BLUEFISH PHARMACEUTICALS

ANNUAL REPORT 2014

Contents

Bluefish in brief

Business concept

Bluefish's business concept is to provide affordable, generic pharmaceuticals with product quality and patient safety as the highest priority.

Business model

Bluefish has a strong European platform from which we offer an extensive portfolio of high quality pharmaceuticals. The company has an efficient organisation and it can quickly adapt to changes in market conditions. This enables Bluefish to not only take advantage of new opportunities, but also expand the business to new areas.

Strategy

The company's strategy for achieving its financial goals of increasing net sales and achieving a higher level of profitability is to expand the product portfolio and continue increasing its market share in existing and new areas. Profitability will improve by increasing gross margin via a more advantageous product and market mix, along with better leverage of the company structure.

Bluefish organisation

Bluefish has an efficient organisation, where most business activities are managed centrally. The company has decided to have small, local office in Europe, which have extensive knowledge of each specific market. Other activities, like product development, purchasing, quality control and follow-up on side effects are dealt with either by the head office in Stockholm or the company's technology and development centre in Bangalore, India. At the end of 2014, the company had 90 employees.

Important events during 2014

Expansion outside Europe

During 2014, the company signed an agreement with a local distributor in Iraq regarding sales and marketing for a selection of Bluefish products in the region. The first partial delivery occurred during the fourth quarter and the remaining goods will be delivered during 2015. During the year, Bluefish also set up a local company in Dubai, which will provide it with extensive coverage of several markets, including Middle East, Northern Africa and Southern Africa. Tranzone, our logistics partner for the region, will be responsible for the distribution of goods in these markets. The goal is to develop the business in this area with existing and new partners by launching more products and ensuring both new and repeat orders.

Great success in Spain

In January 2014, Servicio Andaluz de Salud (SAS), the state health authority in Spanish Andalusia, became one of Bluefish's most important customers. The first contract with SAS runs from January 2014 and the second from November 2014. Both are valid for a two-year period. These contracts make Bluefish an exclusive and semi-exclusive supplier of a number of products to Andalusia, which is the largest of Spain's 17 independent regions. The agreements with SAS add major growth potential for the company's operations in Spain, where the value of net sales for the two contracts amounts to a total of SEK 70 million. In 2014, Spain was one of Bluefish's most important markets.

Improved earnings during the forth quarter of 2014.

During the fourth quarter of 2014, Bluefish generated net sales of SEK 60.3 (43.6) million, which corresponds to an increase of 38% compared to the same period last year. Gross profit was SEK 29.8 (11.0) million, with a corresponding gross margin of 49.5 (25.3)% for the period. The increase in net sales during the fourth quarter was primarily due to the new agreements in Spain, where initial volumes were sold during the period, along with the first partial delivery to our partner in Iraq. An overall increase from other markets also had a beneficial impact. Revenue during the fourth quarter generated an above-average gross margin, which had a positive impact on the company's earnings. Adjusted for currency effects, the company achieved an important milestone by reporting a positive EBITDA of SEK 1.9 million during the fourth quarter.

Progress with development projects

Several of the company's own development projects are now in the final phase of development. For the product that is furthest along, the Swedish Medical Products Agency has confirmed that receipt of the registration dossier will occur in March 2015. This decentralised procedure will include several of Bluefish's most important markets, with launches expected during 2016. Additionally, the company is actively searching for partners for this product in markets outside Bluefish's existing areas. The development project is expected to contribute to growth in net sales starting in 2016.

New issue and extension of convertible debt

During the second quarter of 2014, the company carried out a new issue for SEK 50 million. The company's largest shareholders were the main subscribers. Furthermore, many convertible debt holders accepted the offer to extend their holding until 30 June 2017 for an amount corresponding to SEK 21.7 million. The others were repaid SEK 18.4 million in June 2014. At the end of the year, net debt amounted to SEK 56.4 million, compared with SEK 60.2 million at the beginning of the year.

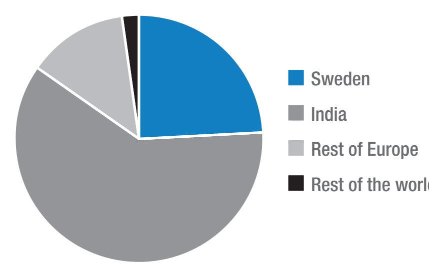
The year in figures

The Group's net sales for the year were SEK 187.7 (175.5) million, representing an increase of 7% compared to 2013. EBITDA for the year was SEK –34.1 (–31.4) million. Earnings include realised and unrealised foreign exchange effects of SEK –8.2 million. During the fourth quarter, there was considerable improvement in both sales and profitability.

Key figures, Group	2014	2013	2012
Net sales, SEK m	187.7	175.5	162.3
EBITDA, SEK m	–34.1	–31.4	–52,7
Cash flow from operating activities, SEK m	–25.6	29.4	–39.8
Earnings per share, SEK	–0.82	–0.90	–1.50
Equity/assets ratio, %	26.8	29.3	30.7
Number of employees at end of period	90	85	79

Quarterly sales and earnings 2014	Q1	Q2	Q3	Q4	Total
Net sales, SEK m	44.5	38.3	44.7	60.3	187.7
Change compared to last year, %	–3%	–13%	6%	38%	7%
EBITDA	–10.7	–15.0	–6.9	–1.4	–34.1

Geographic distribution, employees



Board of Directors

Gerald Engström
Chairman of the Board of Directors since 2011
Born 1948
Director since 2010
President and CEO, Systemair AB

Education:
Technical college engineer, studies in economics, Stockholm University

Other Board assignments:
Director, Systemair AB, Repant ASA, Färna Invest AB

Shareholding in Bluefish: 27,612,983[1]

Nivedan Bharadwaj
Director since 2012
Born 1970
Founder of Fortune Stones Ltd.

Education:
MBA

Other Board assignments:
Director, Trustees for Fortune Institute of International Business, New Delhi, India.

Shareholding in Bluefish: –

Erika Kjellberg Eriksson
Director since 2013
Born 1962
Partner, Nexttobe AB

Education:
MBA

Other Board assignments:
Chairman of the Board: Lokon Pharma AB
Director: Linum AB, Q-linea AB, Zetcity AB, Endovascular Development AB, Lumina Adhesives AB, Capilet Genetics AB, Tanea Medical AB

Shareholding in Bluefish: –

Karl Karlsson
Director since 2005
Born 1974
President and CEO since 2005
For further information, see Management

1 Private holding or holdings via the company as of 31 March 2015

Management

Karl Karlsson
President and CEO since 2005
Member of the management group since 2005, employed in 2005
Born 1974

Professional experience:
CEO, RDA Interactive LLC, 1997-2002, New York, USA

Education:
Owner/President Management Program at Harvard Business School, Boston, USA
Marketing and Business Administration, George Mason University, Virginia, USA

Shareholding in Bluefish: 7,592,854

Susanna Urdmark
Chief Financial Officer since 2009
Member of the management group since 2007, employed in 2007
Born 1971

Board assignments:
Director, Lidds AB

Professional experience:
Manager at Healthcare, Handelsbanken Asset Management, Analyst, Healthcare, Handelsbanken Capital Markets, Analyst at Healthcare, Carnegie Investment Bank

Education:
Master in Medical Sciences, Boston University School of Medicine, USA
MBA, Stockholm School of Economics

Shareholding in Bluefish: 180,000

Johan Florin
Head of Sales and Marketing since 2007
Member of the management group since 2007, employed in 2007
Born 1977

Board assignments:
Chairman of the Board at the Association for Generic Pharmaceuticals in Sweden

Professional experience:
Marketing Manager, Nordic region, Merck NM (Mylan)

Education:
MSc Engineering, Chalmers University of Technology, Gothenburg

Shareholding in Bluefish: –

Employment terminated on 10 April 2015

List of shareholders as of 2015-03-31

Shareholder	A shares	B shares	Total no. shares	Total no. votes	Share of equity	Share of votes
Nexttobe AB	3,851,049	22,688,881	26,539,930	6,119,937	32.8%	32.2%
Färna Invest AB	2,130,351	25,482,632	27,612,983	4,678,614	34.1%	24.6%
Karl Karlsson	4,100,000	3,492,854	7,592,854	4,449,285	9.4%	23.4%
Varenne [1]	1,068,400	2,078,620	3,147,020	1,276,262	3.9%	6.7%
Whochford Holding	597,996	2,652,004	3,250,000	863,196	4.0%	4.5%
Other	400,000	12,399,709	12,799,709	1,639,971	15.8%	8.6%
Total	**12,147,796**	**68,794,700**	**80,942,496**	**19,027,266**	**100.0%**	**100.0%**

1 Refers to shares held by Varenne AB (1,068,400 Class A shares and 1,328,620 Class B shares) and Varenne Invest I AB (750,000 Class B shares).

During April all A shares have been converted to B shares according to the share conversion clause that was added to the articles of association at 2014 annual general meeting.

Directors' report

The Board of Directors and CEO of Bluefish Pharmaceuticals AB (publ), registration number 556673-9164, hereby submit the following annual report and consolidated financial statements for the 2014 financial year. All figures pertain to the Group for the 2014 financial year. Unless otherwise stated, comparison figures are for the 2013 financial year.

The Group consists of 16 companies. The Parent Company for the Group is Bluefish Pharmaceuticals AB.

Bluefish operations

Bluefish strives to make quality pharmaceuticals available to more people. We create value throughout the entire pharmaceuticals value chain, i.e. from product development to manufacturing and marketing of generic pharmaceuticals. Our company culture and close cooperation with development and manufacturing partners are important components in our efforts to deliver quality products at affordable prices. We offer a product portfolio that consists of a wide range of high quality generic pharmaceuticals for a growing number of treatment areas. Part of our long-term strategy is to expand the product range of patent-free volume products, while simultaneously offering a wider selection of niche products in more specific therapy areas. Bluefish products originate from a generic substance with well-documented safety and results. Our strategy of developing products based on well-known substances gives us a product range with substantial market potential.

Bluefish already has operations in 19 European countries and in 2014, we also set up a new subsidiary in Dubai, aimed at increasing operations in regions outside Europe.

Group earnings and financial position

Net sales and earnings

Net sales for the full year 2014 were SEK 187.7 (175.5) million representing an increase of 7% as compared to the same period in 2013. With input costs amounting to SEK 117.3 (118.1) million, the gross profit amounted to SEK 70.4 (57.4) million, corresponding to a gross margin of 37.5 (32.7)%. The gross profit includes inventory impairment of SEK 11.5 (14.4) million. Throughout the 2014 financial year, currency fluctuations have had a negative effect on net sales equal to SEK –2.4 (–2.1) million.

Operating costs for the year amounted to SEK 126.5 (107.3) million, of which SEK 22.0 (18.4) million was amortisation and depreciation. EBITDA for 2014 was SEK –34.1 (–31.4) million. During 2014, currency fluctuations also had a negative effect on EBITDA equal to SEK 8.2 (–4.6) million. The net loss for the period was SEK 60.4 (59.8) million, which includes currency effects of SEK –7.5 (–4.1) million.

Cash and cash equivalents and financing

At the end of the period, cash and cash equivalents amounted to SEK 44.2 million, compared with SEK 63.1 million at the beginning of the year. Cash flow from operating activities amounted to SEK –25.6 (29.4) million in 2014, of which SEK –5.0 (49.8) million was the change in working capital. Cash flow from investing activities was SEK 19.8 (–21.9) million in 2014, of which investments in intangible assets, such as product development, licenses and market approval, amounted to SEK –15.5 (–17.8) million.

For 2014, cash flow from financing activities was SEK 24.9 (31.3) million, which consisted of a new share issue for SEK 50 million, repayment of convertible debt for SEK 18.4 million and a lower level of utilisation on bank overdraft and invoice discounting for SEK 6.6 million. As of 31 December 2014, utilsed bank credit was SEK 79.4 million, compared with SEK 83.5 million at the beginning of the year. Total available bank credit was SEK 100 million.

Net financial income/expense amounted to SEK –5.3 (–7.8) million for the year, which includes interest expense on the convertible debt and bank overdraft. Financial expenses fell during the period due to repayment of a portion of the convertible debt instrument during the second quarter of 2014.

Shareholders' equity and equity ratio

At the end of the period, equity was SEK 99.9 million, compared to SEK 110.1 million at the beginning of the year. That corresponds to SEK 1.23 (1.55) per share. During the year, equity was impacted by a new issue for SEK 50 million and repayment of convertible debt for SEK 18.4 million. At the end of the period, the equity ratio was 26.8%, compared to 29.3% at the beginning of the year.

Multi-year review 2010-2014

SEK million	2014	2013	2012	2011	2010
Net sales	187.7	175,5	162.3	145,2	92.7
Gross profit	70.4	57,4	33.2	39,4	28.8
Gross margin	37.5%	32.7%	20.5%	27.1%	31.1%
EBITDA	–34.1	–31,4	–52.7	–20,1	–6.8
Profit (loss) before tax	–61.4	–57.6	–76.4	–38.9	–19.0
Cash flow from operating activities	–25.6	29.4	–39,8	–101.2	–26.7
Cash flow from investing activities	–19.8	–21,9	–32.9	–49.0	–33.8
Earnings per share, SEK	–0.82	–0.90	–1.50	–1.09	–0.60
Equity per share, SEK	1.23	1.55	1.87	2.38	2.54
Equity ratio	26.8%	29.3%	30.7%	31.6%	43.3%

The work of the Board

During the year, the Board held eight (8) meetings. An annual general meeting was held during the year, at which time the Chairman of the Board was reelected, along with all of the Directors. The Board thus consists of the Chairman of the Board and three Directors.

Significant events after year-end

New contract in Spain

In February, Bluefish was selected as semi-exclusive supplier for Metformin 850 mg and as exclusive supplier for Topiramate 200 mg as part of a two-year contract with SAS (Servicio Andaluz de Salud). The first deliveries are planned for the second quarter of 2015. The estimated net sales for this contract are SEK 40 million over its two-year duration. Bluefish is already a semi-exclusive and exclusive supplier for several SAS products. Although tendering is an important tool for purchasing pharmaceuticals in the rest of Europe, Andalusia is so far the only one of Spain's 17 regions using it.

Registration application for development projects

During March 2015, documentation was completed for the company's most advanced development project and the paperwork has been submitted to the Swedish Medical Products Agency for approval. Bluefish has elected to register the product using the decentralised procedure, which typically takes up to a year to complete. Launch of the product is planned for 2016.

Product development

The company's product development efforts revolve around new generic formulations. Compilation of the product portfolio is essential in order to ensure an adequate level of continued growth in net sales and profitability. Development efforts are focused on products that the company believes will create value over the long term. In 2014, Bluefish invested SEK 3.1 (2.7) million in drug development, not including the costs for registration, side effect management and quality assurance.

Environmental efforts and work environment

Bluefish strives to comply with all work environment rules and regulations and minimise any negative environmental impact of our operations. We provide a good work environment to all of our employees. The company is not involved in any environmental disputes. Contract manufacturers are used for all of our pharmaceutical production. Factories are located in Spain, Greece, Portugal, Germany, Austria, Turkey and India. All facilities are inspected at regular intervals by the company's quality department to ensure compliance with GMP (Good Manufacturing Practice), as well as compliance with local regulations and regulatory requirements pertaining to the environment.

Parent company

Bluefish Pharmaceuticals AB is the parent company for the Bluefish Pharmaceuticals Group. For 2014, net sales were SEK 185.1 (172.5) million, of which SEK 40.0 (30.7) million was intra-Group sales. Operating profit (loss) amounted to SEK –54.2 (–49.5) million and net financial income/expense amounted to SEK –7.7 (–9.2) million. At the end of the period, cash and cash equivalents amounted to SEK 20.4 million, compared with SEK 55.0 million at the beginning of the year.

Future outlook

Over the year, net sales will fluctuate from quarter to quarter. However, the company expects net sales for the full year 2015 to increase compared to 2014. Growth originates from prior contracts, planned product launches and an overall increase in market share. Additionally, gross margin is expected to surpass last year's level.

Risks and uncertainty factors

There are both operational and financial risks associated with Bluefish's operations. Examples of operational risks are market competition and price levels, risk of manufacturing disturbances, the ability to retain and recruit key employees, regulatory approval and agreements with partners. Financial risks that Bluefish has identified include currency, leveraging, credit and liquidity risk. The company's significant financial risks and uncertainty factors are described in more detail in Note 3.

Proposed allocation of company profits

The following profits are at the disposal of the AGM:

SEK	
Share premium reserve	340,626,664
Retained earnings	–197,826,545
Profit (loss) for the year	–61,950,693
Total	**80,849,426**

The Board of Directors and the CEO propose that the unappropriated earnings, SEK 80,849,426, are brought forward.

Regarding the results and financial position of the Group and the Parent Company at the end of the financial year, as well as financing and use of capital during the financial year, reference is made to the following income statements and balance sheets, specifications and changes in equity, cash flow statements, accounting and valuation principles, and notes. Unless otherwise stated, amounts set forth in the annual report and consolidated financial statements are presented in SEK thousands.

Income statement
Group

SEK thousands	Note	2014	2013
Net sales	2, 4	187,748	175,505
Cost of goods sold		–117,364	–118,068
Gross profit		**70,384**	**57,437**
Selling expenses		–60,257	–50,159
Administrative expenses		–17,846	–16,374
Development costs		–48,381	–40,731
Other revenue		–	280
Other expenses		–2	–256
Operating profit	5-10	**–56,102**	**–49,803**
Financial income	12	755	568
Financial expenses	13	–6,030	–8,350
Financial items – net		**–5,275**	**–7,782**
Profit (loss) before tax		**–61,377**	**–57,585**
Income tax	14	–1,142	–909
Net loss for the year, attributable to shareholders of the Parent Company		**–62,519**	**–58,494**

EARNINGS PER SHARE

		2014	2013
Basic earnings per share (SEK)	15	–0.82	–0.90
Diluted earnings per share (SEK)	15	–0.82	–0.90

Statement of comprehensive income

SEK thousands	Note	2014	2013
Profit (loss) for the year		–62,519	–58,494
Other comprehensive income			
Items that may be reclassified to profit or loss			
Translation differences		2,014	–456
Cash flow hedges	16		
value change for the year		–3,047	–2,805
reclassified to profit (loss) for the year		3,111	1,926
Total other comprehensive income		**2,078**	**–1,335**
Total comprehensive income for the year		**–60,441**	**–59,829**

Balance sheet
Group

SEK thousands	Note	2014-12-31	2013-12-31
ASSETS	2, 22		
Non-current assets			
Intangible assets	9, 17	169,144	172,390
Property, plant and equipment	9, 18	8,895	5,151
Financial assets	20	1,700	1,756
Total non-current assets		**179,739**	**179,297**
Current assets			
Inventories	21	85,778	78,363
Accounts receivable	23	52,073	47,007
Tax receivables	23	593	188
Other receivables	23	6,151	5,074
Prepaid expenses and accrued income		3,756	3,107
Cash and cash equivalents	28	44,165	63,065
Total current assets		**192,516**	**196,804**
TOTAL ASSETS		**372,255**	**376,101**
EQUITY AND LIABILITIES	2, 3, 22		
Equity			
Share capital	24	16,188	14,188
Other contributed capital		343,991	295,771
Reserves		–1,446	–3,524
Retained earnings		–258,825	–196,306
Total equity		**99,908**	**110,129**
Non-current liabilities			
Borrowings	25	21,242	7,871
Other non-current liabilities	26	2,863	2,645
Total non-current liabilities		**24,105**	**10,516**
Current liabilities			
Accounts payable		65,658	63,646
Derivative instruments	16	968	1,032
Current tax liabilities		374	487
Borrowings	25	79,362	115,344
Other current liabilities	26	5,906	3,879
Accrued expenses and deferred income	27	95,974	71,068
Total current liabilities		**183,880**	**255,456**
TOTAL EQUITY AND LIABILITIES		**372,255**	**376,101**
Pledged assets	28	60,991	71,132
Contingent liabilities	28	none	none

Consolidated statement of changes in equity

	SHAREHOLDERS OF THE PARENT COMPANY				
SEK thousands	**Share capital**	**Other contributed capital**	**Reserves [1]**	**Retained earnings**	**Total shareholders' equity**
Opening equity, 1 January 2013	**11,761**	**237,947**	**–2,189**	**–137,812**	**109,707**
Profit (loss) for the year	**–**	**–**	**–**	**–58,494**	**–58,494**
Cash flow hedges	–	–	–879	–	–879
Exchange rate differences	–	–	–456	–	–456
Total other comprehensive income, net after tax	**–**	**–**	**–1,335**	**–**	**–1,335**
Total comprehensive income	**–**	**–**	**–1,335**	**–58,494**	**–59,829**
Equity portion of convertible debt (note 25)	–	2	–	–	2
Conversion of convertible debt (notes 24, 25)	800	19,200	–	–	20,000
New share issue (note 24)	1,627	39,070	–	–	40,697
Issue expenses	–	–448	–	–	–448
Total transactions with shareholders	**2,427**	**57,824**	**–**	**–**	**60,251**
Closing equity, 31 December 2013	**14,188**	**295,771**	**–3,524**	**–196,306**	**110,129**
Opening equity, 1 January 2014	**14,188**	**295,771**	**–3,524**	**–196,306**	**110,129**
Profit (loss) for the year	**–**	**–**	**–**	**–62,519**	**–62,519**
Cash flow hedges	–	–	64	–	64
Exchange rate differences	–	–	2,014	–	2,014
Total other comprehensive income, net after tax	**–**	**–**	**2,078**	**–**	**2,078**
Total comprehensive income	**–**	**–**	**2,078**	**–62,519**	**–60,441**
Equity portion of convertible debt (note 25)	–	338	–	–	338
Conversion of convertible debt (notes 24, 25)	–	–	–	–	–
New share issue (note 24)	2,000	48,000	–	–	50,000
Issue expenses	–	–118	–	–	–118
Total transactions with shareholders	**2,000**	**48,220**	**–**	**–**	**50,220**
Closing equity, 31 December 2014	**16,188**	**343,991**	**–1,446**	**–258,825**	**99,908**

1 The hedging reserve consists of commercial cash flow hedges, for which hedge accounting in accordance with IAS 39 Financial Instruments is applied. The translation reserve arises when foreign net assets are translated using the exchange rate valid on the transaction date. The positive exchange rate difference for the year of SEK 2,014 thousand resulted from a weakening of the SEK against other important currencies for Bluefish. The exchange rate difference primarily results from a weakening of SEK against EUR.

Consolidated cash flow statement

SEK thousands	Note	2014	2013
Operating activities			
Operating profit		–56,102	–49,803
Interest paid		–6,171	–8,674
Interest received		3,198	2,008
Taxes paid		–1,702	–638
Adjustment for items not included in cash flow	29	40,158	36,624
Cash flow from operating activities before changes in working capital		**–20,619**	**–20,482**
Cash flow from changes in working capital			
Inventories		–18,878	7,029
Operating receivables		–4,325	2,388
Operating liabilities		18,190	40,428
Cash flow from operating activities		**–25,632**	**29,363**
Investing activities			
Acquisition of intangible assets		–15,490	–17,754
Sale of intangible assets		44	271
Acquisition of property, plant and equipment		–4,306	–4,432
Cash flow from investing activities		**–19,752**	**–21,915**
Financing activities			
Cash issues		50,000	40,697
Issue expenses		–118	–448
Bank overdraft		164	–2,758
Invoice discounting		–6,733	–6,268
Issued convertible debt		–	8,100
Repayment of convertible debt		–18,400	–8,000
Cash flow from financing activities		**24,913**	**31,323**
Cash flow for the year		**–20,471**	**38,771**
Cash and cash equivalents at beginning of year		63,065	24,332
Exchange rate differences in cash and cash equivalents		1,571	–38
Cash and cash equivalents at year-end		**44,165**	**63,065**

Income statement
Parent Company

SEK thousands	Note	2014	2013
Net sales	2, 4	185,148	172,521
Cost of goods sold		–117,180	–118,061
Gross profit		**67,968**	**54,460**
Selling expenses		–60,242	–49,422
Administrative expenses		–16,376	–15,069
Development costs		–45,565	–39,509
Other revenue		–	280
Other expenses		–2	–256
Operating profit	5-11	**–54,217**	**–49,516**
Financial income	12	31,779	518
Financial expenses	13	–39,513	–9,709
Financial items – net		**–7,734**	**–9,191**
Profit (loss) before tax		**–61,951**	**–58,707**
Income tax	14	–	–
Profit (loss) for the year		**–61,951**	**–58,707**

Statement of comprehensive income

SEK thousands	Note	2014	2013
Profit (loss) for the year		–61,951	–58,707
Other comprehensive income			
Items that may be reclassified to profit or loss			
Cash flow hedges	16		
value change for the year		–3,047	–2,805
reclassified to profit (loss) for the year		3,111	1,926
Total other comprehensive income		**64**	**–879**
Total comprehensive income for the year		**–61,887**	**–59,586**

Balance sheet
Parent company

SEK thousands	Note	2014-12-31	2013-12-31
ASSETS	2		
Non-current assets			
Intangible assets	9, 17	157,569	163,857
Property, plant and equipment	9, 18	749	843
Participations in Group companies	19	18,289	39,195
Total non-current assets		**176,607**	**203,895**
Current assets			
Inventories	21	85,778	78,363
Accounts receivable	23	26,008	32,647
Receivables from subsidiaries	23	24,634	15,745
Tax receivables	23	578	174
Other receivables	23	1,782	695
Prepaid expenses and accrued income		2,259	2,099
Cash and bank balances	28	20,406	54,954
Total current assets		**161,445**	**184,677**
TOTAL ASSETS		**338,052**	**388,572**
EQUITY AND LIABILITIES	2, 3		
Equity			
Restricted equity			
Share capital	24	16,188	14,188
Total restricted equity		**16,188**	**14,188**
Non-restricted equity			
Share premium reserve		340,627	292,406
Retained earnings		–197,826	–139,183
Profit (loss) for the year		–61,951	–58,707
Total non-restricted equity		**80,850**	**94,516**
Total equity		**97,038**	**108,704**
Non-current liabilities			
Borrowings	25	21,242	7,871
Other non-current liabilities	26	2,630	2,404
Total non-current liabilities		**23,872**	**10,275**
Current liabilities			
Accounts payable		42,732	30,349
Liabilities to Group companies		75,122	99,907
Derivative instruments	16	968	1,032
Borrowings	25	79,362	115,344
Other current liabilities	26	4,223	3,225
Accrued expenses and deferred income	27	14,735	19,736
Total current liabilities		**217,142**	**269,593**
TOTAL EQUITY AND LIABILITIES		**338,052**	**388,572**
Pledged assets	28	60,958	70,707
Contingent liabilities	28	none	none

Statement of changes in equity
Parent company

	RESTRICTED EQUITY	NON-RESTRICTED EQUITY		
SEK thousands	Share capital	Share premium reserve	Retained earnings	Total equity
Opening equity, 1 January 2013	**11,761**	**234,584**	**–138,304**	**108,040**
Profit (loss) for the year	**–**	**–**	**–58,707**	**–58,707**
Cash flow hedges	–	–	–879	–879
Total other comprehensive income, net after tax	**–**	**–**	**–879**	**–879**
Total comprehensive income	**–**	**–**	**–59,586**	**–59,586**
Transactions with shareholders				
Equity portion of convertible debt (note 25)	–	2	–	2
Conversion of convertible debt (notes 24, 25)	800	19,200	–	20,000
New share issue (note 24)	1,627	39,070	–	40,697
Issue expenses	–	–448	–	–448
Total transactions with shareholders	**2,427**	**57,824**	**–**	**60,251**
Closing equity, 31 December 2013	**14,188**	**292,406**	**–197,890**	**108,704**
Opening equity, 1 January 2014	**14,188**	**292,406**	**–197,890**	**108,704**
Profit (loss) for the year	**–**	**–**	**–61,951**	**–61,951**
Cash flow hedges	–	–	64	64
Total other comprehensive income, net after tax	**–**	**–**	**64**	**64**
Total comprehensive income	**–**	**–**	**–61,887**	**–61,887**
Transactions with shareholders				
Equity portion of convertible debt (note 25)	–	338	–	338
Conversion of convertible debt (notes 24, 25)	–	–	–	–
New share issue (note 24)	2,000	48,000	–	50,000
Issue expenses	–	–118	–	–118
Total transactions with shareholders	**2,000**	**48,220**	**–**	**50,220**
Closing equity, 31 December 2014	**16,188**	**340,627**	**–259,777**	**97,038**

Cash flow statement
Parent Company

SEK thousands	Note	2014	2013
Operating activities			
Operating profit		–54,217	–49,516
Interest paid		–6,625	–8,423
Interest received		3,210	1,958
Taxes paid		–404	–53
Adjustment for items not included in cash flow	29	34,770	33,605
Cash flow from operating activities before changes in working capital		**–23,266**	**–22,429**
Cash flow from changes in working capital			
Inventories		–18,878	7,029
Operating receivables		17,652	2,540
Operating liabilities		–22,298	38,423
Cash flow from operating activities		**–46,790**	**25,563**
Investing activities			
Acquisition of intangible assets		–12,419	–15,204
Sale of intangible assets		–	271
Acquisition of property, plant and equipment		–252	–614
Cash flow from investing activities		**–12,671**	**–15,547**
Financing activities			
Cash issues		50,000	40,697
Issue expenses		–118	–448
Change in bank overdraft		164	–2,758
Change in invoice discounting		–6,733	–6,268
Issued convertible debt instruments		–	8,100
Repayment of convertible debt instruments		–18,400	–8,000
Cash flow from financing activities		**24,913**	**31,323**
Cash flow for the year		**–34,548**	**41,340**
Cash and cash equivalents at beginning of year		54,954	13,614
Cash and cash equivalents at year-end		20,406	54,954

Note 1 Accounting principles

General information

Bluefish Pharmaceuticals AB (the Parent Company) and its subsidiaries (together, "the Group") develop products and market generic pharmaceuticals via a network of independent wholesalers and pharmacies. The Parent Company is a limited company registered and domiciled in Sweden. The headquarters are located at Torsgatan 11, 111 23 Stockholm. On 25 May 2015, the Board of Directors approved these consolidated financial statements for publication.

Basis of preparation for the financial statements

The consolidated financial statements of the Bluefish Pharmaceuticals Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. In addition, the standard RFR1 issued by the Swedish Financial Reporting Board and the Swedish Annual Accounts Act have been applied. The consolidated financial statements have been prepared in accordance with the cost method. The financial statements of the Parent Company have been prepared in accordance with the same accounting principles as for the Group, subject to the exceptions described in the section entitled "Parent Company's accounting principles."

Prerequisites for preparation of the financial statements

The Parent Company's functional currency is SEK, which is also the reporting currency for the Parent Company and the Group. Consequently, the financial statements are presented in SEK. Unless otherwise stated, all amounts are rounded off to the nearest thousand.

Non-current assets and non-current liabilities primarily consist of amounts that are expected to be recovered or paid more than 12 months after the balance sheet date.

The preparation of financial statements in accordance with IFRS requires that group management makes a number of important assessments, estimations and assumptions which affect the application of the accounting principles and of the reported amounts of assets, liabilities, revenues and expenses. The areas which include a high degree of assessment, which are complex, or such areas where assumptions and estimations are of material significance for the consolidated financial statements are described in Note 2. Estimations and assessments are reviewed regularly. Changes in estimations are reported in the period in which the change is made if the change only affects that period, or in the period in which the changes are made and future periods, if the change affects both the current period and future periods.

Unless otherwise stated below, the accounting principles below have been applied consistently in all presented years. The Group's accounting principles have been applied consistently to the reporting and consolidation of subsidiaries.

Certain comparison figures have been reclassified to conform with the presentation in the current year's financial statements. Where the reclassification relates to significant amounts, separate information thereon is provided.

New or amended reporting standards 2014

None of the IFRS or IFRIC interpretations which are mandatory for the first time in respect of the financial year commencing 1 January 2014 have had any material impact on the Group.

New and revised accounting standards that are not yet effective and have not been early adopted by the Group

A number of new or amended IFRS will come into effect during the next fiscal year or later and have not been early adopted in preparing these financial statements. Below, a description is provided of the IFRS that are expected to, or may have an impact on the consolidated financial statements. Besides the IFRS described below, there are no other revisions approved by IASB as of 31 December 2014 that are expected to have any impact on the consolidated financial statements.

IFRS 9 Financial Instruments comes into force on 1 January 2018 and it replaces IAS 39 Financial Instruments: Recognition and measurement. Certain parts of the new standard have been revised, including classification and measurement of financial assets and liabilities. IFRS 9 classifies financial assets in three different categories. Classification is determined at initial recognition based on the characteristics of the assets and the company's business model. Another part has to do with hedge accounting. On the whole, the new policies provide better conditions for preparing financial statements that give a true and fair view of how a company manages financial risks using financial instruments. Finally, new policies have been introduced for impairment of financial assets using a model based on expected losses. The aim of the impairment model is, for example, to ensure that provisions for credit losses are made at an early stage. The impact of IFRS 9 on the consolidated financial statements is still unclear.

IFRS 15 Revenue from Contracts with Customers enters into force on 1 January 2017 and it replaces all of the prior issued standards and interpretations on revenue (e.g. IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, SIC 31 Revenue – Barter Transactions Involving Advertising). IFRS 15 provides a single model for revenue recognition in contracts with customers. The point of departure for the standard is contracts between two parties for the sale of a good or service. The first step is identification of a customer contract, which, for the seller generates an asset (e.g. rights, a promise to obtain remuneration) and a liability (obligation, promise to delivery goods/services). According to the model, revenue must then be recognised, thereby demonstrating that the commitment to deliver the promised goods or services has been fulfilled. The standard has not yet been approved by the EU. The impact of IFRS 15 on the consolidated financial statements is still unclear.

Disclosure Initiative, which is amendments to IAS 1 Presentation of Financial Statements, enters into force on 1 January 2016. These amendments are aimed at further encouraging companies to seek professional advice when determining which disclosures it should make and how to structure such information in the financial statements. To make this possible, some specific improvements have been made in these areas: materiality, disaggregation and subtotals, notes structure, disclosures on accounting policies and the presentation of items of other comprehensive income arising from equity accounted investments.

Non-applicable standards

As allowed by IFRIC in respect of unlisted companies, Bluefish does not apply IFRIC 8 (Operating Segments).

Consolidation principles

Subsidiaries are companies in which Bluefish Pharmaceuticals AB has a controlling influence. 'Controlling influence' entails a right, directly or indirectly, to determine a company's financial and operational strategies, which normally means that the parent company owns more than 50% of the voting rights for all shares and participating interests. When determining whether a controlling influence exists, consideration must be given to whether there are any potential voting shares which are currently possible to utilse or convert. Subsidiaries are included in the consolidated financial statements as of the date on which the Group obtains control. They are no longer consolidated as of the date when the Group no longer has a controlling influence.

The purchase method is used for reporting the Group's business combinations. Consideration for the acquisition of a subsidiary is comprised of the fair value of the transferred assets and liabilities for which the Group has an obligation to the prior owners of the acquired company. Consideration also includes the fair value of all assets or liabilities resulting from an agreement regarding a contingent consideration. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at fair value on the acquisition date. Acquisition-related costs are expensed as incurred.

Goodwill is initially valued at the amount by which the total consideration and fair value for non-controlling interests exceeds the fair value of identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the acquired company's net assets, the difference is reported directly in profit or loss.

Intra-Group receivables and liabilities, revenues and expenses, together with unrealised profits or losses arising from transactions between Group companies, are eliminated in their entirety when preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised profits, but only to the extent that there is no need for impairment.

Translation of foreign currency

Transactions in foreign currency have been translated to the functional currency at the exchange rate applicable on the date of the transaction. Financial assets and liabilities in foreign currency have been valued at the closing day rate. Exchange rate differences which arise are reported in the income statement for the period. The consolidated financial statements are prepared in Swedish kronor (SEK), which is the functional currency and presentation currency of the Parent Company.

The balance sheets of foreign subsidiaries have been translated to SEK at the closing day rate. The income statements have been translated at the average rate for the year. The translation difference arising in connection with currency translation is recognised in other comprehensive income.

Applied exchange rates relative to the Group's reporting currency (SEK):

		Average rate		Closing day rate	
Country	Currency	2014	2013	2014	2013
Denmark	DKK	1.2203	1.1599	1.2781	1.1986
EUR countries	EUR	9.0968	8.6494	9.5155	8.9430
Hungary	HUF	0.0295	0.0291	0.0302	0.0301
India	INR	0.1125	0.1117	0.1230	0.1049
Norway	NOK	1.0894	1.1095	1.0516	1.0580
Poland	PLN	2.1746	2.0615	2.2124	2.1548
United Arab Emirates	USD	6.8577	n/a	7.8117	n/a

Upon the full or partial divestment of foreign operations, the exchange rate differences which were previously reported in other comprehensive income are recognised in profit or loss for the period as part of the gain or loss on disposal.

Net sales

Net sales comprise the fair value of what is received or will be received for goods and services sold in the course of the Group's business operations. Net sales is reported excluding VAT, returns and discounts, and after the elimination of intra-Group sales. The Group reports net sales when the amount can be measured in a reliable manner, when it is probable that future economic benefits will accrue to the Company, and when special criteria have been fulfilled for each of the Group's operations as described below. It is not possible to reliably measure an amount of revenue until all contingencies relating to the sale have been satisfied or expired. An assessment as to whether any provision is necessary is made for each individual transaction. The Group bases its estimates on historical outcomes, the type of customer, the type of transaction and the particular circumstances of each case.

The Group markets and sells a selection of generic pharmaceutical preparations, primarily on the wholesale market. Revenue is recognised upon the sale of goods when a Group company has delivered products to a wholesaler, the wholesaler can exercise its discretion to select a sales channel and price for the product, and there are no unfulfilled obligations which could affect the wholesaler's approval of the products. Delivery does not occur until the products have been sent to the designated location, the risks of obsolescence and loss have passed to the wholesaler, and either the wholesaler has approved the products in accordance with the sales agreement, the conditions for approval have expired, or the Group has objective proof that all criteria for approval have been met.

Pharmaceutical preparations with quantity discounts are often sold on the wholesale market, and the customers are entitled to return products. Sales revenue is recognised on the basis of the price set forth in the sale agreement, net after estimated quantity discounts and returns on the date of sale. Accumulated experience is used to assess and make provisions for discounts, price adjustments and returns. No financing component is considered to exist, because sales are made with a maximum credit period of 60 days, which conforms to market practice.

See also note 2, Estimates and Assessments.

Taxes

The Group's total income tax includes tax which is to be paid or received for the current year, adjustments to previous years' taxes and changes in deferred tax.

The current tax expense is calculated on the basis of the tax rules which, on the balance sheet date, have been issued or in practice have been decided upon in those countries where the Parent Company's subsidiaries operate and generate taxable revenue.

For items reported in the income statement, the associated tax effects are also reported in the income statement. Tax effects of items recognised directly in equity are recognised in equity.

Deferred tax is calculated based on temporary differences which arise between the carrying amount and tax base of assets and liabilities.

The valuation of deferred tax is based on the manner in which underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated applying the tax rates and tax rules decided upon as of the balance sheet date. If the calculation gives rise to a deferred tax asset, such asset is reported only to the extent it is likely that it will be realised.

Derivative instruments and hedging measures

Derivative instruments are reported in the balance sheet on the contract day and valued at fair value, both initially and in conjunction with subsequent revaluations. The method for reporting the profit or loss which arises in conjunction with revaluation depends upon whether the derivative is identified as a hedging instrument and, where this is the case, the nature of the item to be hedged. Forecast sales in foreign currency that are hedged with currency forward contracts are deemed to be very probable and they are classified as cash flow hedges.

When the transaction is entered into, the Group documents the relationship between the hedging instrument and the hedged item, as well as the Group's goals for risk management and the risk management process for hedging. The Group also documents its assessment, both when the hedge is entered into and on an ongoing basis, of whether the derivative instruments which are used in the hedging transactions are effective in counteracting changes in fair value or cash flows which are related to the hedged items.

Information concerning fair values for the various derivative instruments used for hedging is available in Note 16. Changes in the hedging reserve in equity are shown in the Report of changes in equity. The entire fair value of a derivative hedging instrument is classified as a non-current asset or non-current liability when the remaining term of the hedged item is greater than 12 months. It is classified as a current asset or current liability when the remaining term of the hedged item is less than 12 months.

The effective portion of the change in fair value of the derivatives identified as cash flow hedges and which qualifies for hedge accounting is recognised in other comprehensive income. Accumulated amounts in equity are reversed and reported in the income statement in those periods during which the hedged item affects earnings, for example when the forecast sales which are hedged take place. The profit or loss related to the ineffective part is immediately recognised in profit or loss under the item Other gains/losses – net.

When a hedging instrument falls due or when the hedge no longer fulfils the criteria for hedge accounting and accumulated gains or losses regarding the hedge have been reported in equity, these gains/losses remain in equity and they are recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the accumulated gain or loss which is reported under equity is recognised in profit or loss as part of Other gains/losses – net.

Intangible assets

Development costs

Expenditures incurred in development projects relating to in-house development of generic products are reported as intangible assets, provided that the likelihood of future economic benefit and useful life is considered to be high. An intangible asset is reported only to the extent the product can be sold on existing markets and resources exist to complete the development. Only those expenses which relate directly to the development of the new product are capitalised.

Other development expenditures which do not satisfy these conditions are recognised as expenses when incurred. Development expenditures which have previously been reported as an expense are not reported as an asset in a subsequent period. Capitalised development costs are amortised according to plan over the useful life.

Licences and market approvals

Acquired licenses and related market approvals are capitalised. Market approvals consist of fees for registration of licences with authorities and directly related expenditures. Licences and expenses associated with obtaining market approval are reported at cost less accumulated amortisation.

Licences and market approvals have a determinable useful life and are depreciated on a straight line basis over that period, which is calculated to be 10-15 years. As of 1 January 2011, the assessment of the useful life changed from 10 years to 10-15 years, in respect of existing licences and market approvals.

Software and trademarks

Acquired software licences are capitalised based on acquisition and implementation fees. The fees are amortised on a straight line basis over the useful life, which is 4-10 years.

Impairment of intangible assets

Intangible assets are tested for impairment at least once per year or whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the asset's fair value less selling expenses or its value-in-use, whichever is higher.

When assessing impairment, assets are grouped at the lowest levels where there are separate, identifiable cash flows (cash-generating units). For assets (other than goodwill) where an impairment loss has been recognised, an assessment is made at each closing of whether the loss should be reversed.

Property, plant and equipment

Property, plant and equipment is mainly comprised of equipment and computers, which are reported at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additional expenditures for improvements in the performance of the assets in excess of original level increase the asset's carrying amount. All other types of repairs and maintenance are reported as costs in the income statement in the period that they arise.

Property, plant and equipment are depreciated on a straight line basis over the assessed useful life of the assets, which is 3-5 years.

Impairment of non-current assets

On each balance sheet date, the Group assesses whether there are any indications that a non-current asset has diminished in value. If such is the case, the Group makes an assessment regarding the recoverable amount of the asset. Recoverable amount is equal to the fair value of an asset, less any sales costs, or its value-in-use, whichever is higher. The value-in-use is the present value of the assessed future cash flow attributable to the asset. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds the recoverable amount. Discounting rates reflect the capital cost and other financial parameters in the country or region in which the asset is used.

Leasing

A finance lease is a leasing agreement in which the economic risks and advantages associated with ownership of an asset are in all essential respects transferred from the lessor to the lessee. Title may, but need not, ultimately pass to the lessee. Operating leases are all leasing arrangements other than finance leases.

Assets held under finance leases are reported in the balance sheet at the fair value of the leasing object or the present value of minimum leasing fees, whichever is lower, and future leasing fees are reported as a loan. Expenses for the period are comprised of depreciation on the leased asset and interest expenses for the loan.

Non-current assets held under finance leases are depreciated over the useful life of the asset or the leasing period, whichever is shorter.

For operating leases, payments made during the leasing period are expensed in the income statement on a straight-line basis over the leasing period.

Inventories

Inventories are reported at the lower of cost and net realisable value. Cost is established using the First-in-First-Out method (FIFO). The net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory impairment occurs within the scope of normal business operations and is recognised in costs of goods sold.

See also note 2, Estimates and Assessments.

Financial instruments

Purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value via profit or loss are initially recognised at fair value, while the attributable transaction costs are recognised in profit or loss. Financial assets are removed from the balance sheet when the rights to receive cash flows from the instruments have expired or have been transferred and the Group has substantially transferred all risks and rewards of ownership. Financial assets that can be sold and financial assets valued at fair value via profit or loss are reported at fair value subsequent to the acquisition date. Loan receivables and accounts receivable are recognised at the time of acquisition at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of any assets in the category 'financial assets at fair value through profit or loss' are reported in the income statement as 'Other gains/losses – net' in the same period that the gain or loss arises.

Upon initial recognition of a financial asset or liability, it is measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. This applies to financial assets or liabilities that do not belong to the category "measured at fair value through the statement of comprehensive income". After initial recognition, measurement is based on how the instrument is classified.

The Group classifies its financial assets as follows: financial assets measured at fair value through profit or loss, loan receivables, accounts receivable and financial assets held for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets valued at fair value through profit or loss

Financial assets valued at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it was acquired primarily for the purpose of selling it in the short-term. Derivatives are classified as held-for-trading if they have not already been identified as hedging instruments. Assets in this category are classified as current assets if settlement is expected within twelve months. Otherwise they are classified as non-current assets.

According to IFRS 13 Financial instruments: Disclosures, there are three levels for measurement at fair value, depending on the extent to which fair value is based on observable input data according to a hierarchy with the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Other observable market inputs for assets or liabilities besides Level 1 inputs. Such data may either be directly observable (e.g. prices) or indirectly observable (i.e. derived from prices).

Level 3: Inputs for assets or liabilities that are not based on observable market data (i.e. non-observable data).

b) Loan receivables and accounts receivable

Loan receivables and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for items that fall due more than 12 months after the end of the reporting period. In such case, they are classified as non-current assets. The Group's loan receivables and accounts receivable consist of 'Accounts receivable and other receivables' and 'Cash and cash equivalents' in the balance sheet.

Accounts receivable are initially recognised at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment. Provision for impairment of accounts receivable is made when there is objective evidence that the Group will not be able to collect the total outstanding amount in accordance with the original terms. The size of the provision corresponds to the difference between the carrying amount of the asset and the present value of assessed future cash flows, discounted applying the effective interest rate. Any change in the provision is reported via profit or loss in selling expenses.

(c) Financial assets available for sale

AFS (available-for-sale) financial assets are any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified in the other categories. They are included in non-current assets, unless management does not intend to divest the asset within 12 months of the end of the reporting period.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and other short-term investments maturing within three months from the date of acquisition.

Bank guarantees are restricted cash included in cash and cash equivalents.

Share capital

Ordinary shares are classified as equity. Transaction expenses which are directly attributable to an issue of new shares or options are reported, net after tax, in equity as a deduction from the issue proceeds.

Accounts payable

Accounts payables are obligations to pay for goods or services which have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if they fall due for payment within one year or earlier. If not, they are reported as non-current liabilities.

Accounts payables are initially recognised at fair value and subsequently at amortised cost applying the effective interest method.

Borrowings

Borrowing are initially recognised at fair value net after transaction costs. Afterwards, borrowing costs are reported at amortised cost and any difference between received amount (net after transaction costs) and the repayment amount is reported in profit or loss allocated over the loan period, applying the effective interest method.

The fair value of the liability component of convertible debt instruments is determined using the market rate for an equivalent non-convertible debt instrument. This amount is recognised as a liability at amortised cost until the debt ceases through conversion or redemption. The remaining part of the amount received is attributed to the option component. This is reported in shareholders' equity, net after tax.

Bank overdraft and invoice discounting are reported as borrowings among current liabilities in the balance sheet.

Other liabilities

Other liabilities are classified as current liabilities if they fall due for payment within one year or earlier. If not, they are reported as non-current liabilities.

Other liabilities consist primarily of liabilities incurred in connection with purchases of licences. Payment in respect of licences takes place upon agreed milestones, usually depending on the market approval procedure.

Other liabilities are reported initially at fair value and thereafter at amortised cost applying the effective interest method.

Share-based payments

The Group has a share-related remuneration plan, in which payment is made in the form of shares. For options that they have received, employees in Sweden and India have either paid in cash or through a taxed benefit amounting to the estimated fair value of the options at the grant date. Calculation of fair value on allocated options at the time of allocation has been made using a binomial model (Black & Scholes), which takes into account the terms which apply for the allocation. For employees who have received options in exchange for payment amounting to less than the fair value, the difference (between the amount paid and fair value at the time of allocation) is expensed to the service that entitles employees to allocation of options.

The total amount to be expensed during the vesting period is based on the fair value of options granted, excluding the impact of non-market vesting conditions (for example, profitability and sales growth targets). Non-market related vesting conditions are taken into account when assuming the number of options which are expected to be earned. On each balance sheet date, the Company reviews its estimate of the number of shares which are expected to be earned.

Payments received for allocated options are credited to other contributed capital. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (quotient value) and other contributed capital when the options are exercised.

Parent company

The Parent Company has compiled its Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities. RFR 2 entails that the Parent Company, in its annual report of a legal entity, shall apply all of IFRS and interpretations approved by the EU to the extent possible, within the framework of the Swedish Annual Accounts Act, and taking into account the connection between accounting and taxation. The Recommendation sets out the exceptions and additions to be made from/to IFRS. The difference between the Group's and the Parent Company's accounting principles are set forth below.

The stated accounting principles of the Parent Company set forth below have been applied consistently in all periods presented in the Parent Company's financial statements.

Subsidiaries

Shares and participations in subsidiaries are reported at cost less any impairment. Cost includes any acquisition-related costs and any additional consideration. Received dividends are reported as financial income.

The recoverable amount is calculated when there are indications that shares and participations in subsidiaries have diminished in value. An impairment loss is recognised whenever the recoverable amount is less than the carrying amount. Impairment losses are reported in the items Profit (loss) from participations in Group companies.

Group contributions and shareholder contributions

Group contributions made or received by the Parent Company, with the aim of minimising the Group's total tax, are reported as appropriations in accordance with the alternative rule. Shareholder contributions provided by the Parent Company are reported in shares and participations and tested for impairment as set forth above.

Property, plant and equipment

Property, plant and equipment in the Parent Company are reported at cost less accumulated depreciation and any impairment in the same way as for the Group, but with the addition of any revaluations.

For leased assets, all leasing agreements in the Parent Company are reported in accordance with the rules for operating leases.

Presentation in the annual report

The income statement and balance sheet in the Parent Company's annual report have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's Recommendation, RFR 2.

Note 2 Estimates and judgments

The preparation of annual accounts in accordance with generally accepted accounting principles requires that management make assumptions and assessments which affect the reported assets and liabilities at the time of the preparation of the annual accounts and the reported revenues and expenses during the reporting period. Given the uncertainty associated with these estimates, the actual results may deviate from such assumptions and assessments, which can affect the Group's consolidated financial statements.

In the description of accounting principles, the areas where assessments and calculations need to be made are stated. In light of the Group's business operations, the management of Bluefish Pharmaceuticals believes that the most important of these are revenue recognition, accounting for inventories and assessing impairment of intangible assets.

Net sales

The company's gross sales consist of the number of packaging units delivered during a specific period at the price prevailing on the relevant market.

According to the practice within the pharmaceuticals industry, gross sales are affected by various deductions, which include discounts and deductions for public authorities, wholesalers, and health insurance companies, as well as returns. These deductions represent assessments of the related obligations which, in turn, require the company to make estimates regarding the effect on sales for a particular reporting period. Consequently, when reporting net sales, a deduction from gross sales is made for these estimates. The assessment of the need for such deductions is made in conjunction with each individual transaction.

Normally, there is a time delay of several months from the point in time at which the estimate of the deduction is made and the final reporting of the obligation. Net sales represents, in turn, our best estimates on cash flow from revenues.

Deductions for discounts, price adjustments and returns

Discounts arise when the Group has an agreement with an indirect customer, such as a purchasing organisation or health insurance company, to sell products at a price which is lower than the price invoiced to the wholesaler. The discount represents the difference between the invoiced price to the wholesaler and the contracted price to the indirect customer. The company reports such discounts by reducing gross sales by an amount which corresponds to our estimate of the discount which is related to a particular sale. Reserves for estimated discounts are calculated by using a combination of factors, including the terms and conditions of each individual contract, historical experience, and expected product growth.

When reducing the price of a product, we offer the customer compensation for the difference in price for the customer's existing inventory for the product in question. The estimate of such compensation is determined at the time of the price change and is based on estimated inventory levels for the product.

When a product is sold on the wholesale market where the customer is entitled to return products, a reserve is booked for estimated returns which is based on anticipated changes in market conditions and the remaining time until the product's expiration date.

On certain markets, the company offers cash discounts in order to encourage customers to pay on time. Reserves are made for cash discounts at the time of invoicing and a corresponding deduction is made from gross sales.

We adjust the reserves for deductions from gross sales on a regular basis in order to reflect the fair values. In order to evaluate the sufficiency of the reserves, the company uses internal and external estimates of inventory levels, actual discount factors received, and the time delay from sales of goods to the time such discount invoices are received.

Inventory obsolescence

The company's purchases of new goods are based on anticipated sales volumes and prices. On most markets, the wholesalers require a remaining time until the expiration date of at least six months for all deliveries. Based on historical sales and forecast volumes, the company makes continuous assessment of whether there is a risk of impairment due to short shelf life of the product, or in cases where the market price has changed and the product can no longer be sold at a profit. Such estimates of obsolescence are reported as cost of goods sold. Reconciliation against actual destruction of inventories is carried out on a regular basis.

Intangible assets

The Group's intangible assets consist primarily of licensing rights, market approvals, and products under development.

All intangible assets are continuously assessed for impairment. The Group considers in this context whether there is any indication that an asset has decreased in value. If such is the case, the Group makes an assessment regarding the recoverable amount of the asset. Recoverable amount is the fair value of an asset, less any sales costs, or its value-in-use, whichever is higher. In most cases, the market information needed to estimate the fair value of the asset is lacking. Consequently, the value-in-use is used in order to assess the asset's value. This consists of the present value of the estimated future cash flows attributable to the asset. The estimated value-in-use reflects assumptions about market trends, forecast sales and margins, future tax rates, and the discount rate. Given these extensive assumptions, actual cash flows and the present value of these can deviate significantly from the values obtained from the projected cash flows.

In those cases where the carrying amount of the asset exceeds the recoverable amount, an impairment loss is recognised for the corresponding amount. All impairment losses are immediately recognised in profit or loss. Intangible assets associated with the company's development projects for which development has been discontinued are assessed for impairment at that time and written down to their fair value (which is normally zero).

Income taxes

Deferred tax assets are calculated on the basis of future utilisation of accumulated Group loss carry-forwards. For the time being, deferred tax assets for loss carry-forwards are not recognised as assets.

Note 3 Financial risk management

Through its operations, the Group is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk in fair value, interest rate risk in cash flow and price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and it attempts to minimise potential unfavourable effects on the Group's financial results.

Risk management is conducted by a central treasury department in accordance with policies established by the Board. The treasury function identifies, evaluates and hedges financial risks in close co-operation with the Group's operational units. The Board prepares written policies, both for general risk management and for specific areas, such as currency risk, interest rate risk, credit risk, use of derivatives and non-derivative financial instruments and investment of surplus liquidity.

Market risks

Currency risk

The Group operates internationally and is exposed to currency risks which arise from various currency exposures, primarily against the EUR. Currency risk arises through future commercial transactions, reported assets and liabilities and net investments in foreign operations.

Had the SEK weakened/strengthened by 10% in relation to the EUR, with all other variables held constant, net earnings for the year as of 31 December 2014 would have been SEK 1,301 (4,753) thousand higher/lower, mainly as a result of gains/losses upon translation of receivables and liabilities in EUR after the liabilities arose. As of the balance sheet date, unrealised currency losses of SEK –6,111(–3,236) thousand had been recognised.

During 2014, the company hedged currency flows in EUR. See Note 16.

Note 3 Financial risk management (cont.)

Interest rate risk in cash flows and fair values

Because the Group has no substantial interest-bearing assets, the Group's revenues and cash flow from operating activities are, in all essential respects, independent of changes in market interest rates.

The Group's interest rate risk arises through long-term borrowing. Borrowing which takes place at variable interest rates exposes the Group to interest rate risk as regards cash flow. Borrowing at fixed interest rates exposes the Group to interest rate risk in respect of fair value.

Credit risk

Credit risk is managed at a group level. Credit risk arises through balances at banks and financial institutions, as well as credit exposure vis-á-vis wholesalers, including outstanding receivables and contracted transactions. Only banks and financial institutions with a credit rating of at least AAA from an independent rating agency are accepted. The Group's main bank is Skandinaviska Enskilda Banken AB (publ). As of 31 December 2014, the Group's balances with SEB amounted to SEK 21,015 (55,322) thousand out of its total bank balances of SEK 44,165 (63,065) thousand. For wholesalers, the Group uses credit ratings from independent rating agencies whenever such are available. If there is no independent credit rating, a risk assessment is made of the customer's creditworthiness in which its financial position is taken into account, together with previous experience and other factors. Individual risk limits are set based on internal or external credit assessments in accordance with the limits which are established by the Board. Use of credit limits is monitored regularly.

In November 2011, Bluefish entered into an agreement with SEB regarding an operating credit facility designed to meet the company's increased need for working capital. The operating credit facility includes SEK 65 million, for which the Nordic inventories have been used as collateral, and an additional SEK 20 million from invoice discounting. In November 2013, SEK 10 million was reallocated between the inventory credit and the invoice discounting. As of 31 December 2014, inventory credit amounted to SEK 75 million, with the Nordic inventories still serving as collateral, and invoice discounting amounted to SEK 10 million.

The SEB credit is conditional on the Group maintaining an equity ratio of at least 25% and maintaining available liquidity of SEK 5 million.

Price risk

The pricing of a specific product tends to fluctuate based on the number of competitors offering the product during a particular period of time. The price risk to which the Group is exposed arises when the purchase cost of a product is greater than the price at which the product can be sold, meaning the product cannot be sold at a profit, and also when a price reduction is made in respect of a product where we, according to industry practice, offer compensation to customers for the difference in price as compared with the customer's existing inventories. Assessment of inventory impairment due to excessively high purchasing costs and for compensation for the price difference to the customer, is determined at the time of the price change and based on actual and estimated inventory levels for the product. Price risks are managed at the group level.

Liquidity risk

Cash flow forecasts are prepared regularly. The Group's central finance department carefully monitors rolling forecasts regarding the Group's liquidity reserve in order to ensure that the Group has sufficient cash on hand for operating activities, along with maintaining adequate available amounts from its unused credit facilities.

The table below shows the Group's financial liabilities broken down by the time remaining from the balance sheet date until the contractual due date. The amounts stated in the table are the contracted, undiscounted cash flows regarding all amounts except convertible debt, which has been discounted. These amounts correspond to book values, since the discounting effect is negligible.

Inventory credit and invoice discounting do not take interest rate into consideration, because interest is difficult to assess due to fluctuations in the size of the liability from month to month. The credit facility with SEB is a running agreement (with a 3-month notice of termination required from each side) that remains in force as long as inventory is held in the Nordic region and there are Nordic accounts receivable that can be pledged. According to the agreement with SEB, the Nordic inventory may be pledged for an amount equal to 60% of AIP (Pharmacy Purchase Price) and Nordic accounts receivable may be pledged for up to 80% of the total invoice amount.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
As of 31 December 2014				
Convertible debt	–	–	21,242	–
Inventory credit	64,326	–	–	–
Invoice discounting	36	–	–	–
Liabilities to credit institutions	15,225	–	–	–
Accounts payable and other liabilities	71,938	2,863	–	–
As of 31 December 2013				
Convertible debt	31,855	7,871	–	–
Inventory credit	61,719	–	–	–
Invoice discounting	6,770	–	–	–
Liabilities to credit institutions	15,306	–	–	–
Accounts payable and other liabilities	70,657	2,645	–	–

As of 31 December 2014, bank credit at SEB, pertaining to inventory financing and invoice discounting was reclassified as a loan with maturity up to 12 months, since this loan is equivalent to a bank overdraft facility. In the past, the Company has recognised bank credit as a loan with maturity between one and two years because Bluefish and SEB view their relationship as long-term. That has not changed and neither side intends to cancel the agreement. The comparison figures as of December 2013 have also been reclassified.

The Board and CEO have a continuous focus on the forecast activities and are of the opinion that the company's forecast cash flows for the next 12 months are sufficient for meeting the company's liquidity needs and allows the company to implement its business plan.

Management of capital risks

For capital structure, the goal is to secure the Group's capacity to continue its activities, so that it can keep generating a return for shareholders and benefits other stakeholders, and to maintain an optimal capital structure in order to keep capital costs down.

In order to maintain or adjust the capital structure, the Group can issue new shares or sell assets to reduce liabilities.

Similarly to other companies in the industry, the Group assesses capital on the basis of the debt/equity ratio. This key ratio is calculated as a net debt divided by shareholders' equity. Net debt is calculated as total borrowing (including the items Current Borrowings and Non-current Borrowings in the consolidated balance sheet) less cash and cash equivalents.

Debt/equity ratio as of 31 December

	2014	2013
Total borrowings	100,604	123,215
Less cash and cash equivalents	–44,165	–63,065
Net debt	56,439	60,150
Total equity	99,908	110,129
Debt/equity ratio	56%	55%

Note 4 Geographic distribution of net sales

Net sales are distributed across geographic markets as follows:

Group	2014	2013
Nordic region	64,526	81,988
Europe	118,558	92,513
Rest of the world	4,664	1,004
Total	**187,748**	**175,505**

Parent company	2014	2013
Nordic region	64,526	81,988
Europe	115,958	89,529
Rest of the world	4,664	1,004
Total	**185,148**	**172,521**

The geographic market of net sales is determined by the location of customers.

Note 5 Remuneration to auditors

Group	2014	2013
Remuneration to auditors		
E&Y		
Audit engagement [1]	250	–
Auditing work other than audit engagement	–	–
Other services	–	–
Tax advice	82	–
Total	**332**	**–**
PwC		
Audit engagement [1]	–	292
Auditing work other than audit engagement	–	25
Other services	103	–
Tax advice	85	4
Total	**188**	**321**
Other auditors		
Audit engagement [1]	50	44
Auditing work other than audit engagement	13	13
Other services	–	–
Tax advice	13	9
Total	**76**	**66**
Total	**596**	**387**

Parent company	2014	2013
Remuneration to auditors		
E&Y		
Audit engagement [1]	250	–
Auditing work other than audit engagement	–	–
Other services	–	–
Tax advice	82	–
Total	**332**	**–**
PwC		
Audit engagement [1]	–	292
Auditing work other than audit engagement	–	25
Other services	103	–
Tax advice	85	4
Total	**188**	**321**
Total	**520**	**321**

1 Audit engagement refers to fees for the statutory audit, i.e. such work as is necessary for the issuance of an auditor's report, as well as audit advice provided in connection with the audit engagement.

Note 6 Employees and employee benefit expenses

Average number of employees

Group	2014		2013	
	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	22	28%	18	13%
France	2	100%	2	100%
Portugal	1	100%	1	100%
Spain	2	50%	1	100%
India	54	68%	54	69%
Germany	4	20%	3	32%
Italy	1	100%	1	100%
Poland	2	100%	2	100%
United Arab Emirates	1	0%	–	–
Total	**89**	**57%**	**82**	**59%**

Parent company	2014		2013	
	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	22	28%	18	13%
France	2	100%	2	100%
Portugal	1	100%	1	100%
Spain	–	–	1	100%
Total	**25**	**36%**	**22**	**29%**

Wages, other remuneration, and payroll overhead

	2014		2013	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Parent company	15,106	6,348	13,783	4,923
(of which pension expenses)[1]		(1,480)		(1,113)
Subsidiaries	11,500	1,149	9,101	819
(of which pension expenses)[1]		(53)		(50)
Total Group	**26,606**	**7,497**	**22,884**	**5,742**
(of which pension expenses)[1]		**(1,533)**		**(1,163)**

1 Of the Group's and Parent Company's pension expenses, SEK 33 (21) thousand relates to the Group's Board of Directors and CEO. The Group's outstanding pension obligations to these individuals amounts to SEK 33 (21) thousand.

The Group has only defined contribution pension plans. Pension costs are costs that affect profit (loss) for the year.

Salaries and other remuneration by country and between Board members, etc., and other employees

Parent company	2014		2013	
	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees
Sweden	1,593	11,686	1,620	10,177
Other countries	–	1,827	–	1,986
Total parent company	**1,593**	**13,513**	**1,620**	**12,163**

Subsidiaries	2014		2013	
	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees
India	566	6,424	–	6,063
Other countries	–	4,510	–	3,038
Total subsidiaries	**566**	**10,934**	**–**	**9,101**
Total Group	**2,159**	**24,447**	**1,620**	**21,264**

Note 6 Employees and employee benefit expenses (cont.)

Remuneration and other benefits to the Board, CEO and other senior officers

2014	Basic salary/ Directors' fee	Other benefits	Pension expenses	Other remuneration	Total
Board Chairman, Gerald Engström	–	–	–	–	–
Director, Nivedan Bharadwaj	–	–	–	–	–
Director, Erika Kjellberg Eriksson	–	–	–	–	–
CEO, Karl Karlsson	1,538	566	33	–	2,137
Other senior executives	2,400	109	42	–	2,551
Total	**3,938**	**675**	**75**	**–**	**4,688**

2013	Basic salary/ Directors' fee	Other benefits	Pension expenses	Other remuneration	Total
Board Chairman, Gerald Engström	–	–	–	–	–
Director, Nivedan Bharadwaj	–	–	–	–	–
Director, Erika Kjellberg Eriksson	–	–	–	–	–
CEO, Karl Karlsson	1,620	–	21	–	1,641
Other senior executives	2,025	–	40	–	2,065
Total	**3,645**	**–**	**61**	**–**	**3,706**

The parent company's CEO has invoiced the company SEK 0 (1,620) thousand for consultancy services

Shareholdings of the Board and senior executives

2014	A shares	B shares	Total no. shares	Holding, %	Votes, %
Chairman of the Board, Gerald Engström [1]	2,130,351	25,482,632	27,612,983	34.1%	24.6%
Director, Nivedan Bharadwaj [1]	–	–	–	–	–
Director, Erika Kjellberg Eriksson [1]	–	–	–	–	–
CEO, Karl Karlsson [1]	4,100,000	3,492,854	7,592,854	9.4%	23.4%
Other senior executives	–	180,000	180,000	0.2%	0.1%

The CEO has 2,000,000 (2,000,000) convertible debt instruments via company.

2013	A shares	B shares	Total no. shares	Holding, %	Votes, %
Chairman of the Board, Gerald Engström [1]	2,130,351	20,426,186	22,556,537	31.8%	23.1%
Director, Nivedan Bharadwaj [1]	–	–	–	–	–
Director, Erika Kjellberg Eriksson [1]	–	–	–	–	–
CEO, Karl Karlsson [1]	4,100,000	3,492,854	7,592,854	10.7%	24.7%
Other senior executives	–	180,000	180,000	0.3%	0.1%

1 Privately or via company

Gender breakdown in the Board and management

Group	2014	2013
Board of Directors		
Men	3	3
Women	1	1
Total	**4**	**4**
CEO and other senior officers		
Men	2	2
Women	1	1
Total	**3**	**3**

Note 7 Employee share option plan

Warrants that were issued in accordance with the decision on an incentive programme taken at the AGM on 22 May 2012 were cancelled in 2014. As of 31 December 2014, the company did not have any outstanding warrants.

Series	Date of issue	Final exercise date	Exercise price options	Total programme	Outstanding options	The number of shares can be increased by
2010/1	2010-06-16	2013-12-31	5.5	500,000	0	0

Option programme 2010-2013

At a General Meeting held on 15 June 2010 it was decided to introduce an international options programme for the Group's employees. Under the options plan, people closely affiliated with the Group may be allocated options which entitle the holder to acquire shares in Bluefish Pharmaceuticals AB. The options are allocated with an exercise price equivalent to the assessed market value of Bluefish Pharmaceuticals' shares at the time of issue. The options may be exercised as of the date of registration with the Swedish Companies Registration Office through 31 December 2013.

As of 31 December 2013, all 460,000 options, which corresponded to 460,000 class B shares, had been returned.

Options	2014	2013
Outstanding as of 1 January	–	460,000
Allocated during the period	–	–
Exercised during the period	–	–
Returned during the period	–	-460,000
Outstanding as of 31 December	**–**	**–**
Exercisable as of 31 December	**–**	**–**

Valuation parameters

For employees who have received options in exchange for payment amounting to less than the fair value, the difference (between the amount paid and fair value at the time of allocation) is expensed to the service that entitles employees to allocation of options.

The value of employee service attributable to the fair value of the allocated options has been reported in the income statement for SEK 0 (0).

The fair value of allocated options is assessed on the date of allocation using a binomial model which takes into account the terms of the allocation. The following table shows the input data used in the model on the issue date for each programme.

	Option programme 2010-2013
Anticipated volatility (%)	30
Weighted risk-free rate (%)	1.8
The option's exercise price (SEK)	5.5
Anticipated term of the option (years)	3
Fair value of the option (SEK)	1.00

The anticipated volatility is based on a comparison with actual 100-day volatility in the OMX index and actual 100-day volatility of closely-related listed companies, both in Sweden and abroad.

The risk-free rate is based on the yield curve of Swedish government bonds.

Note 8 Allocation of costs by by nature of expense

Group	2014	2013
Costs of goods sold	117,364	118,068
Other external expenses	68,859	58,559
Employee benefit expenses	35,635	30,303
Depreciation/amortisation and impairment loss on property, plant and equipment and intangible assets	21,992	18,402
Total	**243,850**	**225,332**

Parent company	2014	2013
Costs of goods sold	117,180	118,061
Other external expenses	79,621	66,896
Employee benefit expenses	22,145	19,633
Depreciation/amortisation and impairment loss on property, plant and equipment and intangible assets	20,419	17,471
Total	**239,365**	**222,061**

Note 9 Depreciation/amortisation and impairment loss on property, plant and equipment and intangible assets

Group	2014	2013
Depreciation, amortisation and impairment by type of asset:		
Licences	2,465	2,589
Pharmaceutical approvals	16,495	13,468
Development projects	425	491
Other intangible assets	1,043	946
Equipment and computers	1,564	908
Total	**21,992**	**18,402**
Depreciation, amortisation and impairment by function:		
Selling expenses	559	389
Administrative expenses	808	695
Development costs	20,625	17,318
Total	**21,992**	**18,402**

Parent company	2014	2013
Depreciation, amortisation and impairment by type of asset:		
Licences	2,465	2,589
Pharmaceutical approvals	16,956	13,920
Other intangible assets	651	554
Equipment and computers	347	408
Total	**20,419**	**17,471**
Depreciation, amortisation and impairment by function:		
Selling expenses	250	203
Administrative expenses	174	211
Development costs	19,995	17,057
Total	**20,419**	**17,471**

Note 10 Operating leases

The Group leases offices as part of an non-cancellable operating lease. The leasing period is 3-5 years. Notice of termination must be made at least 1-9 months before the contractual end date. Otherwise, the agreement is extend for a period of 3 years at a time.

Future total minimum lease fees for non-cancellable operating leases are as follows:

Group	2014	2013
Within 1 year	4,322	4,322
Between 2 and 5 years	7,158	11,480
More than 5 years	–	–
Total	**11,480**	**15,803**

Parent company	2014	2013
Within 1 year	2,950	2,950
Between 2 and 5 years	5,900	8,850
More than 5 years	–	–
Total	**8,850**	**11,800**

Note 11 Purchases and sales within the Group

Of the total operating expenses for the financial year, 6 (5)% was purchases from Group companies.

Of the total net sales for the financial year, 22 (18)% was sales to Group companies.

Note 12 Financial income

Group	2014	2013
Interest income on current bank deposits	103	83
Exchange gains	652	485
Total	**755**	**568**

Parent company	2014	2013
Intra-Group interest income	83	–
Interest income on current bank deposits	32	33
Exchange gains	652	485
Dividends from Group companies	31,012	–
Total	**31,779**	**518**

Note 13 Financial expenses

Group	2014	2013
Interest expenses		
Bank loans	2,247	2,890
Convertible debt (note 22)	2,727	4,505
Discounted interest, convertible debt	255	421
Other interest expenses	96	306
Other financial expenses	705	228
Total	**6,030**	**8,350**

Parent company	2014	2013
Interest expenses		
Bank loans	2,247	2,890
Convertible debt (note 22)	2,727	4,505
Discounted interest, convertible debt	255	421
Intra-group interest expenses	1,600	1,611
Other interest expenses	44	54
Other financial expenses	448	228
Impairment of shares in subsidiaries (Note 17)	32,192	–
Total	**39,513**	**9,709**

Note 14 Income tax

Group	2014	2013
Current tax	1,142	909
Deferred tax	–	–
Total	**1,142**	**909**

Current tax		
Profit (loss) before tax	–61,377	–57,585
Tax according to the applicable tax rate, 22%	13,503	12,668

Tax effect of:		
Non-deductible expenses	–35	–57
Non-taxable income	0	0
Unrecognised tax assets for loss carryforwards	–12,326	–11,702
Tax on profit for the year according to the income statement	**1,142**	**909**

Parent company	2014	2013
Current tax	–	–
Deferred tax	–	–
Total	**–**	**–**

Current tax		
Profit (loss) before tax	–61,951	–58,707
Tax under the prevailing tax rate	13,629	12,916

Tax effect of:		
Non-deductible expenses	–7,090	–57
Non-taxable income	6,823	0
Unrecognised tax assets for loss carryforwards	–13,362	–12,859
Tax on profit for the year according to the income statement	**–**	**–**

Loss carry-forwards

Group	2014	2013
Unlimited in time	339,728	278,804
Total	**339,728**	**278,804**

Parent company	2014	2013
Unlimited in time	326,467	265,563
Total	**326,467**	**265,563**

Of the Group's total loss carryforward, SEK 89,218 (89,218) thousand is blocked Group contribution and merger deficit.

Swedish loss carryforwards can be utilised for an unlimited period. Total loss carryforwards as of the balance sheet date may be utilised in subsequent years.

Deferred tax assets and tax liabilities

Deferred tax assets and tax liabilities are offset only if there is a legal right to settle the current tax assets and liabilities on a net basis. There are no deferred tax assets and tax liabilities for the financial year.

Temporary differences

Temporary differences occur when there are differences between the carrying amount of assets and liabilities and their tax base. There are no temporary differences for the financial year or the comparison period.

Note 15 Earnings per share

Basic earnings per share are calculated by dividing the net profit/loss for the year attributable to the shareholders of the Parent Company by the weighted average of the number of outstanding ordinary shares during the period. To calculate diluted earnings per share, the weighted average number of outstanding ordinary shares is adjusted for the dilutive effect of all potential ordinary shares. The Parent Company has two categories of potential ordinary shares with dilutive effect: convertible debt and warrants.

	2014	2013
Profit (loss) for the year attributable to the shareholders of the Parent Company	–62,519	–58,494
Earnings per share, SEK		
Basic	–0.82	–0.90
Diluted[1]	–0.82	–0.90
Average number of shares, thousands		
Basic	76,312	64,823
Convertible debt	–	–
Warrants	–	–
Diluted	76,312	64,823

1 No impact on earnings per share from dilution has been allowed because it would result in a higher earnings per share.

Note 16 Derivative instruments

Current liabilities	2014	2013
Forward exchange agreements – cash flow hedges	968	1,032

In 2012, the Board of Directors resolved to hedge 50-75% of forecast sales in EUR. The nominal amount of outstanding forward exchange agreements as of 31 December was SEK 27,608 (51,984) thousand.

The Board has decided not to purchase any additional contracts. The last contract was purchased in September 2014.

The hedged, very probable forecast transactions in foreign currency are expected to occur on a monthly basis over the next nine months. Gains and losses on currency forward contracts as of 31 December 2014, which have been reported in equity as part of the hedging reserve, are recognised in profit or loss in the same period that the transaction affects profit or loss.

There is no inefficiency to report for the year (0).

See note 22.

Note 17 Intangible assets

Group	2014 Goodwill	2014 Development-projects	2014 Licensing rights	2014 Market approval	2014 Other intangible assets	2014 Total	2013 Goodwill	2013 Development-projects	2013 Licensing rights	2013 Market approval	2013 Other intangible assets	2013 Total
Opening cost	624	7,418	47,338	159,740	6,855	221,975	624	4,510	45,066	148,691	6,261	205,152
Acquisitions	–	3,141	1,850	10,312	1,446	16,749	–	2,736	2,272	12,042	594	17,644
Sales/disposals	–	–	–	–11,708	–	–11,708	–	–	–	–993	–	–993
Exchange difference	–	437	–	–	–	437	–	172	–	–	–	172
Closing cost	**624**	**10,996**	**49,188**	**158,344**	**8,301**	**227,453**	**624**	**7,418**	**47,338**	**159,740**	**6,855**	**221,975**
Opening amortisation and impairment	–	–491	–12,127	–33,483	–3,484	–49,585	–	–	–9,538	–20,752	–2,538	–32,828
Amortisation according to plan	–	–	–2,465	–10,399	–1,043	–13,907	–	–	–2,589	–9,131	–946	–12,666
Impairment	–	–425	–	–6,096	–	–6,521	–	–491	–	–4,337	–	–4,828
Sales/disposals	–	–	–	11,705	–	11,705	–	–	–	737	–	737
Closing amortisation and impairment	**–**	**–916**	**–14,592**	**–38,273**	**–4,528**	**–58,309**	**–**	**–491**	**–12,127**	**–33,483**	**–3,484**	**–49,585**
Carrying amount at end of period	**624**	**10,080**	**34,596**	**120,071**	**3,773**	**169,144**	**624**	**6,927**	**35,211**	**126,257**	**3,371**	**172,390**
As of 31 December												
Cost	624	10,996	49,188	158,344	8,301	227,453	624	7,418	47,338	159,740	6,855	221,975
Accumulated amortisation and impairment	–	–916	–14,592	–38,273	–4,528	–58,309	–	–491	–12,127	–33,483	–3,484	–49,585
Carrying amount at end of period	**624**	**10,080**	**34,596**	**120,071**	**3,773**	**169,144**	**624**	**6,927**	**35,211**	**126,257**	**3,371**	**172,390**

During the year, SEK 4,062 (3,751) thousand has been capitalised for research and development costs. The amount has been reported in market approvals and development projects.

During the year, SEK 15,490 (17,754) thousand was paid in cash for intangible assets acquired during the year.

Impairment loss has been recognised for market approvals in markets where the products are no longer registered for sale. Since future economic benefits can no longer be generated, impairment loss for the facility has been recognised to bring book value down to SEK 0. Impairment loss has also been recognised in cases where the asset's carrying amount exceeds its recoverable amount. The impairment loss is for the corresponding amount of that difference. All impairment losses are immediately recognised in profit or loss. Intangible assets associated with the company's development projects for which development has been discontinued are assessed for impairment at that time and written down to their fair value (which is normally zero).

Finance leases

The item "Other intangible assets" includes leasing objects which the Group holds under finance lease agreements for the following amounts:

	2014	2013
Historical cost – capitalised finance leases	1,963	1,963
Accumulated amortisation and impairment	–1,930	–1,538
Carrying amount	**33**	**425**

Parent company	2014 Licensing rights	2014 Market approval	2014 Other intangible assets	2014 Total	2013 Licensing rights	2013 Market approval	2013 Other intangible assets	2013 Total
Opening cost	47,338	160,229	4,892	212,459	45,066	149,066	4,298	198,430
Acquisitions	1,850	10,492	1,446	13,788	2,272	12,156	594	15,022
Sales/disposals	–	–11,708	–	–11,708	–	–993	–	–993
Closing cost	**49,188**	**159,013**	**6,338**	**214,539**	**47,338**	**160,229**	**4,892**	**212,459**
Opening amortisation and impairment	–12,127	–34,528	–1,947	–48,602	–9,538	–21,345	–1,393	–32,276
Amortisation according to plan	–2,465	–10,860	–651	–13,976	–2,589	–9,583	–554	–12,726
Impairment	–	–6,096	–	–6,096	–	–4,337	–	–4,337
Sales/disposals	–	11,704	–	11,704	–	737	–	737
Closing amortisation and impairment	**–14,592**	**–39,780**	**–2,598**	**–56,970**	**–12,127**	**–34,528**	**–1,947**	**–48,602**
Carrying amount at end of period	**34,596**	**119,233**	**3,740**	**157,569**	**35,211**	**125,701**	**2,945**	**163,857**
As of 31 December								
Cost	49,188	159,013	6,338	214,539	47,338	160,229	4,892	212,459
Accumulated amortisation and impairment	–14,592	–39,780	–2,598	–56,970	–12,127	–34,528	–1,947	–48,602
Carrying amount at end of period	**34,596**	**119,233**	**3,740**	**157,569**	**35,211**	**125,701**	**2,945**	**163,857**

Note 18 Property, plant and equipment

Group	2014	2013
Equipment and computers		
Opening cost	9,569	5,673
Acquisitions	5,097	4,286
Sales/disposals	–933	–
Translation difference for the year	1,169	–390
Closing cost	**14,902**	**9,569**
Opening depreciation	–4,418	–3,700
Depreciation according to plan	–1,564	–908
Sales/disposals	666	–
Translation difference for the year	–691	190
Closing depreciation	**–6,007**	**–4,418**
Carrying amount at end of period	**8,895**	**5,151**
Equipment and computers held under finance lease agreements are included at the following amounts:	none	none

Parent company	2014	2013
Equipment and computers		
Opening cost	2,524	1,910
Acquisitions	253	614
Closing cost	**2,776**	**2,524**
Opening depreciation	–1,681	–1,273
Depreciation according to plan	–347	–408
Closing depreciation	**–2,027**	**–1,681**
Carrying amount at end of period	**749**	**843**

Note 19 Participations in Group companies

	2014	2013
Book value at beginning of the year	39,195	39,195
Impairment of shares in subsidiaries	–32,192	–
Newly established subsidiaries	94	–
Shareholder contributions to subsidiaries	11,192	–
Book value at year end	**18,289**	**39,195**

Impairment of shares in subsidiaries amounted to SEK 0 for the companies that were liquidated during the year (Bluefish Pharma s.r.o. Czech Republich and Bluefish Pharma s.r.o. Slovakia). In December 2014, Bluefish Pharmaceuticals AB received dividends of SEK 31,012 thousand from Bluefish Pharma AB and it reported an impairment loss on shares in subsidiaries of SEK 31,793 thousand when unrestricted equity was distributed in Bluefish Pharma AB. The earnings impact in the Parent Company from the impairment loss and dividends was SEK 781 thousand.

Subsidiaries	Corporate registration number	Registered office	Share of equity/votes (%)	Book value 2014	Book value 2013
Bluefish Pharmaceuticals Pvt Ltd,	U02423KA2006PTC049950	Bangalore, India	100	14,678	3,486
Bluefish Pharmaceuticals B.V	BV 1419595	Voorschoten, Netherlands	100	167	167
Bluefish Pharma Incentive AB	556731-3704	Stockholm, Sweden	100	100	100
Bluefish Pharma SL	B-64813389	Madrid, Spain	100	29	29
Bluefish Pharma GmbH	HRB 9827	Griesheim, Germany	100	232	232
Bluefish PharmaSrl	MI-1867060	Milan, Italy	100	189	189
Bluefish Pharma GmbH	FN32626a	Vienna, Austria	100	375	375
Bluefish Pharma sp z o o	142220504	Warsaw, Poland	100	127	127
Bluefish Pharma S.R.L	Ro25870837	Bucharest, Romania	100	11	11
Bluefish Pharma s.r.o.	290 54 231	Prague, Czech Republic	100	–	78
Bluefish Pharma Kft.	01-09-939500	Budapest, Hungary	100	15	15
BFPH Portugal Unipessoal Lda	509426590	Lisbon, Portugal	100	48	48
Bluefish Pharma s.r.o.	45,427,470	Bratislava, Slovakia	100	–	321
Bluefish Pharma Holding Ltd	C 50712	Sliema, Malta	100	2,165	2,165
Bluefish Pharma France Sarl	529 131 245 R.C.S. Paris	529 131 245 R.C.S. Paris	100	9	9
Bluefish Pharma AB (previously BMM Pharma AB)	556618-5210	Stockholm, Sweden	100	50	31,843
Bluefish Pharma FZ-LLC	92341	Dubai, United Arab Emirates	100	94	–
Total book value				**18,289**	**39,195**

Note 20 Other non-current liabilities

Group	2014-12-31	2013-12-31
Opening amount	1,756	473
Net change for receivables	-360	1,339
Exchange rate differences for the year	304	-56
Carrying amount at year end	**1,700**	**1,756**

Other non-current receivables primarily consist of rent deposits.

As of 2014-12-31, the Parent Company did not have any other non-current receivables.

Note 21 Inventories

Group/Parent Company	2014-12-31	2013-12-31
Finished products	79,135	70,681
Goods in transit	6,643	7,682
Total	**85,778**	**78,363**

Obsolescence reserve amounts to SEK 16,863 (18,058) thousand.

Inventory impairment is primarily related to discontinued products and products with such a short shelf life that they cannot be sold. Impairment for the year is SEK 11,462 (14,353) thousand. See Note 29.

Note 22 Financial instruments by category

2014-12-31	Loan receivables and accounts receivable	Financial assets valued at fair value through profit or loss	Derivatives used for hedging	Financial assets available for sale	Total
Assets in the balance sheet					
Accounts receivable and other receivables	53,230	–	–	–	53,230
Cash and cash equivalents (Note 28)	44,165	–	–	–	44,165
Total	**97,395**	**–**	**–**	**–**	**97,395**
2013-12-31					
Assets in the balance sheet					
Accounts receivable and other receivables	52,269	–	–	–	52,269
Cash and cash equivalents (Note 28)	63,065	–	–	–	63,065
Total	**115,334**	**–**	**–**	**–**	**115,334**

2014-12-31	Liabilities valued at fair value via profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities in the balance sheet				
Borrowings	–	–	100,604	100,604
Derivative instruments	–	968	–	968
Accounts payables and other liabilities excluding non-financial liabilities	–	–	154,676	154,676
Total	**–**	**968**	**255,280**	**256,248**
2013-12-31				
Liabilities in the balance sheet				
Borrowings	–	–	123,215	123,215
Derivative instruments	–	1,032	–	1,032
Accounts payables and other liabilities excluding non-financial liabilities	–	–	70,657	70,657
Total	**–**	**1,032**	**193,872**	**194,904**

According to IFRS 13 Financial instruments: Disclosures, there are three levels for measurement at fair value, depending on the extent to which fair value is based on observable input data according to a hierarchy with the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Other observable market inputs for assets or liabilities besides Level 1 inputs. Such data may either be directly observable (e.g. prices) or indirectly observable (i.e. derived from prices).

Level 3: Inputs for assets or liabilities that are not based on observable market data (i.e. non-observable data).

Derivative instruments valued at fair value which are used for hedging purposes as well as borrowing are classified within level 2. Since loans from credit institutes run with floating interest rate and loan to shareholders runs with fixed interest rate which both are estimated to be equivalent to current market interest rate, the book value of the loans are estimated to be equivalent to fair value.

Note 23 Accounts Receivable and Other Receivables

Group	2014-12-31	2013-12-31
Accounts receivable	52,073	47,027
Less: provision for doubtful debts	–	–20
Accounts receivable – net	**52,073**	**47,007**
Other receivables	6,744	5,262
Total other receivables	**6,744**	**5,262**
Total accounts receivable and other receivables	**58,817**	**52,269**

Parent company	2014-12-31	2013-12-31
Accounts receivable	26,008	32,667
Less: provision for doubtful debts	–	–20
Accounts receivable – net	**26,008**	**32,647**
Receivables from Group companies	24,634	15,745
Other receivables	2,360	869
Total other receivables	**26,994**	**16,614**
Total accounts receivable and other receivables	**53,002**	**49,261**

The confirmed bad debt losses for the company during the year amount to SEK 0 (0) thousand.

As of 31 December 2014, overdue accounts receivable amounted to SEK 15,950 (14,391) thousand. Of the total for overdue accounts receivable, a provision of SEK 0 (20) thousand for doubtful debts was made. The reason that no provision was made is that creditworthiness has been assessed as good, with no need for impairment. The overdue receivables pertain to a number of customers who have not previously had any difficulty making payment.

The age analysis of these accounts receivable is set forth below:

Group	2014-12-31	2013-12-31
Less than 30 days	13,616	8,988
Older than 30 days	2,334	5,403
	15,950	**14,391**

Parent company	2014-12-31	2013-12-31
Less than 30 days	7,295	8,138
Older than 30 days	–477	2,079
	6,818	**10,217**

In the Group, overdue invoices amount to SEK 15,950 thousand as of 31 December 2014. As of 30 April 2015, invoices for a total of SEK 14,913 had been paid. The outstanding amount is SEK 1,037 thousand.

In the Parent Company, overdue invoices amount to SEK 6,818 thousand as of 31 December 2014. As of 30 April 2015, all invoices had been paid.

Note 24 Share capital

According to the articles of association, the Company’s share capital shall be not less than SEK 9,000 thousand and not more than SEK 36,000 thousand. The minimum number of shares is 45,000,000 and the maximum number is 180,000,000. As of 31 December 2014, the Parent Company's share capital was SEK 16,188 thousand. The total number of shares amounts to 80,942,496. One class A share entitles the holder to one vote and one Class B share entitles the holder to 1/10 of one vote. Both classes of shares have a quotient value of SEK 0.20.

A share conversion clause was added to the articles of association at the 2014 AGM.

	A shares	B shares	Total no. shares
As of 31 December 2013	12,147,796	58,794,700	70,942,496
As of 31 December 2014	12,147,796	68,794,700	80,942,496

Share capital trend

	Number of shares (000s)	Share capital
1 January 2013	58,803	11,761
New share issue	8,139	1,627
Repayment of convertible debt	4,000	800
31 December 2013	**70,942**	**14,188**
1 January 2014	70,942	14,188
New share issue	10,000	2,000
Repayment of convertible debt	–	–
31 December 2014	**80,942**	**16,188**

During the second quarter of 2014, the Group issued 10,000,000 shares. The related transaction costs, amounting to SEK 118 thousand, have been deducted from the issue proceeds.

In June 2013, the Group issued 8,139,309 shares. The fair value of the issued shares was SEK 40,697 thousand (SEK 5.00 per share). The related transaction costs, amounting to SEK 448 thousand, have been deducted from the issue proceeds.

As of 30 June 2013, convertible debt series 2011/2014 was reduced through conversion to shares for an amount of SEK 20,000 thousand, which corresponds to 4,000,000 shares. See Note 25.

Note 25 Borrowings

Group	2014-12-31	2013-12-31
Long-term borrowings		
Convertible debt	21,242	7,871
Carrying amount	**21,242**	**7,871**
Short-term borrowings		
Convertible debt	–	31,855
Inventory credit	64,326	61,719
Invoice discounting	36	6,770
Bank loans and other loans	15,000	15,000
Carrying amount	**79,362**	**115,344**
Total carrying amount of borrowings	**100,604**	**123,215**

Parent company	2014-12-31	2013-12-31
Long-term borrowings		
Convertible debt	21,242	7,871
Carrying amount	**21,242**	**7,871**
Short-term borrowings		
Convertible debt	–	31,855
Inventory credit	64,326	61,719
Invoice discounting	36	6,770
Bank loans and other loans	15,000	15,000
Carrying amount	**79,362**	**115,344**
Total carrying amount of borrowings	**100,604**	**123,215**

(a) Convertible debt instrument

Convertible debt 2013-2017

At the extraordinary general meeting on 5 July 2013, it was decided that all holders of the convertible debt instrument 2011/2014 would be given the option to extend their holding under the same conditions, but with a new due date of 30 June 2017. Otherwise, they could convert to B shares at a subscription price of SEK 5 per share. Holders of convertible debt totaling SEK 8,000 thousand chose to execute redemption and subscribe to the new convertible debt series 2013/17 with a maturity date of 30 June 2017. On 3 July 2013, the Parent Company issued a convertible debt instrument with a total nominal value of SEK 8,100 thousand. Annual interest on convertible debt is 9% payable once a year on 30 June, with the first occasion being 30 June 2014. The debt instrument falls due on 30 June 2017. By the due date of 30 June 2014, the offer had been accepted by the convertible debt holders for a total amount of SEK 21,700 thousand.

According to the convertible debt terms, there is an entitlement to convert at any time whatsoever up to and including 31 March 2017, at a conversion price of SEK 7.50 per share. The convertible debt holder will thereupon receive one new Class B share for each full amount corresponding to the conversion price.

If all convertible debt holders demand conversion, the number of class B shares will increase by not more than 1,080,000 shares and the share capital will increase by SEK 216 thousand, resulting in maximum dilution of 2% (calculated on the number of outstanding shares as of 31 December 2013).

As of 31 December 2014, the remaining nominal amount of convertible debt is SEK 21,700 thousand, which requires an increase of the company's share capital by a maximum of SEK 578,666.60 by issuing at most 2,893,333 B shares. All convertible debt matures on 30 June 2017.

Convertible debt instrument 2011-2014

On 4 May 2011, the Parent Company issued convertible debt with a total nominal value of SEK 60,000 thousand. Annual interest on the convertible debt instrument is 9%, paid once per year on 30 June, with the first payment on 30 June 2012. The debt instrument falls due on 30 June 2014.

According to the terms of the convertible debt instrument, there is an entitlement to convert at any time whatsoever up to and including 31 March 2014, at a conversion price of SEK 7.50 per share. The convertible debt holder will thereupon receive one new class B share for each full amount corresponding to the conversion price.

In July 2013, the Company offered all existing holders of convertible debt in the 2011/2014 series totalling SEK 60,000 thousand the opportunity to convert to Class B shares at a conversion price of SEK 5 per share, or to extend their holding, on existing terms and conditions, until 30 June 2017. Holders of convertible debt worth SEK 20,000 thousand, Färna Invest AB, elected to convert to 4,000,000 shares. In addition, holders of convertible debt totalling SEK 8,000 thousand chose to execute redemption and subscribe to the new convertible debt series 2013/17 with a maturity date of 30 June 2017.

As of 31 December 2013, the nominal value of remaining convertible debt was SEK 32,000 thousand. If all convertible debt holders demand conversion, the number of class B shares will increase by not more than 4,266,667 shares and the share capital will increase by SEK 853 thousand, resulting in maximum dilution of 6% (calculated on outstanding shares as of 31 December 2013).

The offer to extend until 30 June 2017 has been accepted by convertible debt holders for a total amount of SEK 21.7 million. The remaining SEK 18.4 million was repaid on the due date, 30 June 2014.

As of 2014-12-31, the total outstanding amount of convertible debt was SEK 21,242 (39,726) thousand.

Group/Parent Company	2014-12-31	2013-12-31
Opening amount	39,726	59,207
Convertible debt, nominal value	–	8,100
Conversion to ordinary shares, nominal value	–	–20,000
Repayment of convertible debt	–18,400	–8,000
Equity portion	–338	–2
Discounted rate	254	421
Closing amount	**21,242**	**39,726**

The fair value of the liability and equity portion was determined at the time of the issuance of the convertible debt. The fair value of the liability portion, including non-current liabilities, has been calculated applying a market interest rate for comparable non-convertible debt. Remaining amounts, which represent the value of the equity portion, are included under Shareholders' Equity.

The carrying amount on the balance sheet date for the liability portion of the convertible debt is a good approximation of the fair value. The interest expense for convertible debt is calculated as an effective return through use of the effective interest rate of 10-12% for similar, non-convertible debt regarding the liability portion of the convertible debt.

Inventory credit and invoice discounting

In November 2011, Bluefish entered into an agreement with SEB regarding an operating credit facility designed to meet the company's increased need for working capital. The operating credit facility includes SEK 65 million, for which the Nordic inventories have been used as collateral, and an additional SEK 20 million from invoice discounting. In November 2013, SEK 10 million was reallocated between the inventory credit and the invoice discounting. As of 31 December 2014, the inventory credit amounted to SEK 75 million, with the Nordic inventories still serving as collateral, and invoice discounting amounted to SEK 10 million.

According to the agreement with SEB, the total value of customer invoices is used to pledge up to 80% of the total customer invoice value for invoices issued to Nordic customers. Nordic region inventory may be pledged for an amount up to 60% of AIP (Pharmacy Purchase Price).

As of 31 December 2014, bank credit at SEB, pertaining to inventory financing and invoice discounting was reclassified as a loan with maturity up to 12 months, since this loan is equivalent to a bank overdraft facility. The bank credit at SEB is an ongoing agreement as long as there are Nordic inventory and Nordic customer invoices available to pledge with a notice period of three months for both parties. In the past, the Company has recognised bank credit as a loan with maturity between one and two years because Bluefish and SEB view their relationship as long-term. That has not changed and neither side intends to cancel the agreement. The comparison figures as of December 2013 have also been reclassified.

Note 25 Borrowing (cont.)

Group/Parent Company	2014-12-31	2013-12-31
Inventory credit		
Granted inventory credit	75,000	75,000
Utilised inventory credit	–64,326	–61,719
Granted, unutilised inventory credit	**10,674**	**13,281**
Invoice discounting		
Granted invoice discounting	10,000	10,000
Utilised invoice discounting	–36	–6,770
Granted, unutilised invoice discounting	**9,964**	**3,230**
Total granted, unutilised facilities	**20,638**	**16,511**

(c) Bank loans and other loans

The company has a bank loan from Nordea for SEK 15,000 thousand, for which Färna Invest has a guarantee commitment. The loan carries annual interest of STIBOR + 1,5% and contractual interest of 0.5% of the loan amount. Renegotiation of the terms is once per year, on 31 December. Compensation of 1% of the loan amount is paid each year to Färna Invest for its guarantee commitment.

The fair value of short-term borrowing is approximately the same as the carrying amount, since the discount rate is insignificant.

See Note 3.

Note 26 Other liabilities, non-current and current

Group	2014-12-31	2013-12-31
Maturity, within one year of balance sheet date	5,906	3,879
Maturity, between 1-5 years from balance sheet date	2,863	2,645
Total	**8,769**	**6,524**

Parent company	2014	2013
Maturity, within one year of balance sheet date	4,223	3,225
Maturity, between 1-5 years from balance sheet date	2,630	2,404
Total	**6,853**	**5,629**

Liabilities primarily consist of the fees for purchasing licensing rights. Payment for licensing rights takes place upon agreed milestones, usually depending on the process for market approval.

Note 27 Accrued expenses and deferred income

Group	2014-12-31	2013-12-31
Accrued employee benefit expenses	2,921	2,847
Accrued interest expenses	4,337	5,015
Provision for net sales deduction	77,856	56,535
Other accrued expenses	10,860	6,671
Total	**95,974**	**71,068**

Parent company	2014-12-31	2013-12-31
Accrued employee benefit expenses	2,917	2,847
Accrued interest expenses	4,337	5,015
Provision for net sales deduction	2,179	6,635
Other accrued expenses	5,302	5,239
Total	**14,735**	**19,736**

Note 28 Pledged assets and contingent liabilities

Group	2014-12-31	2013-12-31
Pledged assets		
Bank guarantees	2,441	2,643
Inventories	28,472	29,602
Accounts receivable	45	8,462
Chattel mortgage	30,000	30,000
Finance lease assets	33	425
Total	**60,991**	**71,132**
Contingent liabilities	none	none

Parent company	2014-12-31	2013-12-31
Pledged assets		
Bank guarantees	2,441	2,643
Inventories	28,472	29,602
Accounts receivable	45	8,462
Chattel mortgage	30,000	30,000
Total	**60,958**	**70,707**
Contingent liabilities	none	none

The amount of pledged inventory and accounts receivable is based on utilised credit in relation to the assets book value.

Bank guarantees are restricted cash included in cash and cash equivalents.

Note 29 Supplementary disclosures to the cash flow statements

Group	2014	2013
Adjustment for items not included in cash flow		
Depreciation/amortisation and impairment of PPE and intangible assets	21,992	18,402
Profit (loss) from sale of non-current assets	194	–16
Inventory impairment	11,462	14,353
Unrealised exchange differences	6,510	3,942
Leasing fees, finance leases	–	–57
Total	**40,158**	**36,624**

Parent company	2014	2013
Adjustment for items not included in cash flow		
Depreciation/amortisation and impairment of PPE and intangible assets	20,419	17,471
Profit (loss) from sale of non-current assets	2	–16
Inventory impairment	11,462	14,353
Unrealised exchange differences	2,887	1,796
Total	**34,770**	**33,605**

Note 30 Events after the balance-sheet date

New contract in Spain

In February, Bluefish was selected as semi-exclusive supplier for Metformin 850 mg and as exclusive supplier for Topiramate 200 mg as part of a two-year contract with SAS (Servicio Andaluz de Salud). The first deliveries are planned for the second quarter of 2015. The estimated net sales for this contract are SEK 40 million over its two-year duration. Bluefish is already a semi-exclusive and exclusive supplier for several their products to SAS. While the procurement of pharmaceuticals is an accepted procedure in the rest of Europe, Andalusia is so far the only one of Spain's 17 regions applying procurement.

Registration application for development projects

During March, documentation was completed for the company's most advanced development project and the paperwork has been submitted to the Swedish Medical Products Agency for approval. Bluefish has elected to register the product using the decentralised procedure, which typically takes up to a year to complete. Launch of the product is planned for 2016.

Note 31 Transactions with related parties

Transactions between Bluefish Pharmaceuticals AB and its subsidiaries, which are companies closely related to Bluefish Pharmaceuticals AB, have been eliminated in the consolidated financial statements and are not included in this note.

The company has a bank loan of SEK 15 million from Nordea. Färna Invest has provided a guarantee for this loan. It is believed that market conditions govern this.

See Note 6 regarding remuneration to senior officers.

See Note 11 regarding intra-group purchases and sales.

The Board of Directors and CEO affirm that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and that they provide a true and fair view of the Group's financial position and results. The annual report has been prepared in accordance with generally accepted accounting principles and provides a fair and true view of the financial position and earnings of the Parent Company.

The Board of Directors' report for the Group and parent company provides a true and fair overview of the Group's and the Parent Company's operations, financial position and results and also describes material risks and uncertainties faced by the Parent Company and the companies that comprise the Group.

The income statements and balance sheets will be presented to the annual general meeting for adoption on 16 June 2015.

Stockholm, 25 May 2015

Gerald Engström
Chairman of the Board

Nivedan Bharadwaj
Director

Erika Kjellberg Eriksson
Director

Karl Karlsson
CEO

Our audit report was submitted on 26 May 2015

Ernst & Young AB

Magnus Fagerstedt
Authorised Public Accountant

Auditor's report

To the Annual General Meeting of Bluefish Pharmaceuticals AB (publ)
CIN 556673-9164

Report on the annual report and consolidated financial statements
We have conducted an audit of the annual report and consolidated financial statements of Bluefish Pharmaceuticals AB (publ) for the year 2014, pages 4-34.

The Board's and CEO's responsibility for the annual report and consolidated financial statements
The Board of Directors and the CEO are responsible for preparing an annual report which give a true and fair view in accordance with the Annual Accounts Act and for preparing consolidated financial statements which give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act, and for providing the level of internal control that the Board and the CEO deem necessary to prepare an annual report and consolidated financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the annual report and consolidated financial statements based on our audit. We conducted the audit in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual report and consolidated financial statements are free of material misstatement.

An audit includes various measures to obtain audit evidence about the amounts and disclosures in the annual report and consolidated financial statements. The auditor selects the actions to be performed, including assessing the risks of material misstatements in the annual report and consolidated financial statements, whether due to fraud or error. When performing this risk assessment, the auditor takes into account the components of the internal controls that are relevant to how the Company prepares its annual report and consolidated financial statements in order to provide a true and fair view. The aim is 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 controls. An audit also includes evaluating the appropriateness of the accounting policies applied and the reasonableness of estimates used by the Board of Directors and CEO when preparing the financial statements, as well as an evaluation of the overall presentation of the annual report and consolidated financial statements.

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

Opinion
In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company and Group as of 31 December 2014 and of its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company and Group as of 31 December 2014 and of its financial performance and its cash flows for the year in accordance with International Financial Reporting Standards adopted by the EU and the Annual Accounts Act. The Directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and Group.

Other disclosures
The annual report for 2013 was audited by a different auditor, who, in the auditor's report dated 6 May 2014 issued an unmodified opinion on this annual report.

Report on other requirements according to laws and other regulations
In addition to our audit of the annual report and consolidated financial statements, we have also audited the proposed appropriation of the profit or loss and the administration of Board of Directors and CEO of Bluefish Pharmaceuticals AB (publ) for the year 2014.

Responsibilities of the Board of Directors and the Chief Executive Officer
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Chief Executive Officer are responsible for administration under the Swedish Companies Act.

Auditor's responsibility
Our responsibility is to, with reasonable assurance, express an opinion on the proposal for appropriation of the profit or loss and the administration of the Company, based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board's proposed appropriation of the profit or loss, we examined whether the Board's proposal complies with the Swedish Companies Act.

As the basis of our statement regarding discharge from liability, besides our audit of the annual report and consolidated financial statements, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any Board member or the CEO. We also examined whether any Board member or the CEO has, in any other way, acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinion
We recommend to the AGM that the profit (loss) be dealt with in accordance with the proposal in the Board of Directors' report and that the members of the Board of directors and the CEO be discharged from liability for the financial year.

Stockholm, 26 May 2015
Ernst & Young AB

Magnus Fagerstedt
Authorised Public Accountant

Information to the shareholders

Future reports

Interim report	January-March	21 May 2015
Interim report	April-June	27 August 2015

Annual general meeting

The annual general meeting will be held on Wednesday, 16 June at 3 p.m. in the company's offices at Torsgatan 11, Stockholm.

Shareholders who wish to participate at the annual general meeting must:

be entered in the share register maintained by Euroclear Sweden AB on 10 June 2015 and must notify the Company of their participation.

Notification may be by email to susanna.urdmark@bluefishpharma.com or regular mail to Bluefish Pharmaceuticals AB, Torsgatan 11, 111 23 Stockholm.

Mark the envelope "Annual general meeting".

Notification may also be given by telephone on +46 8 519 116 00.

Notification

Notification must be received by Bluefish Pharmaceuticals no later than 10 June 2015 and must include the shareholder's name, personal ID number or corporate identity number, address, telephone number and shareholding. Shareholders who are represented by a proxy must issue a written proxy form for the proxy. If the proxy form is issued by a legal entity, a certified copy of the certificate of registration for the legal entity must be enclosed. Proxy forms and certificates of registration may not be issued earlier than one year prior to the general meeting.

Registration

In order to be entitled to participate at the annual general meeting, shareholders whose shares are nominee-registered must request that the shares be temporarily registered in the share register maintained by Euroclear Sweden AB. Reregistration must take place not later than 10 June 2015.

Address

Head office:

Bluefish Pharmaceuticals AB
Corporate identity number: 556673-9164

Torsgatan 11
111 23 Stockholm

Tel. +46 8 519 116 90
Fax. +46 8 519 116 90

email: info@bluefishpharma.com
www.bluefishpharma.com

Addresses

Sweden – headquarters

Bluefish Pharmaceuticals AB
Torsgatan 11
SE-111 23 Stockholm
Tel: +46 8 519 116 00
Fax: +46 8 519 116 90
info@bluefishpharma.com

Austria

Bluefish Pharma GmbH
Kärntner Ring 5-7
1010 Vienna
Tel: +43 1 205 1160 1138
info-at@bluefishpharma.com

France

Bluefish Pharma SARL
Paris – Haussmann
18 rue Pasquier
75008 Paris
Tel: +33 (0) 6 76 55 77 01
info-fr@bluefishpharma.com

Germany

Bluefish Pharma GmbH
Im Leuschnerpark 4
64347 Griesheim
Tel: +49 (0) 6155 605 205
Fax: +49 (0) 6155 605 206
info-de@bluefishpharma.com

Hungary

Bluefish Pharma Hungary
Budapest Parlament
1054 Kálmán Imre u. 1
Tel: +36 1 475 1400
info-hu@bluefishpharma.com

India

Bluefish Pharmaceuticals Pvt Ltd,
Bearys Global Research Triangle
Unit No. B-3, 3rd floor
Tower B, Einstein Building
Sy.No.63/3B, Gorvigere village
Bidarahalli Hobli
Whitefield Ashram Road
Bangalore 560 067
Tel: +91 80 6720 0500
Fax: +91 80 6720 0600
info-in@bluefishpharma.com

Italy

Bluefish Pharma s.r.l.
Via Alberto da Giussano 11
20025 Legnano/Milano
Tel: +39 335 208 628
info-it@bluefishpharma.com

Malta

Bluefish Pharma Holding Ltd
Bluefish Pharma Malta Ltd
The Plaza Commercial Centre
Level 4, Suite 7
Bisazza Street
Sliema SLM1640
info@bluefishpharma.com

The Netherlands

Bluefish Pharmaceuticals BV
Dennenweg 8
2202 AC, Noordwijk
Tel: +31 626 13 46 13
info-nl@bluefishpharma.com

Poland

Bluefish Pharma Sp z.o.o.
North Gate, Bonifraterska 17 street
00-203 Warsaw
Tel: +48 22 332 59 05
info-pl@bluefishpharma.com

Portugal

Bluefish Pharmaceuticals
Centro Empresarial Torres de Lisboa
Rua Tomás da Fonseca, Torre G
1600-209 Lisboa
Tel: +351 21 723 06 08
Fax: +351 21 723 06 75
info-pt@bluefishpharma.com

Romania

Bluefish Pharma S.R.L
17 C.A Rosetti, district 2
Bucharest 020011
Tel: +40 21 527 0670
info-ro@bluefishpharma.com

Spain

Bluefish Pharma S.L.U.
Parque Empresarila La Finca
Paseo Club Deportivo numero 1. Edificio 17
Pozuelo de Alarcon
28223 - Madrid
Tel: +34 91 503 00 62
Fax: +34 91 503 00 99
info-es@bluefishpharma.com

Sweden

Bluefish Pharma Incentive AB
Bluefish Pharma AB
Torsgatan 11
SE–111 23 Stockholm
Tel: +46 8 519 116 00
Fax: +46 8 519 116 90
info@bluefishpharma.com

United Arab Emirates

Bluefish Pharma FZ-LLC
Dubai Media City/Tecom
Al Thuraya Tower 2, Unit F8EO13
PO Box 500717
Dubai, United Arab Emirates
Tel: +97 14 428 0913
info-ae@bluefishpharma.com

Production: Bluefish Pharmaceuticals in cooperation with Addira.

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