<u>78,940</u>

##### Accounting policies

**Goodwill** is amortized over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortized on a straight-line basis over an amortization period of 10 years.

Goodwill is tested for impairment whenever there is an indication that it might be impaired. The impairment test is performed for the activity or business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or the business to which the goodwill relates.



## 6 Property, plant and equipment

### Group

DKK'000	Consolidated		
	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January	37,571	19,691	57,262
Currency revaluation of prior year cost	237	384	621
Additions during the year	330	2,926	3,256
Disposals during the year	0	-3,729	-3,729
Cost at 31 December	38,138	19,272	57,410
Revaluation at 1 January	13,377	0	13,377
Revaluation at 31 December	13,377	0	13,377
Impairment losses and depreciation 1 January	18,178	17,794	35,971
Revaluation of prior year cost	97	325	422
Depreciation during the year	1,459	1,127	2,587
Depreciation disposal during the year	0	-3,711	-3,711
Impairment losses and depreciation at 31 December	19,734	15,535	35,269
<b>Carrying amount at 31 December</b>	<b>31,781</b>	<b>3,737</b>	<b>35,518</b>

#### Accounting policies

**Property, plant and equipment** include land and buildings, other fixtures and fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and write-downs.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Leased property, plant and equipment qualifying for recognition as assets held under finance leases are accounted for as acquired property, plant and equipment.

Land and buildings are revalued at fair value on the basis of an external assessment. Revaluations and reversals hereof, less deferred tax, are taken directly to equity.

Property, plant and equipment are tested for impairment whenever there is an indication that an asset might be impaired. The impairment test is performed for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Property, plant and equipment are depreciated using the straight-line method, based on the cost, measured by reference to the below assessment of the useful lives and residual values of the assets.

Buildings	25 years
IT equipment	3-5 years
Fixtures and fittings, tools and equipment	5 years

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement under "Amortization/depreciation".



## 7 Investments in subsidiaries

### Parent

DKK'000	Total
Cost at 1 January	202,532
Cost at 31 December	202,532
<b>Adjustments</b>	
Adjustments at 1 January	69,225
Foreign exchange rate adjustment	-11
Share of profit for the year	68,735
Dividend distributed	-50,600
Adjustments at 31 December	87,349
<b>Carrying amount at 31 December</b>	<b>289,881</b>

### Specification of the company's share of the profit or loss for the year

Share of profit for the year	76,629
Amortization of goodwill	-7,894
Adjustments at 31 December	68,735

### Specification of the carrying amount at 31 December

Share of the equity in group entities	245,999
Goodwill	43,882
Carrying amount at 31 December	289,881

Name	Registered office	Ownership
P. Ginnerup ApS	Alleroed, Denmark	100 %
Missionpharma A/S	Alleroed, Denmark	40% *
Mifamed ApS	Alleroed, Denmark	100 %
GIN INVEST I ApS	Alleroed, Denmark	100 %
Missionpharma Properties A/S	Alleroed, Denmark	100 %
Missionpharma Zambia Ltd.	Lusaka, Zambia	80 %

\* Full ownership through 100% shares in P. Ginnerup ApS

#### Accounting policies

The proportionate share of the results after tax of the individual subsidiaries is recognized in the income statement of the parent company after full elimination of intra-group profits/losses.

Investments in subsidiaries in the parent company are measured using the equity method.

Investments in subsidiaries are measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealized intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognized under provisions.

Net revaluation of investments in subsidiaries is recognized in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost.



## 8 Deferred tax provisions

### Group

	2015	2014
Provision for deferred tax at 1 January 2015	3,659	5,016
Provisions during the year	561	-1,357
<b>Deferred tax at 31 December 2015</b>	<b>4,220</b>	<b>3,659</b>

#### Accounting policies

**Deferred tax** is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized at the expected value of their utilization; either as a set-off against tax on future income or as a setoff against deferred tax liabilities in the same legal tax entity and jurisdiction.

## 9 Mortgage debt

### Group

This item includes the interest swap agreement with Nordea. The fair value amounts to a liability of DKK 774 thousand at 31 December 2015.

## 10 Long-term liabilities

### Group

Breakdown of certain liabilities by long-term and short-term liabilities:

	Falling due between 1 and 5 years	Falling due after more than 5 years	Total long-term liabilities	Falling due within 1 year	Total
Mortgage debt and interestswap	4,798	0	4,798	1,407	6,204



## 11 Security for loans

### Group

Land and building in Missionpharma Properties A/S with a carrying amount of DKK 29,711 thousand have been put up as security for mortgage debt totaling DKK 6,204 thousand.

## 12 Contingent assets and liabilities and other financial obligations

### Group

The Group has not assumed any guarantee obligations except for the guarantees issued in connection with operations for a total amount of DKK 61,302 thousand.

The Group companies (Missionpharma Group ApS, Missionpharma A/S, PharmaDanica A/S, Mifamed ApS, and Missionpharma Properties A/S) are jointly liable for a total credit and facility line of DKK 237 million.

The subsidiary Missionpharma Logistics Pvt. Ltd. is currently involved in a transfer pricing dispute with the Indian tax authorities for more income years. Missionpharma is confident about a positive outcome of the dispute even if it still represents an uncertainty.

Rental commitments for land and buildings amount to DKK 2.6 million.

## 13 Related parties

### Group

The Company's immediate Parent Company at 31 December 2015 that prepares Group Annual Report in which the Company is included as a subsidiary is Eurapharma SA, France.

The Group Annual Report can be obtained at the following address:  
Eurapharma SA, 18 rue Troyon, 92316 Sèvres Cedex, France.

The Company's ultimate Parent Company at 31 December 2015 that prepares Group Annual Report in which the Company is included as a subsidiary is Toyota Tsusho Corporation, Japan.

The Group Annual Report can be obtained at the following address:  
Toyota Tsusho Corporation, 9-8 Meieki 4-chome, Nagoya-shi, Aichi-ken, Japan.

## 14 Auditor's fees

### Group

DKK'000	Consolidated	
	2015	2014
Fee for statutory audit	276	295
Tax assistance	10	13
Fee for non-audit services	20	81
	<b>306</b>	<b>389</b>





DKK'000	Consolidated	
	2015	2014
<b>15 Changes of non-cash operating items, cash flow statement</b>		
Amortization/depreciation	10,481	11,296
Financial income	-2,753	-17
Financial expenses	2,105	1,694
Tax for the year	15,404	24,800
Provision and other non-cash operating items, net	-127	-1,120
	<u>25,110</u>	<u>36,652</u>
<b>16 Changes in working capital, cash flow statement</b>		
Change in inventories	53,399	-37,153
Change in trade receivables	8,822	-23,329
Change in other receivables	-8,980	5,664
Change in trade payables	-24,187	47,799
Change in other payables	-15,713	9,159
Change in prepayments received from customers	88	7,562
Other liabilities	-1,118	-973
	<u>12,312</u>	<u>8,729</u>
<b>17 Cash and cash equivalents, cash flow statement</b>		
Cash and cash equivalent at 31 December 2015 consist of:		
Other credit institutions	-112	-15,520
Cash	93,263	82,358
	<u>93,151</u>	<u>66,838</u>



## Accounting policies

---

Accounting policies not already covered in the report.

### General accounting policies

The annual report of Missionpharma Group ApS for 2015 has been prepared in accordance with the provisions applying to reporting class large C enterprises under the Danish Financial Statements Act.

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

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Consolidated financial statements

The consolidated financial statements comprise the parent company, Missionpharma Group ApS, and subsidiaries in which Missionpharma Group ApS directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

The consolidated entities' financial statements are prepared in accordance with the accounting policies applied by the parent. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realized and unrealized gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as financial income or financial expenses.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognized directly in equity.



### General accounting policies (continued)

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognized directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognized directly in equity.

#### Derivatives

Derivative financial instruments are initially recognized on the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognized as other receivables and other payables, respectively.

Changes in fair value of derivative financial instruments designated as or qualifying for recognition as a fair value hedge of a recognized assets or liabilities are recognized in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of future transactions are recognized as other receivables or other payables and in equity until the realization of the hedged transaction. If the future transaction results in the recognition of assets or liabilities, amounts which were previously recognized in equity are transferred to the cost of the asset or liability. If the future transaction results in income or costs, amounts which were previously recognized in equity are transferred to the income statement for the period when the hedged item affects the income statement.

### Income statement

#### Revenue

Income from the sale of goods held for sale and finished goods is recognized in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognized in revenue.

In pursuance of section 96(1) of the Danish Financial Statement Act, a geographical breakdown of revenue is not disclosed for competitive reasons.

#### Other External Expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, etc.



## Balance sheet

### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realizable value is lower than cost, inventories are written down to this lower value.

Goods held for sale are measured at cost, comprising purchase price plus delivery costs.

### Receivables

Receivables are measured at amortized cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired.

### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

### Corporation tax

Current tax payable and receivable are recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognized in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

### Financial liabilities

Financial liabilities are recognized on the raising of the loan at the proceeds received net of transactions transaction costs incurred. Interest-bearing debt is subsequently measured at amortized cost, using the effective interest rate method.

### Other payables

Other liabilities are measured at net realizable value.



## Definition of financial ratios

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

Operating margin (EBIT margin)	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Operating profit} \times 100}{\text{Average total assets}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$
Equity ratio	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$