BLUEFISH PHARMACEUTICALS

ANNUAL REPORT 2015

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 organization 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 into 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 as economies of scale increase.

Bluefish organization

Bluefish has an efficient organization, where most business activities are managed centrally. The company has decided to have small, local offices in Europe, as well as an office in Dubai, 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 center in Bangalore, India. At the end of 2015, the company had 94 employees.

CEO comments

A long-term strategic shift is paying off

We ended the year stronger on all levels.
The change in strategy and product offering that we've been implementing over the last few years, along with measures to improve operational efficiency, are starting to pay off.

Focus on achieving economies of scale

Since inception, the company's focus has been on achieving a size that enables economies of scale in the business model that will generate returns to shareholders. Initially, strategic focus was on off-patent molecules, mostly within the blockbuster segment. This was a natural strategic direction, since the pipeline of off-patent products was good and public insurance companies in Europe had introduced tender processes that offered access to blockbuster volumes with limited marketing resources. As the competition increased and profit margins plummeted, it became evident that this wasn't a sustainable focus area over the long term. Accordingly, Bluefish needed to reinvent its product offering strategy.

Rather than aiming for large volumes, we began searching for business opportunities where it would be possible to differentiate the product offering in, first and foremost, sub-markets that many of our global competitors would deem too small, or not prioritize for other reasons. Bluefish's new mantra became gross margin vs. topline sales, niche vs. blockbuster, local vs. central initiatives, local market intelligence vs. a central macro perspective and ensuring that we could move faster than our competitors when opportunities were identified.

Organization adapted to new challenges

In order to meet local challenges and continue supporting local strategies and business opportunities, we restructured the sales organization last year into three new business areas: Northern Europe, Southern Europe and MENA. The business has also been fortified with the addition of a new leadership position, Chief Operating Officer.

Promising outlook

Undertaking strategic change in the pharmaceutical industry requires substantial resources and, as all Bluefish stakeholders are keenly aware, takes time. However, last year we finally started noticing the results of several market and operational initiatives, which also involved achieving the size required for profitable operations. So, do we now have the required platform for scaling up the business? My short answer to that question is yes. However, since the market and competition are constantly evolving, we must still work hard, maintain focus and ensure that we allocate resources efficiently in order to maintain a strong and healthy platform. Scaling up operations and improving our profit is not only possible, but also quite realistic even though the extent of it all will depend on the future investment strategy.

The dedication, hard work and good spirit of Bluefish's employees is what will ensure our future success and I appreciate being a part of this incredible team. Thank you!

I'm proud of what we've accomplished so far but would nevertheless like to end with the last of Bluefish ethos: Most things still remain to be done. A glorious future.

Karl Karlsson
CEO

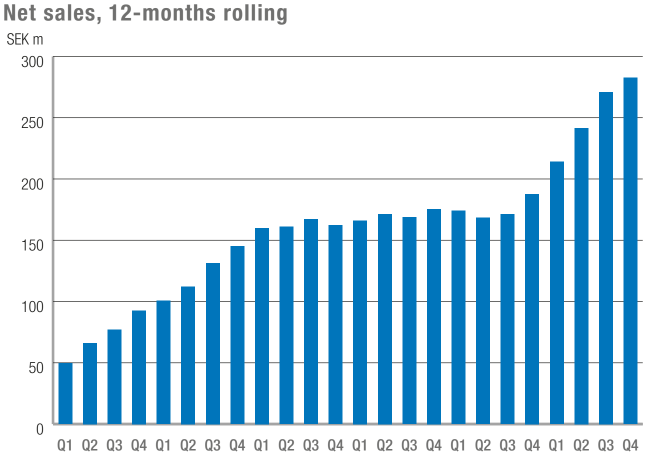
The year in brief

Robust sales growth and higher profitability

In 2015, Bluefish experienced a substantial growth in sales and higher profitability. Besides the expected sales growth in Spain, which was fueled by deliveries associated with tenders that had been won, there was also growth in the Nordic market, particularly in Sweden, where sales were considerably higher than the same period last year. In 2015, net sales increased by 51% to SEK 283.2 (187.7) million.

The increase in sales is also associated with an improvement in gross margin. For the full-year 2015, gross profit increased by 88% to SEK 132.5 (70.4) million compared to last year, which has also resulted in positive EBITDA of SEK 12.8 (–34.1) million. Accordingly, an important goal has been achieved, in that the higher level of sales and gross profit achieved by the company in 2015 makes it easier to leverage the existing company structure. The positive sales development and improved profitability is also reflected in the company's cash flow. Cash flow from operating activities was positive at SEK 48.5 million for the 2015 financial year.

Net sales, 12-months rolling



Expanded leadership team

Efforts continued during the year to develop the organization. In order to meet the new market conditions and create competitive advantages, the organization has been developed and new positions have been filled. The management team was expanded by appointing a Chief Operating Officer, responsible for making the company's supply chain more efficient. This will require strategic coordination of purchasing and logistics, quality control and regulatory affairs. We also added a Chief Business Development Officer who is responsible for identifying and developing business opportunities, along with optimizing the product portfolio. The sales organization was also reorganized, thereby creating the business areas Northern Europe and Southern Europe.

Optimization of the product portfolio

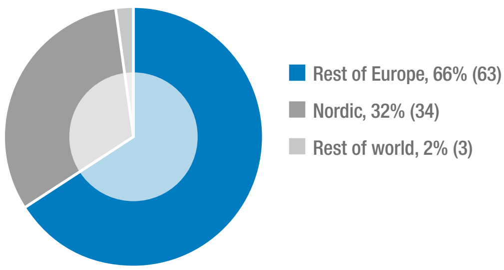
Endeavors to optimize the portfolio continued, which, during the year, involved deregistration of numerous market approvals where maintenance costs were high and Bluefish considered there to be limited potential for generating income. To ensure the company's further growth, it is necessary to supplement the product portfolio with products that can make a valuable contribution to sales growth and enhanced profitability. Thus, the company continued investing in new product licenses and development projects. Investments are made selectively and only in the markets where Bluefish feels there is high potential in terms of both sales and profitability. In total, 12 new products were added to the portfolio in 2015 for a diverse number of markets. The products are expected to be launched during the latter part of 2016 and 2017.

Meanwhile, the registration procedures for the company's own developed products is progressing in accordance with plan, with expected launches in several of Bluefish's most important market during the latter part of 2016 and 2017.

Financial overview

The Group's net sales for the year were SEK 283.2 (187.7) million, which corresponds to an increase of 51% compared to 2014 and distributed as follows: SEK 91.5 (64.5) million in the Nordic regions, SEK 186.0 (118.5) million in Rest of Europe and SEK 5.7 (4.7) million in Rest of World. The distribution of sales across Nordic, Rest of Europe and Rest of World has remained basically the same, despite the substantial growth in sales.

Distribution of net sales



Gross profit was SEK 132.5 (70.4) million, with a corresponding gross margin of 46.8 (37.5)% for the period.

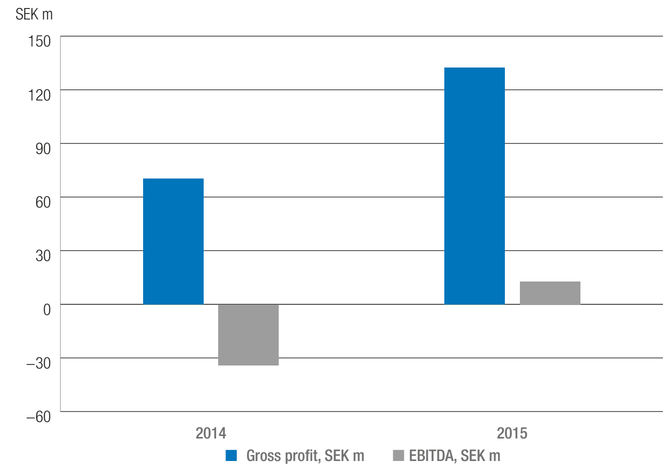
Economies of scale enhance profitability

Total operating costs for the year, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 119.7 (104.5) million, which corresponds to an increase of 15% compared to full-year 2014. Adjusted for currency effects, the corresponding change represents an increase of 21%. The increase resulted from higher net sales, which has generated higher distribution costs, higher annual fees for market approvals and higher accruals for profit distribution for the products where the company has marketing collaborations in place.

The Group's overhead costs consist of a foundation of fixed costs, which are only impacted to a limited extent by changes in the Group's sales. For the full-year 2015, fixed costs accounted for approximately 63% of total overhead costs, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets. Variable costs accounted for 37% of overhead costs for the year and they increase in line with the Group's sales growth. During the year, variable costs increased by 40% compared to last year, while fixed costs only grew by 11% during the same period.

The variable portion of costs has been stable in relation to sales during the 2014 and 2015 financial years, while the fixed portion of costs has declined from 37% in 2014 to 27% in 2015. As the Group's sales increase, the share of fixed costs is expected to decrease, which, in turn, will improve profitability.

EBITDA and Gross profit



For the full year, EBITDA was SEK 12.8 (–34.1) million, which is an improvement of SEK 46.9 million. Currency fluctuations had a positive impact on EBITDA of SEK 1.8 (–8.2) million for the full year.

Significantly lower net loss

Depreciation/amortization and impairment of property, plant and equipment and intangible assets was SEK 28.1 (22.0) million for the full year 2015, of which impairment losses on intangible assets was SEK 11.7 (6.5) million. Impairment losses reflect the decision to deregister the market approval for specific products in markets where the maintenance costs are high and where Bluefish has assessed that there is limited potential for generating revenue. The composition of the product portfolio is evaluated on an ongoing basis.

Net financial expenses amounted to SEK –4.6 (–5.3) million in 2015, which includes interest payments on the convertible debentures as well as bank overdraft facilities.

The net loss for the year was SEK –22.2 (–62.5) million. There was a positive impact on net loss from currency fluctuations of SEK 1.0 (–7.5) million for the full year 2015, of which SEK –0.9 (–1.4) million had been realized.

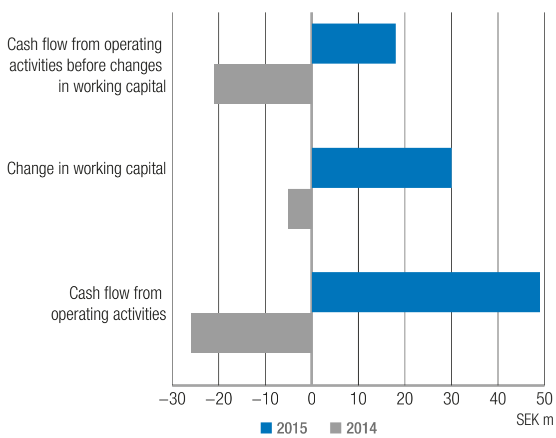
Positive cash flow from operating activities

Cash flow from operating activities was SEK 48.5 (–25.6) million in 2015. The improvement in cash flow resulted in part from higher profitability, but the main reason was a decrease in the amount of capital that was tied up. Cash flow from the change in working capital amounted to SEK 30.1 (–5.0) million for the full year, of which cash flow from accounts receivable and other current receivables fell by SEK –4.5 (–4.3) million and cash flow from accounts payable and other operating liabilities increased by

SEK 57.4 (18.2) million. Liabilities increased during the financial year due to higher provisions for net sales deductions pertaining to supplier invoices that have not yet been received.

As of 31 December 2015, inventory was SEK 92.3 million, compared with SEK 85.8 million at 31 December 2014, which represents an increase of 8%. The increase results from the higher sales level and volumes, compared to last year. Inventory impairment for 2015 was SEK 16.4 (11.5) million. The current inventory level is estimated as corresponding to 215 (254) days sales and it has remained at a stable level during the current financial year.

Cash flow from operating activities



Cash flow from investing activities was SEK –22.6 (–19.8) million for the full year, of which investments in intangible assets were SEK –17.8 (–15.5) million. Investments comprise product development, licenses, and market approvals. Investments in property, plant and equipment amounted to SEK –4.8 (–4.3) million, which consisted primarily of laboratory equipment for the company's development and analysis activities.

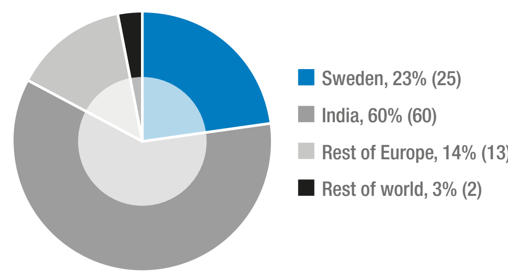
Cash flow from financing activities in 2015 amounted to SEK –4.0 (24.9) million.

Employees

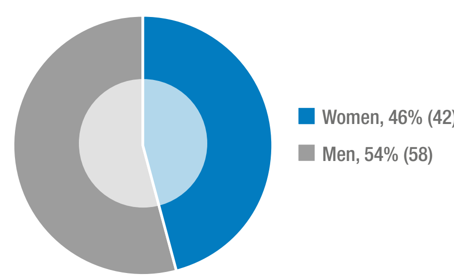
Bluefish's employees are fundamental to the company's future success. Hard-working, dedicated employees with diverse backgrounds are critical to the company's success in realizing its strategy, goals and vision.

As of 31 December 2015, the company had a total of 94 employees, as compared to 90 on 31 December 2014.

Geographic distribution, employees



Gender distribution



Definitions of key figures

EBIT
Profit or loss before financial items and tax (Operating profit or loss)

EBITDA
Operating profit or loss before depreciation/amortization and impairment loss on property, plant and equipment and intangible assets

Equity per share
Equity divided by the number of shares

Equity ratio
Equity divided by total assets

Gross margin
Gross profit as a percentage of sales

Gross profit
Operating revenue less the cost of goods sold

Net debt
Interest-bearing non-current and current liabilities less cash assets in the bank

Net sales
Gross sales less any discounts, price adjustments and returns

Board of Directors

Gerald Engström
Chairman of the Board of Directors since 2011
Born 1948
Director since 2010

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

Other Board assignments:
Chairman of the Board Systemair AB, Director Färna Invest AB

Shareholding in Bluefish: 28,862,983[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: –

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

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: –

Management

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

Professional experience:
VD, 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[1)]

Susanna Urdmark
CFO since 2009
Member of the management team since 2007, employed since 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, Boston, USA
MBA, Stockholm School of Economics

Shareholding in Bluefish: 180,000

Grzegorz Harackiewicz
CBDO since 2014
Member of the management since 2015, employed in 2014
Born 1976

Professional experience:
External Manufacturing and Technology Transfers Director, Polpharma Group, Head of External Manufacturing, Polpharma Group, Technology Services Department Manager, Polpharma S.A., Contract Manufacturing Manager, Polpharma S.A., Business Development Project Manager, Polpharma S.A.

Education:
University of Gdansk, Chemistry Department, Master of Science
Gdansk Foundation for Management Development / RSM Erasmus University, MBA

Shareholding in Bluefish: –

Berit Lindholm
COO since 2015
Member of the management team since 2015, employed since 2015
Born 1965

Professional experience:
Head of Planning, AstraZeneca Sweden Operations, Business Relationship Director Operations IT AstraZeneca, Director Global Project and Change Management AstraZeneca, Plant Manager Sterile Solutions Freeze dried products AstraZeneca AB, Manager CMC & Labelling QA/QC Pharmacia & Upjohn Pharma Mälardalen

Education:
BSc Pharm, Faculty of Pharmacy Uppsala University
Helsinki University - Faculty of Pharmacy
University of Warwick - Warwick Business School, UK

Shareholding in Bluefish: –

1) Private holding or holdings via the company as of 31 March 2016

List of shareholders as of 2016-03-31

Shareholder	A shares	B shares	Total no. shares	Total no. votes	Share of equity	Share of votes
Färna Invest AB	–	28,862,983	28,862,983	2,886,298	35.7%	35.7%
Nexttobe AB	–	26,539,930	26,539,930	2,653,993	32.8%	32.8%
Karl Karlsson/Newbury HealthCap	–	7,592,854	7,592,854	759,285	9.4%	9.4%
Varenne[2)]	–	3,147,020	3,147,020	314,702	3.9%	3.9%
Other	–	14,799,709	14,799,709	1,479,971	18.3%	18.3%
Total	**–**	**80,942,496**	**80,942,496**	**8,094,250**	**100.0%**	**100.0%**

2) Refers to shares held by Varenne AB (2,397,020 shares) and Varenne Invest I AB (750,000 shares).

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 2015 financial year. All figures pertain to the Group for the 2015 financial year. Unless otherwise stated, comparison figures are for the 2014 financial year.

As of 31 December 2015, the Group consists of 14 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. We offer a product portfolio that consists of a wide range of high quality generic pharmaceuticals. Part of our long-term strategy is to maintain the product range of patent-free volume products. However, the business has changed such that it also increasingly offers 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 has operations in 13 European countries, along with a 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 2015 were SEK 283.2 (187.7) million representing an increase of 51% as compared to the same period in 2014. With input costs amounting to SEK 150.7 (117.4) million, the gross profit amounted to SEK 132.5 (70.4) million, corresponding to a gross margin of 46.8 (37.5)%. Throughout the 2015 financial year, currency fluctuations have had a negative effect on net sales equal to SEK –1.6 (–2.4) million.

Operating costs for the year amounted to SEK 147.8 (126.5) million, of which SEK 28.1 (22.0) million was amortization and depreciation. EBITDA for 2015 was SEK 12.8 (–34.1) million. During 2015, the effect of currency fluctuations on EBITDA corresponded to SEK 1.8 (–8.2) million. The net loss for the period was SEK –22.2 (–62.5) million, which includes currency effects of SEK 0.9 (–7.5) million.

Cash & cash equivalents and financing

At the end of the period, cash and cash equivalents amounted to SEK 65.3 million, compared with SEK 44.2 million at the beginning of the year. Cash flow from operating activities amounted to SEK 48.5 (–25.6) million in 2015, of which SEK 30.1 (–5.0) million was the change in working capital. Cash flow from investing activities was SEK –22.6 (–19.8) million in 2015, of which investments in intangible assets, such as product development, licenses and market approval, amounted to SEK –17.8 (–15.5) million.

Cash flow from financing activities in 2015 amounted to SEK –4.0 (24.9) million, resulting from lower level of utilization on bank overdraft and invoice discounting. As of 31 December 2015, utilized bank credit was SEK 76.8 million, compared with SEK 79.4 million at the beginning of the year. Total available bank credit was SEK 100 million.

Net financial income/expense amounted to SEK –4.6 (–5.3) million for the year, which includes interest expense on the convertible debt and bank overdraft.

Shareholders' equity and equity ratio

At the end of the period, equity was SEK 79.6 million, compared to SEK 99.9 million at the beginning of the year. That corresponds to SEK 0.98 (1.23) per share. At the end of the period, the equity ratio was 19.8%, compared to 26.8% at the beginning of the year.

Multi-year review 2011-2015

SEK million	2015	2014	2013	2012	2011
Net sales	283.2	187.7	175.5	162.3	145.2
Gross profit	132.5	70.4	57.4	33.2	39.4
Gross margin	46.8%	37.5%	32.7%	20.5%	27.1%
EBITDA	12.8	–34.1	–31.4	–52.7	–20.1
Profit (loss) before tax	–19.9	–61.4	–57.6	–76.4	–38.9
Cash flow from operating activities	48.5	–25.6	29.4	–39.8	–101.2
Cash flow from investing activities	–22.6	–19.8	–21.9	–32.9	–49.0
Earnings per share, SEK	–0.27	–0.82	–0.90	–1.50	–1.09
Equity per share, SEK	0.98	1.23	1.55	1.87	2.38
Equity ratio	19.8%	26.8%	29.3%	30.7%	31.6%
Number of employees at end of period	94	90	85	79	78

The work of the Board

During the year, the Board held 9 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.

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 2015, Bluefish invested SEK 5.5 (3.1) million in pharmaceutical 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 minimize 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, UK, Finland, Belgium, Ireland 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.

Risks and uncertainties

Bluefish is exposed to a variety of risks and uncertainty factors that could have a negative impact on the business. The main business risks and financial risks that could have a significant negative impact on the business or its earnings are described below.

Changes in market conditions

There is considerable price competition in several of the markets were Bluefish is active. When market conditions change, compared to the assumptions made when the business opportunity was evaluated, there is a risk that it will not be possible to conduct sales under competitive conditions. With a change in market conditions, there is thus a risk of both impairment losses on investments and inventories. Having a flexible organization, with short decision paths is advantageous in order to cope with changed market conditions.

Bluefish collaborates with a variety of partners. However, the company cannot guarantee that it is able to maintain or develop those partnerships. Cessation of collaboration could result in delays or lost sales.

Development of generic pharmaceuticals is a complicated, risky and lengthy process. Any project could fail or encounter delays at any stage of the process due to a variety of factors. During development, there is a risk that competitors develop the same product or that the market conditions change in some other way. Accordingly, recouping the development costs might not be possible.

Supply of goods

Bluefish does not have any own manufacturing. Therefore, it collaborates with contract manufacturers of pharmaceuticals. Shortages and delivery delays can arise during the manufacture of pharmaceuticals due to both changed conditions relating to delivery of raw materials, resource shortages, priorities, etc. and also force majeure. Delivery delays can cause delayed or lost sales, penalty fees for late delivery, and impairment losses on inventories.

Changes in decisions of authorities

Changes in the regulatory approval process as regards requirements on details, scope of documentation and other requirements cannot be ruled out. Changes in such authoritative decisions could result in higher costs, project delays or project terminations. Bluefish is also exposed to authoritative decisions on the permits that are required for marketing and selling pharmaceuticals, as well as changes in regulations pertaining to prices and discounts on pharmaceuticals or changes having to do with how a particular drug is prescribed. Changes in authoritative decisions could also impact distribution plans and result in delays or lost sales. Bluefish employees have solid knowledge of regulatory requirements and they are continually collecting information on pending regulatory changes in order to remain updated and avoid any surprises.

Legislation and regulations

Failure to comply with legislation and regulations could result in civil or criminal proceedings, as well as government sanctions. Bluefish is primarily accountable in the areas of product liability, competition legislation and issues having to do with occupational health & safety, work environment and taxation. Negative outcome in a dispute and/or governmental investigation could result in significant liability. To lower the risk of non-compliance, a strong culture of ethical behavior and compliance with regulations has been created within the company. In addition, all of the company’s employees participate in introductory training when they are hired, which includes knowledge of laws and regulations. Supplementary training is then required on an ongoing basis.

Product liability risk is mitigated in part via product liability insurance. However, it can never be entirely eliminated since the amount of cover and compensation from insurance is limited.

Dependence on key individuals

Bluefish is highly dependent on key individuals. There is a risk of the company's projects becoming delayed or not being completed if these individuals leave the company or, for any other reason, are unable to carry out their assignment. The ability to recruit and retain qualified employees is of utmost importance in order to ensure that the company has the required level of expertise.

Financial risks

Bluefish regularly provides information on future financial expectations. All such statements are prospective and based on assumptions and assessments. If we are unsuccessful in implementing our business strategy, it could prevent us from achieving our financial goals and meeting expectations, which, in turn, could have a substantial negative impact on our business, earnings or financial position, including the ability to raise capital and retain existing loans.

For more detailed information on financial risks, such as currency risk, interest rate risk, credit risk, liquidity risk and capital risk, please see note 3.

Significant events after the closing date.

Bluefish enters into its first licensing agreement

At the start of 2016, Bluefish signed a licensing agreement pertaining to one of the two products now in the registration phase, that have been developed in-house. Product licensing provides the company with opportunities to create sales in markets where Bluefish does not have its own operations. Launch of the product is expected sometime during the 18-24 months subsequent to signing the agreement, since the product must first become registered and approved.

Future outlook

The growth in sales and improved profitability in 2015 has created a strong platform for the company's continued development. The company expects both sales and profitability to stabilize in the coming year at comparable levels to 2015, even though fluctuations will likely occur between quarters. New product launches during the latter part of 2016 and 2017 are expected to fuel sales growth even more, along with having a positive impact on profitability over time.

Parent Company

Bluefish Pharmaceuticals AB is the Parent Company for the Bluefish Pharmaceuticals Group. For 2015, net sales were SEK 274.4 (185.1) million, of which SEK 90.7 (40.0) million was intra-Group sales. Operating profit (loss) amounted to SEK –12.2 (–54.2) million and net financial income/expense amounted to SEK –13.7 (–7.7) million. As of 31 December 2015, cash and cash equivalents amounted to SEK 33.6 million, compared with SEK 20.4 million at the beginning of the year.

Proposed allocation of company profits

The following earnings are at the disposal of the AGM:

SEK	
Share premium reserve	340,626,664
Retained earnings	–258,808,877
Profit (loss) for the year	–25,845,307
Total	**55,972,480**

The Board of Directors and the CEO propose that the unappropriated earnings, SEK 55,972,480, are brought forward.

The Board of Directors proposes that no dividends are paid for the 2015 financial year.

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.

Consolidated income statement

SEK thousands	Note	2015	2014
Net sales	2, 4	283,229	187,748
Cost of goods sold		–150,730	–117,364
Gross profit		**132,499**	**70,384**
Selling expenses		–65,459	–60,257
Administrative expenses		–20,106	–17,846
Development costs		–62,211	–48,381
Other expenses		–	–2
Operating profit (loss)	5-10	**–15,277**	**–56,102**
Financial income	11	682	755
Financial expenses	12	–5,262	–6,030
Financial items – net		**–4,580**	**–5,275**
Profit (loss) before tax		**–19,857**	**–61,377**
Income tax	13	–2,318	–1,142
Net loss for the year, attributable to shareholders of the Parent Company		**–22,175**	**–62,519**

EARNINGS PER SHARE

		2015	2014
Basic earnings per share (SEK)	14	–0.27	–0.82
Diluted earnings per share (SEK)	14	–0.27	–0.82

Statement of comprehensive income

SEK thousands		2015	2014
Profit (loss) for the year		–22,175	–62,519
Other comprehensive income			
Items that may be reclassified to profit or loss			
Translation differences		864	2,014
Cash flow hedges	15		
Value change for the year		334	–3,047
reclassified to profit (loss) for the year		635	3,111
Total other comprehensive income		**1,833**	**2,078**
Total comprehensive income for the year		**–20,342**	**–60,441**

Consolidated balance sheet

SEK thousands		2015-12-31	2014-12-31
ASSETS	2, 21		
Non-current assets			
Intangible assets	8, 16	165,678	169,144
Property, plant and equipment	8, 17	11,087	8,895
Financial assets	19	1,709	1,700
Total non-current assets		**178,474**	**179,739**
Current assets			
Inventories	20	92,255	85,778
Accounts receivable	22	55,870	52,073
Tax receivables	22	625	593
Other receivables	22	6,191	6,151
Prepaid expenses and accrued income		3,057	3,756
Cash and cash equivalents	27	65,313	44,165
Total current assets		**223,311**	**192,516**
TOTAL ASSETS		**401,785**	**372,255**
EQUITY AND LIABILITIES	2, 3, 21		
Equity			
Share capital	23	16,188	16,188
Other contributed capital		343,991	343,991
Reserves		387	–1,446
Retained earnings, including profit (loss) for the year		–281,000	–258,825
Total equity		**79,566**	**99,908**
Non-current liabilities			
Borrowings	24	21,413	21,242
Other non-current liabilities	25	4,220	2,863
Total non-current liabilities		**25,633**	**24,105**
Current liabilities			
Accounts payable		65,214	65,658
Derivative instruments	15	–	968
Current tax liabilities		927	374
Borrowings	24	76,833	79,362
Other current liabilities	25	11,125	5,906
Accrued expenses and deferred income	26	142,487	95,974
Total current liabilities		**296,586**	**248,242**
TOTAL EQUITY AND LIABILITIES		**401,785**	**372,255**
Pledged assets	27	62,439	60,991
Contingent liabilities	27	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 equity
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
Translation 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
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[1)]	**16,188**	**343,991**	**–1,446**	**–258,825**	**99,908**
Opening equity, 1 January 2015	**16,188**	**343,991**	**–1,446**	**–258,825**	**99,908**
Profit (loss) for the year	**–**	**–**	**–**	**–22,175**	**–22,175**
Cash flow hedges	–	–	969	–	969
Translation differences	–	–	864	–	864
Total other comprehensive income, net after tax	**–**	**–**	**1,833**	**–**	**1,833**
Total comprehensive income	**–**	**–**	**1,833**	**–22,175**	**–20,342**
Equity portion of convertible debt (note 25)	–	–	–	–	–
New share issue (note 24)	–	–	–	–	–
Issue expenses	–		–	–	–
Total transactions with shareholders	**–**	**–**	**–**	**–**	**–**
Closing equity, 31 December 2015	**16,188**	**343,991**	**387**	**–281,000**	**79,566**

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 translation difference for the year of SEK 864 thousand resulted from a weakening of the SEK against other important currencies for Bluefish. The translation difference primarily results from a weakening of SEK against EUR. Accumulated translation difference amounts to SEK 607 thousand.

Consolidated cash flow statement

SEK thousands	Note	2015	2014
Operating activities			
Operating profit (loss)		–15,277	–56,102
Interest paid		–2,751	–6,171
Interest received		720	3,198
Taxes paid		–1,786	–1,702
Adjustment for items not included in cash flow	28	37,543	40,158
Cash flow from operating activities before changes in working capital		**18,449**	**–20,619**
Cash flow from changes in working capital			
Inventories		–22,851	–18,878
Operating receivables		–4,458	–4,325
Operating liabilities		57,373	18,190
Cash flow from operating activities		**48,514**	**–25,632**
Investing activities			
Acquisition of intangible assets	16	–17,830	–15,490
Divestment of intangible assets	16	–	44
Acquisition of property, plant and equipment	17	–4,787	–4,306
Cash flow from investing activities		**–22,617**	**–19,752**
Financing activities			
Cash issues		–	50,000
Issue expenses		–	–118
Bank overdraft	24	–4,084	164
Invoice discounting	24	37	–6,733
Repayment of convertible debt		–	–18,400
Cash flow from financing activities		**–4,047**	**24,913**
Cash flow for the year		**21,849**	**–20,471**
Cash and cash equivalents at beginning of year		44,165	63,065
Exchange rate differences in cash and cash equivalents		–701	1,571
Cash and cash equivalents at year-end		**65,313**	**44,165**

Income statement
Parent Company

SEK thousands	Note	2015	2014
Net sales	2, 4	274,382	185,148
Cost of goods sold		–149,561	–117,180
Gross profit		**124,821**	**67,968**
Selling expenses		–64,236	–60,242
Administrative expenses		–18,362	–16,376
Development costs		–54,418	–45,565
Other expenses		–	–2
Operating profit (loss)	5-10	**–12,195**	**–54,217**
Financial income	11	55	31,779
Financial expenses	12	–13,705	–39,513
Financial items – net		**–13,650**	**–7,734**
Profit (loss) before tax		**–25,845**	**–61,951**
Income tax	13	–	–
Profit (loss) for the year		**–25,845**	**–61,951**

Statement of comprehensive income

SEK thousands		2015	2014
Profit (loss) for the year		–25,845	–61,951
Other comprehensive income			
Items that may be reclassified to profit or loss			
Cash flow hedges	15		
Value change for the year		334	–3,047
reclassified to profit (loss) for the year		635	3,111
Total other comprehensive income		**969**	**64**
Total comprehensive income for the year		**–24,876**	**–61,887**

Balance sheet
Parent Company

SEK thousands	Note	2015-12-31	2014-12-31
ASSETS	2		
Non-current assets			
Intangible assets	8, 16	164,474	157,569
Property, plant and equipment	8, 17	599	749
Participations in Group companies	18	18,389	18,289
Total non-current assets		**183,462**	**176,607**
Current assets			
Inventories	20	92,255	85,778
Accounts receivable	22	29,430	26,008
Receivables from Group companies	22	8,162	24,634
Tax receivables	22	601	578
Other receivables	22	121	1,782
Prepaid expenses and accrued income		1,543	2,259
Cash and bank balances	27	33,631	20,406
Total current assets		**165,743**	**161,445**
TOTAL ASSETS		**349,205**	**338,052**
EQUITY AND LIABILITIES	2, 3		
Equity			
Restricted equity			
Share capital	23	16,188	16,188
Total restricted equity		**16,188**	**16,188**
Non-restricted equity			
Share premium reserve		340,627	340,627
Retained earnings		–258,809	–197,826
Profit (loss) for the year		–25,845	–61,951
Total non-restricted equity		**55,973**	**80,850**
Total equity		**72,161**	**97,038**
Non-current liabilities			
Borrowings	24	21,413	21,242
Other non-current liabilities	25	4,037	2,630
Total non-current liabilities		**25,450**	**23,872**
Current liabilities			
Accounts payable		45,067	42,732
Liabilities to Group companies		102,599	75,122
Derivative instruments	15	–	968
Borrowings	24	76,833	79,362
Other current liabilities	25	9,029	4,223
Accrued expenses and deferred income	26	18,065	14,735
Total current liabilities		**251,594**	**217,142**
TOTAL EQUITY AND LIABILITIES		**349,205**	**338,052**
Pledged assets	27	62,439	60,958
Contingent liabilities	27	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 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
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**
Opening equity, 1 January 2015	**16,188**	**340,627**	**–259,777**	**97,038**
Profit (loss) for the year	**–**	**–**	**–25,845**	**–25,845**
Cash flow hedges	–	–	969	969
Total other comprehensive income, net after tax	**–**	**–**	**969**	**969**
Total comprehensive income	**–**	**–**	**–24,877**	**–24,877**
Transactions with shareholders				
Equity portion of convertible debt (note 25)	–	–	–	–
New share issue (note 24)	–	–	–	–
Issue expenses	–	–	–	–
Total transactions with shareholders	**–**	**–**	**–**	**–**
Closing equity, 31 December 2015	**16,188**	**340,627**	**–284,654**	**72,161**

Cash flow statement
Parent Company

SEK thousands	Note	2015	2014
Operating activities			
Operating profit (loss)		–12,195	–54,217
Interest paid		–3,416	–6,625
Interest received		55	3,210
Taxes paid		–23	–404
Adjustment for items not included in cash flow	28	38,994	34,770
Cash flow from operating activities before changes in working capital		**23,415**	**–23,266**
Cash flow from changes in working capital			
Inventories		–22,851	–18,878
Operating receivables		8,501	17,652
Operating liabilities		37,068	–22,298
Cash flow from operating activities		**46,133**	**–46,790**
Investing activities			
Acquisition of intangible assets	16	–28,717	–12,419
Acquisition of property, plant and equipment	17	–144	–252
Cash flow from investing activities		**–28,861**	**–12,671**
Financing activities			
Cash issues		–	50,000
Issue expenses		–	–118
Change in bank overdraft	24	–4,084	164
Change in invoice discounting	24	37	–6,733
Repayment of convertible debt		–	–18,400
Cash flow from financing activities		**–4,047**	**24,913**
Cash flow for the year		**13,225**	**–34,548**
Cash and cash equivalents at beginning of year		20,406	54,954
Cash and cash equivalents at year-end		33,631	20,406

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 Gävlegatan 22, 113 30 Stockholm. On 26 April 2016, 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 RFR 1 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 closing 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. Estimates and assessments are reviewed regularly. Changes in estimations are reported in the period in which the change is made if the change only effects 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 2015

A number of new or updated accounting standards and interpretations have entered into force for financial years beginning on 1 January 2015. The rules in IFRS which entered into force for the financial year which began on 1 January 2015 did not affect the consolidated financial statements.

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 and they have not been early adopted in preparing these financial statements. The company will not early adopt new or revised accounting standards that come into force in the future. Below, a description is provided of the IFRS that are expected to, or could possibly, have an impact on the consolidated financial statements. Besides the IFRS described below, there are no other revisions approved by IASB that are expected to have any impact on the consolidated financial statements.

IFRS 9 will replace IAS 39 Financial Instruments: Recognition and measurement. It contains rules on the classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. The standard is effective for reporting periods beginning on 1 January 2018. The Company has not yet assessed the new standard, but its preliminary assessment is that it will not have any material impact on the consolidated financial statements. The standard has not yet been approved by the EU.

IFRS 15 Revenue from Contracts with Customers replaces all previously issued standards and interpretations pertaining to revenue. IFRS 15 thus contains a comprehensive model for all revenue recognition. 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 deliver goods/services). According to the model, revenue must then be recognized, thereby demonstrating that the commitment to deliver the promised goods or services has been fulfilled. The financial statements will also be affected by significantly increased disclosure requirements. The standard is effective as of 1 January 2018. In 2016, work will begin to evaluate what impact the new standard will have on the Group's earnings and financial position. The standard has not yet been approved by the EU.

IFRS 16 replaces IAS 17 as of 1 January 2019. Thus far, no information has been provided on when the EU will approve the standard, which is why no decision has yet been made as to when or how the standard will be applied. Evaluation of the impact of the standard has not yet begun.

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 utilize or convert. Subsidiaries are included in the consolidated financial statements as of the date on which the Group obtains control. They are excluded from the consolidated financial statements as of the date on which the controlling influence ceases.

The acquisition method is applied to the reporting of the Group's business acquisitions. 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 contingent consideration. Identifiable acquired assets and assumed liabilities in a business acquisition are initially valued 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 unrealized profits or losses arising from transactions between Group companies, are eliminated in their entirety when preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized 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. Monetary assets and liabilities in foreign currency have been measured at the closing day rate. Exchange 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 recognized in other comprehensive income.

Non-monetary assets are reported in the functional currency for the business where initial recognition occurred. This also applies if the asset, at a later point in time, is transferred to a business within the Group that has a different functional currency. Translation of reporting currency occurs in the same way as for foreign subsidiaries.

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

		Average rate		Closing day rate	
Country	Currency	2015	2014	2015	2014
Denmark	DKK	1.2544	1.2203	1.2242	1.2781
EUR countries	EUR	9.3562	9.0968	9.1350	9.5155
Hungary	HUF	0.0302	0.0295	0.0292	0.0302
India	INR	0.1317	0.1125	0.1258	0.1230
Norway	NOK	1.0465	1.0894	0.9556	1.0516
Poland	PLN	2.2370	2.1746	2.1545	2.2124
United Arab Emirates	USD	8.4350	6.8577	8.3524	7.8117

Upon the full or partial divestment of foreign operations, the exchange rate differences which were previously reported in other comprehensive income are recognized 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 conjunction with the Group's operating activities. 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 considered impossible to measure the amount of revenue in a reliable manner until all obligations in respect of the sale have been fulfilled or have fallen due. An assessment as to whether any provision is necessary is made for each individual transaction. The Group bases its assessments on historical outcome, and thus takes into account the type of customer, type of transaction and special circumstances in each individual case.

The Group markets and sells a selection of generic pharmaceutical preparations, primarily on the wholesale market. Revenue is recognized 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 recognized 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 closing date, have been issued or announced 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 recognized directly in equity are recognized 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 realized or settled. Deferred tax is calculated using the tax rates and tax rules announced as of the closing 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 realized.

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 on the fair value of various derivative instruments that were used for hedging purposes is available in note 15. 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 recognized 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 recognized in profit or loss under the item Other gains/losses – net.

When a hedging instrument falls due or when the hedge no longer fulfills 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 recognized when the forecast transaction is ultimately recognized 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 recognized 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 capitalized.

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

Licenses and market approvals

Acquired licenses and related market approvals are capitalized. Market approvals consist of fees for registration of licenses with authorities and directly related expenditures. Licenses and expenses associated with obtaining market approval are reported at cost less accumulated amortization.

Licenses 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 licenses and market approvals.

Software and trademarks

Acquired software licenses are capitalized based on acquisition and implementation fees. The fees are amortized 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the fair value of the asset, 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 recognized, 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 expenditures which can be directly attributed 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 forms of repairs and maintenance are expensed in the income statement during the period in which they are incurred.

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 closing 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 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 recognized 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 leased item 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 realizable 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 recognized in costs of goods sold.

See also note 2, Estimates and Assessments.

Financial instruments

Purchases and sales of financial assets are recognized on the trade date, which is the date on which the Group commits to purchase or sell the asset. Financial instruments are initially recognized 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 recognized at fair value, while the attributable transaction costs are recognized in profit or loss. Financial asset are derecognized when the contractual rights to the cash flows from the financial asset expire or are transferred and the Group has transferred essentially all the risks and rewards associated with ownership. Available-for-sale financial assets and financial assets measured at fair value via profit or loss are subsequently carried at fair value. Loan receivables and accounts receivable are recognized at the time of acquisition at amortized 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 available-for-sale financial assets. Classification is based on the purpose for which the financial asset was acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets measured 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 been identified as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months. Otherwise, they are classified as non-current assets.

In accordance with IFRS 13 Financial Instruments: There are three levels for measurement at fair value and categorization depends on the extent to which fair value is based on observable inputs, as per the following hierarchy:

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

Level 2: Inputs other than the quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. from prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

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 recognized at fair value and subsequently at amortized 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 using the effective interest rate. Any change in the provision is reported via profit or loss in selling expenses.

(c) Available-for-sale financial assets

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 recognized at fair value and subsequently at amortized cost applying the effective interest method.

Borrowings

Borrowing are initially recognized at fair value net after transaction costs. Afterwards, borrowing costs are reported at amortized cost and any difference between the 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 recognized as a liability at amortized 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 licenses. Payment in respect of licenses takes place upon agreed milestones, usually depending on the market approval procedure.

Other liabilities are reported initially at fair value and thereafter at amortized 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 closing date, the Company reviews its assessment 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 the 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 recognized 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 assessments

The preparation of financial statements in accordance with generally accepted accounting principles requires that management make assumptions and assessments which affect the reported assets and liabilities at that time and the amount of revenue and expense recognized 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 organization 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 recognized for the corresponding amount. All impairment losses are immediately recognized 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 utilization of accumulated Group loss carry-forwards. For the time being, deferred tax assets for loss carry-forwards are not recognized as assets.

Note 3 Financial risk management

Through its operations, the Group is exposed to a variety of financial risks: currency risk, interest rate risk in cash flows and fair values, credit risk, liquidity risk and capital risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and it attempts to minimize potential unfavorable 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.

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 2015 would have been SEK 3,371 (1,301) 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 closing date, unrealized currency gains of SEK 1,812 (–6,111) thousand had been recognized.

During 2014, the company hedged currency flows in EUR. See Note 15. The company has not applied hedge accounting in 2015.

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 the 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 as of the closing date is Skandinaviska Enskilda Banken AB (publ). As of 31 December 2015, the Group's balances with SEB amounted to SEK 38,962 (21,015) thousand out of its total bank balances of SEK 65,313 (44,165) 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.

Bluefish has an agreement with SEB regarding working capital credit designed to meet the company's increased need for working capital. As of 31 December 2015, the working capital credit includes SEK 75 million, for which the Nordic inventories have been used as collateral, and an additional SEK 10 million from invoice discounting. The SEB credit is conditional on the Group maintaining a gearing ratio below 1 and available liquidity of at least SEK 5 million. On 1 April 2015, the new covenant came into force of maintaining a gearing ratio below 1 and it replaced the prior covenant, requiring the company to maintain an equity ratio of at least 25%.

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 analyses the Group's financial liabilities broken down by the time remaining from the closing 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 working capital credit with SEB is a running agreement (no fixed termination date) that remains in force as long as inventory is held in the Nordic region and there are Nordic accounts receivable that can be pledged. The period of notice is 3 months for both parties. According to the agreement with SEB, the Nordic inventory may be pledged for an amount equal to 65% 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 2015				
Convertible debt	–	–	21,413	–
Inventory credit	61,760	–	–	–
Invoice discounting	73	–	–	–
Liabilities to credit institutions	15,215	–	–	–
Accounts payable and other liabilities	77,266	4,220	–	–
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	–	–

The Board of Directors and CEO continually monitor the company's forecasts and have concluded that the Group's projected cash flows for the next 12 months meet the business' liquidity needs and allow the company to pursue its business plan.

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 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:

	2015	2014
Total borrowings	98,246	100,604
Less cash and cash equivalents	–65,313	–44,165
Net debt	32,933	56,439
Total equity	79,566	99,908
Debt/equity ratio	41%	56%

Note 4 Geographic distribution of net sales

Net sales are distributed across geographic markets as follows:

Group	2015	2014
Nordic region	91,469	64,526
Europe	186,046	118,558
Rest of the world	5,714	4,664
Total	**283,229**	**187,748**

Parent Company	2015	2014
Nordic region	91,469	64,526
Europe	177,523	115,958
Rest of the world	5,390	4,664
Total	**274,382**	**185,148**

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

Note 5 Remuneration to auditors

Group	2015	2014
Remuneration to auditors		
E&Y		
Audit engagement[1)]	250	250
Auditing work other than audit engagement	–	–
Other services	122	–
Tax advice	372	82
Total	**744**	**332**
Other auditors		
Audit engagement[1)]	60	50
Auditing work other than audit engagement	15	13
Other services	–	–
Tax advice	15	13
Total	**90**	**76**
Total	**834**	**408**

Parent Company	2015	2014
Remuneration to auditors		
E&Y		
Audit engagement[1)]	250	250
Auditing work other than audit engagement	–	–
Other services	122	–
Tax advice	375	82
Total	**744**	**332**

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	2015		2014	
	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	23	23%	22	28%
France	1	100%	2	100%
Portugal	1	100%	1	100%
Spain	3	39%	2	50%
India	55	69%	54	68%
Germany	4	25%	4	20%
Italy	1	100%	1	100%
Poland	3	100%	2	100%
United Arab Emirates	3	21%	1	0%
Total	**94**	**56%**	**89**	**57%**

Parent Company	2015		2014	
	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	23	23%	22	28%
France	1	100%	2	100%
Portugal	1	100%	1	100%
Total	**25**	**30%**	**25**	**36%**

Wages, other remuneration, and payroll overhead

	2015		2014	
	Salaries and remuneration	Payroll overhead	Salaries and remuneration	Payroll overhead
Parent Company	13,764	5,792	15,106	6,348
(of which pension expenses)[1]		(1,342)		(1,480)
Subsidiaries	14,556	1,352	11,500	1,149
(of which pension expenses)[1]		(56)		(53)
Total Group	**28,320**	**7,144**	**26,606**	**7,497**
(of which pension expenses)[1]		**(1,398)**		**(1,533)**

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

The Group has only defined contribution pension plans. Pension costs relate to the cost which affects not profit (loss) for the year.

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

Parent Company	2015		2014	
	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees
Sweden	1,227	11,456	1,593	11,686
Other countries		1,081	–	1,827
Total Parent Company	**1,227**	**12,537**	**1,593**	**13,513**

Subsidiaries	2015		2014	
	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees
India	650	6,857	566	6,424
United Arab Emirates	129	1,759	–	–
Other countries	–	5,161	–	4,510
Total subsidiaries	**779**	**13,777**	**566**	**10,934**
Total Group	**2,006**	**26,314**	**2,159**	**24,447**

Note 6 Employees and personnel costs (cont.)

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

2015	Basic salary/ Directors' fee	Other benefits[1]	Pension expenses	Other remuneration	Total
Chairman of the Board, Gerald Engström	–	–	–	–	–
Director, Nivedan Bharadwaj	–	–	–	–	–
Director, Erika Kjellberg Eriksson	–	–	–	–	–
CEO, Karl Karlsson	1,336	670	21	–	2,027
Other senior executives	2,895	124	88	–	3,107
Total	**4,231**	**794**	**109**	**–**	**5,134**

Termination of the CEO's employment that has been issued by the company would result in severance payment for 24 months. When termination has been at the request of the CEO, fixed salary is paid during the notice period of 6 months.
No bonuses were paid to management or the Board of Directors.

1) Other benefits are cars, rent and tuition fees

2014	Basic salary/ Directors' fee	Other benefits	Pension expenses	Other remuneration	Total
Chairman of the Board, 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**

Shareholdings of the Board and senior executives

2015	A shares	B shares	Total no. shares	Holding, %	Votes, %
Chairman of the Board, Gerald Engström[1]	–	28,862,983	28,862,983	35.7%	35.7%
Director, Nivedan Bharadwaj[1]	–	–	–	–	–
Director, Erika Kjellberg Eriksson[1]	–	–	–	–	–
CEO, Karl Karlsson[1]	–	7,592,854	7,592,854	9.4%	9.4%
Other senior executives	–	180,000	180,000	0.2%	0.2%

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

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.

1) Private or via company

Gender distribution of the Board and management

Group	2015	2014
Board of Directors		
Men	3	3
Women	1	1
Total	**4**	**4**
CEO and other senior executives		
Men	2	2
Women	2	1
Total	**4**	**3**

Note 7 Allocation of costs by by nature of expense

Group	2015	2014
Costs of goods sold	150,730	117,364
Other external expenses	82,253	68,859
Employee benefit expenses	37,466	35,635
Depreciation/amortization and impairment loss on property, plant and equipment and intangible assets	28,057	21,992
Total	**298,506**	**243,850**

Parent Company	2015	2014
Costs of goods sold	149,561	117,180
Other external expenses	90,703	79,621
Employee benefit expenses	20,362	22,145
Depreciation/amortization and impairment loss on property, plant and equipment and intangible assets	25,951	20,419
Total	**286,577**	**239,365**

Note 8 Depreciation/amortization and impairment loss on property, plant and equipment and intangible assets

Group	2015	2014
Depreciation, amortization and impairment by type of asset:		
License rights	2,398	2,465
Market approvals	22,085	16,495
Development projects	168	425
Other intangible assets	729	1,043
Equipment and computers	2,677	1,564
Total	**28,057**	**21,992**
Depreciation, amortization and impairment by function:		
Selling expenses	875	559
Administrative expenses	557	808
Development costs	26,625	20,625
Total	**28,057**	**21,992**

Parent Company	2015	2014
Depreciation, amortization and impairment by type of asset:		
License rights	2,398	2,465
Market approvals	22,562	16,956
Other intangible assets	697	651
Equipment and computers	294	347
Total	**25,951**	**20,419**
Depreciation, amortization and impairment by function:		
Selling expenses	228	250
Administrative expenses	193	174
Development costs	25,530	19,995
Total	**25,951**	**20,419**

Note 9 Operating leases

The Group leases offices as part of an non-cancellable operating lease. The leasing period is 3-7 years. Notice of termination must be made at least 1-9 months before the contractual end date. Otherwise, the agreement is extended for a period of 3 years at a time.

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

Group	2015	2014
Within 1 year	5,088	4,322
Between 2 and 5 years	8,925	7,158
More than 5 years	3,354	–
Total	**17,367**	**11,480**

Parent Company	2015	2014
Within 1 year	3,615	2,950
Between 2 and 5 years	8,925	5,900
More than 5 years	3,354	–
Total	**15,894**	**8,850**

Note 10 Purchases and sales within the Group

Of the total operating expenses for the financial year, 8 (6)% was purchases from Group companies.

Of the total net sales for the financial year, 33 (22)% was sales to Group companies.

Note 11 Financial income

Group	2015	2014
Interest income on current bank deposits	682	103
Exchange gains	–	652
Total	**682**	**755**

Parent Company	2015	2014
Intra-Group interest income	46	83
Interest income on current bank deposits	9	32
Exchange gains	–	652
Dividends from Group companies	–	31,012
Total	**55**	**31,779**

Note 12 Financial expenses

Group	2015	2014
Interest expenses		
Bank loans	1,725	2,247
Convertible debt (note 21)	1,980	2,727
Discounted interest, convertible debt	171	255
Other interest expenses	109	96
Other financial expenses	421	705
Currency	856	–
Total	**5,262**	**6,030**

Parent Company	2015	2014
Interest expenses		
Bank loans	1,725	2,247
Convertible debt (note 21)	1,980	2,727
Discounted interest, convertible debt	171	255
Intra-Group interest expenses	1,835	1,600
Other interest expenses	53	44
Other financial expenses	453	448
Waived Group receivable	6,455	–
Impairment of shares in subsidiaries (Note 18)	178	32,192
Currency	855	–
Total	**13,705**	**39,513**

Note 13 Income tax

Group	2015	2014
Current tax	–2,319	–1,142
Deferred tax	–	–
Total	**–2,319**	**–1,142**
Current tax		
Profit (loss) before tax	–19,855	–61,377
Tax under the prevailing tax rate, 22%	4,368	13,503
Effect of foreign tax	–356	–1,053
Tax effect of:		
Non-deductible expenses	–1,749	–202
Non-taxable revenue	1	0
Unrecognized tax assets for loss carry-forwards	–4,583	–13,390
Tax on profit for the year according to the income statement	**–2,319**	**–1,142**

Parent Company	2015	2014
Current tax	–	–
Deferred tax	–	–
Total	**–**	**–**
Current tax		
Profit (loss) before tax	–25,845	–61,951
Tax under the prevailing tax rate, 22%	5,686	13,629
Tax effect of:		
Non-deductible expenses	–1,530	–7,090
Non-taxable revenue	1	6,823
Unrecognized tax assets for loss carry-forwards	–4,156	–13,362
Tax on profit for the year according to the income statement	**–**	**–**

Loss carry-forward

Group	2015	2014
Unlimited in time	358,429	339,728
Total	**358,429**	**339,728**

Parent Company	2015	2014
Unlimited in time	345,167	326,467
Total	**345,167**	**326,467**

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

Swedish loss carry-forwards can be utilized for an unlimited period. Total loss carry-forwards as of the closing date may be utilized 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 or 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 14 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.

	2015	2014
Profit (loss) for the year attributable to the shareholders of the Parent Company	–22,175	–62,519
Earnings per share, SEK		
Basic	–0.27	–0.82
Diluted [1]	–0.27	–0.82
Average number of shares, thousands		
Basic	80,942	76,312
Convertible debt	–	–
Warrants	–	–
Diluted	80,942	76,312

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

Note 15 Derivative instruments

Current liabilities	2015-12-31	2014-12-31
Forward exchange agreements – cash flow hedges	–	968

In 2012, the Board of Directors resolved to hedge 50-75% of forecast sales in EUR. During 2014, the Board of Directors resolved that it would not purchase any additional contracts. The last contract was purchased in September 2014. As of 2015-12-31, there were no cash flow hedges.

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

See Note 21.

Note 16 Intangible assets

Group	2015-12-31 Goodwill	Development projects	License rights	Market approvals	Other intangible assets	Total	2014-12-31 Goodwill	Development projects	License rights	Market approvals	Other intangible assets	Total
Opening cost	624	10,996	49,188	158,344	8,301	227,453	624	7,418	47,338	159,740	6,855	221,975
Acquisitions	–	5,513	6,024	10,449	199	22,184	–	3,141	1,850	10,312	1,446	16,749
Sales/disposals	–	–	–	–14,380	–	–14,380	–	–	–	–11,708	–	–11,708
Exchange difference	–	–269	–	–	–	–269	–	437	–	–	–	437
Closing cost	**624**	**16,240**	**55,212**	**154,412**	**8,499**	**234,987**	**624**	**10,996**	**49,188**	**158,344**	**8,301**	**227,453**
Opening amortization and impairment	–	–916	–14,592	–38,273	–4,528	–58,309	–	–491	–12,127	–33,483	–3,484	–49,585
Amortization according to plan	–	–	–2,398	–10,572	–729	–13,699	–	–	–2,465	–10,399	–1,043	–13,907
Impairment	–	–168	–	–11,513		–11,681	–	–425	–	–6,096	–	–6,521
Sales/disposals	–	–	–	14,380		14,380	–	–	–	11,705	–	11,705
Closing amortization and impairment	**–**	**–1,084**	**–16,990**	**–45,978**	**–5,257**	**–69,309**	**–**	**–916**	**–14,592**	**–38,273**	**–4,528**	**–58,309**
Carrying amount at end of period	**624**	**15,156**	**38,222**	**108,434**	**3,242**	**165,678**	**624**	**10,080**	**34,596**	**120,071**	**3,773**	**169,144**
As of 31 December												
Cost	624	16,240	55,212	154,412	8,499	234,987	624	10,996	49,188	158,344	8,301	227,453
Accumulated amortization and impairment	–	–1,084	–16,990	–45,978	–5,257	–69,309	–	–916	–14,592	–38,273	–4,528	–58,309
Carrying amount at end of period	**624**	**15,156**	**38,222**	**108,434**	**3,242**	**165,678**	**624**	**10,080**	**34,596**	**120,071**	**3,773**	**169,144**

Note 16 Intangible assets (cont.)

During the year, SEK 6,834 (4,062) thousand has been capitalized for research and development costs. The amount has been reported in market approvals and development projects. During the year, SEK 17,830 (15,490) thousand was paid in cash for intangible assets acquired during the year.

Impairment loss has been recognized 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 recognized to bring book value down to SEK 0. Impairment loss has also been recognized in cases where the asset's carrying amount exceeds its recoverable amount. Impairment loss has been recognized for the corresponding amount. All impairment losses are immediately recognized 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).

In October 2015, the Parent Company acquired the development projects that had been capitalized by one of the subsidiaries. Consideration amounted to EUR 1,533 thousand, which corresponds to the book value.

Finance leases

The item “Other intangible assets” includes leased items held by the Group under finance lease agreements for the following amounts:

	2015-12-31	2014-12-31
Historical cost – capitalized finance leases	1,963	1,963
Accumulated amortization and impairment	–1,963	–1,930
Carrying amount	**0**	**33**

	2015-12-31					2014-12-31				
Parent Company	Development projects	License rights	Market approvals	Other intangible assets	Total	Development projects	License rights	Market approvals	Other intangible assets	Total
Opening cost	–	49,188	159,013	6,338	214,539	–	47,338	160,229	4,892	212,459
Acquisitions	15,564	6,024	10,775	199	32,562	–	1,850	10,492	1,446	13,788
Sales/disposals	–	–	–14,380	–	–14,380	–	–	–11,708	–	–11,708
Closing cost	**15,564**	**55,212**	**155,408**	**6,537**	**232,721**	**–**	**49,188**	**159,013**	**6,338**	**214,539**
Opening amortization and impairment	–	–14,592	–39,780	–2,598	–56,970	–	–12,127	–34,528	–1,947	–48,602
Amortization according to plan	–	–2,398	–11,049	–697	–14,144	–	–2,465	–10,860	–651	–13,976
Impairment	–	–	–11,513	–	–11,513	–	–	–6,096	–	–6,096
Sales/disposals	–	–	14,380	–	14,380	–	–	11,704	–	11,704
Closing amortization and impairment	**–**	**–16,990**	**–47,962**	**–3,295**	**–68,247**	**–**	**–14,592**	**–39,780**	**–2,598**	**–56,970**
Carrying amount at end of period	**15,564**	**38,222**	**107,446**	**3,242**	**164,474**	**–**	**34,596**	**119,233**	**3,740**	**157,569**
As of 31 December										
Cost	15,564	55,212	155,408	6,537	232,721	–	49,188	159,013	6,338	214,539
Accumulated amortization and impairment	–	–16,990	–47,962	–3,295	–68,247	–	–14,592	–39,780	–2,598	–56,970
Carrying amount at end of period	**15,564**	**38,222**	**107,446**	**3,242**	**164,474**	**–**	**34,596**	**119,233**	**3,740**	**157,569**

Note 17 Property, plant and equipment

Group	2015-12-31	2014-12-31
Equipment and computers		
Opening cost	14,902	9,569
Acquisitions	4,937	5,097
Sales/disposals	–	–933
Translation difference for the year	254	1,169
Closing cost	**20,093**	**14,902**
Opening depreciation	–6,007	–4,418
Depreciation according to plan	–2,677	–1,564
Sales/disposals	–	666
Translation difference for the year	–322	–691
Closing depreciation	**–9,006**	**–6,007**
Carrying amount at end of period	**11,087**	**8,895**
Equipment and computers held under finance lease agreements are included at the following amounts:	none	none

Parent Company	2015-12-31	2014-12-31
Equipment and computers		
Opening cost	2,776	2,524
Acquisitions	144	253
Closing cost	**2,920**	**2,776**
Opening depreciation	–2,027	–1,681
Depreciation according to plan	–294	–347
Closing depreciation	**–2,321**	**–2,027**
Carrying amount at end of period	**599**	**749**

Note 18 Participations in Group companies

	2015-12-31	2014-12-31
Book value at beginning of the year	18,289	39,195
Impairment of shares in subsidiaries	–178	–32,192
Newly established subsidiaries	–	94
Shareholder contributions to subsidiaries	278	11,192
Book value at year end	**18,389**	**18,289**

Impairment of shares in subsidiaries amounted to SEK 0 for the companies that was liquidated during the year (Bluefish Pharma S.R.L. Romania and Bluefish Pharmaceuticals B.V. Netherlands). In April 2015, Bluefish Pharmaceuticals AB gave a shareholder contribution EUR 30,000 to Bluefish Pharma Srl (Italy) in order to restore its equity. In December 2014, Bluefish Pharmaceuticals AB received dividends of SEK 31,012 thousand from Bluefish Pharma AB. At that time, impairment loss of SEK 31,793 thousand was recognized on shares in subsidiaries since unrestricted equity had been distributed from Bluefish Pharma AB. The earnings impact in the Parent Company from the impairment loss and dividends was SEK 781 thousand.

Subsidiaries	Corporate registration number	Domicile	Share of equity/ votes (%)	Book value 2015	Book value 2014
Bluefish Pharmaceuticals Pvt Ltd	U02423KA2006PTC049950	Bangalore, India	100	14,678	14,678
Bluefish Pharmaceuticals B.V	BV 1419595	Voorschoten, Netherlands	100	–	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 Pharma Srl	MI-1867060	Milan, Italy	100	467	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
Bluefish Pharma Kft.	01-09-939500	Budapest, Hungary	100	15	15
BFPH Portugal Unipessoal Lda	509426590	Lisbon, Portugal	100	48	48
Bluefish Pharma Holding Ltd	C 50712	Sliema, Malta	100	2,165	2,165
Bluefish Pharma France Sarl	529 131 245 R.C.S. Paris	Paris, France	100	9	9
Bluefish Pharma AB (previously BMM Pharma AB)	556618-5210	Stockholm, Sweden	100	50	50
Bluefish Pharma FZ-LLC	92341	Dubai, United Arab Emirates	100	94	94
Total book value				**18,389**	**18,289**

Note 19 Other non-current liabilities

Group	2015-12-31	2014-12-31
Opening amount	1,700	1,756
Net change for receivables	–29	–360
Exchange rate difference for the year	38	304
Carrying amount at year-end	**1,709**	**1,700**

Other non-current receivables primarily consist of rent deposits.

As of 2015-12-31, the Parent Company did not have any other non-current receivables.

Note 20 Inventories

Group/Parent Company	2015-12-31	2014-12-31
Finished products	82,355	79,135
Goods in transit	9,900	6,643
Total	**92,255**	**85,778**

Obsolescence reserve amounts to SEK 14,613 (16,863) 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 16,373 (11,462) thousand. See Note 28.

Note 21 Financial instruments by category

Group 2015-12-31	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	57,325	–	–	–	57,325
Cash and cash equivalents (Note 27)	65,313	–	–	–	65,313
Total	**122,638**	**–**	**–**	**–**	**122,638**
2014-12-31					
Assets in the balance sheet					
Accounts receivable and other receivables	53,230	–	–	–	53,230
Cash and cash equivalents (Note 27)	44,165	–	–	–	44,165
Total	**97,395**	**–**	**–**	**–**	**97,395**

Group 2015-12-31	Liabilities measured at fair value via profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities in the balance sheet				
Borrowings	–	–	98,246	98,246
Derivative instruments	–	–	–	–
Accounts payables and other liabilities excluding non-financial liabilities	–	–	203,717	203,717
Total	**–**	**–**	**301,963**	**301,963**
2014-12-31				
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**

In accordance with IFRS 13 Financial Instruments: There are three levels for measurement at fair value and categorization depends on the extent to which fair value is based on observable inputs, as per the following hierarchy:

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

Level 2: Inputs other than the quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. from prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

Derivatives measured at fair value that are used for hedging purposes and borrowings classified in Level 2. Because loans to credit institutions carry a variable rate of interest, and loans to shareholders carry a fixed rate of interest, which is essentially the same as current market interest rates, it is concluded that the book value of loans is essentially the same as the fair value.

Note 22 Accounts receivable and other receivables

Group	2015-12-31	2014-12-31
Accounts receivable	55,870	52,073
Less: provision for doubtful debts	–	–
Accounts receivable – net	**55,870**	**52,073**
Other receivables	6,816	6,744
Total other receivables	**6,816**	**6,744**
Total accounts receivable and other receivables	**62,686**	**58,817**

Parent Company	2015-12-31	2014-12-31
Accounts receivable	29,430	26,008
Less: provision for doubtful debts	–	–
Accounts receivable – net	**29,430**	**26,008**
Receivables from Group companies	8,162	24,634
Other receivables	722	2,360
Total other receivables	**8,884**	**26,994**
Total accounts receivable and other receivables	**38,314**	**53,002**

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

As of 31 December 2015, overdue accounts receivable amounted to SEK 15,190 (15,950) thousand. Of the total for overdue accounts receivable, a provision of SEK 0 (0) 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	2015-12-31	2014-12-31
Less than 30 days	9,087	13,616
Older than 30 days	6,103	2,334
	15,190	**15,950**

Parent Company	2015-12-31	2014-12-31
Less than 30 days	4,701	7,295
Older than 30 days	2,260	–477
	6,961	**6,818**

For the Group, overdue invoices amount to SEK 15,190 (15,950) as of 31 December 2015. As of 31 March 2016, invoices totaling SEK 9,103 (14,913) thousand had been paid. The outstanding amount is SEK 6,087 (1,037) thousand.

For the Parent Company, overdue invoices amount to SEK 6,961 (6,818) as of 31 December 2015. As of 31 March 2016, invoices totaling SEK 3,785 (6,818) thousand had been paid. The outstanding amount is SEK 3,176 (0) thousand.

Note 23 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 2015, the Parent Company's share capital was SEK 16,188 thousand. The total number of shares amounts to 80,942,496. The 2014 AGM resolved to change the company's Articles of Association by introducing a share conversion clause pertaining to reclassification of Class A shares to Class B shares. As of 31 December 2015, all shares entitled the holder to 1/10 of a vote, with quotient value of SEK 0.20.

In 2014, one class A share entitled the holder to 1 vote and one Class B share entitled the holder to 1/10 of one vote. Both classes of shares had a quotient value of SEK 0.20.

	A shares	B shares	Total no. shares
As of 31 December 2014	12,147,796	68,794,700	80,942,496
As of 31 December 2015	–	80,942,496	80,942,496

Share capital information

	Number of shares (000s)	Share capital
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**
1 January 2015	80,942	16,188
New share issue	–	–
Repayment of convertible debt	–	–
31 December 2015	**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.

Note 24 Borrowings

Group	2015-12-31	2014-12-31
Long-term borrowings		
Convertible debt	21,413	21,242
Carrying amount	**21,413**	**21,242**
Short-term borrowings		
Convertible debt	–	–
Inventory credit	61,760	64,326
Invoice discounting	73	36
Bank loans and other loans	15,000	15,000
Carrying amount	**76,833**	**79,362**
Total carrying amount of borrowings	**98,246**	**100,604**

Parent Company	2015-12-31	2014-12-31
Long-term borrowings		
Convertible debt	21,413	21,242
Carrying amount	**21,413**	**21,242**
Short-term borrowings		
Convertible debt	–	–
Inventory credit	61,760	64,326
Invoice discounting	73	36
Bank loans and other loans	15,000	15,000
Carrying amount	**76,833**	**79,362**
Total carrying amount of borrowings	**98,246**	**100,604**

(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 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 2015, 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 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 matured on 30 June 2014.

According to the convertible debt terms, 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 totaling 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 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.

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 2015-12-31, the total outstanding amount of convertible debt was SEK 21,413 (21,242) thousand.

Group/Parent Company	2015-12-31	2014-12-31
Opening amount	21,242	39,726
Convertible debt, nominal value	–	–
Conversion to ordinary shares, nominal value	–	–
Repayment of convertible debt	–	–18,400
Equity portion	–	–338
Discounted rate	171	254
Closing amount	**21,413**	**21,242**

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 closing 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.

(b) Inventory credit and invoice discounting

Since November 2011, Bluefish has had an agreement with SEB regarding working capital credit designed to meet the company's increased need for working capital. The working capital credit includes SEK 75 million, for which the Nordic inventories have been used as collateral, and an additional SEK 10 million from invoice discounting.

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 65% of AIP (Pharmacy Purchase Price).

Credit at SEB that is for inventory financing and factoring is classified as a current liability with maturity of up to 12 months since it is regarded as a bank overdraft facility. The working capital credit with SEB is a running agreement (no fixed termination date) that remains in force as long as inventory is held in the Nordic region and there are Nordic accounts receivable that can be pledged. The period of notice is 3 months for both parties. Although the loan is classified as a current liability, both Bluefish and SEB regard the arrangement as long-term.

Note 24 Borrowing (cont.)

Group/Parent Company	2015-12-31	2014-12-31
Inventory credit		
Granted inventory credit	75,000	75,000
Utilized inventory credit	–61,760	–64,326
Granted, unutilized inventory credit	**13,240**	**10,674**
Invoice discounting		
Granted invoice discounting	10,000	10,000
Utilized invoice discounting	–73	–36
Granted, unutilized invoice discounting	**9,927**	**9,964**
Total granted, non-utilized facility	**23,167**	**20,638**

(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 25 Other liabilities, non-current and current

Group	2015-12-31	2014-12-31
Maturity, within one year of closing date	11,125	5,906
Maturity, between 1-5 years from closing date	4,220	2,863
Total	**15,345**	**8,769**

Parent Company	2015-12-31	2014-12-31
Maturity, within one year of closing date	9,029	4,223
Maturity, between 1-5 years from closing date	4,037	2,630
Total	**13,066**	**6,853**

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 26 Accrued expenses and deferred income

Group	2015-12-31	2014-12-31
Accrued employee benefit expenses	2,853	2,921
Accrued interest expenses	4,487	4,337
Provision for net sales deduction	117,430	77,856
Other accrued expenses	17,717	10,860
Total	**142,487**	**95,974**

Parent Company	2015-12-31	2014-12-31
Accrued employee benefit expenses	2,785	2,917
Accrued interest expenses	4,487	4,337
Provision for net sales deduction	2,585	2,179
Other accrued expenses	8,208	5,302
Total	**18,065**	**14,735**

Note 27 Pledged assets and contingent liabilities

Group	2015-12-31	2014-12-31
Pledged assets		
Bank guarantees	3,356	2,441
Inventories	29,078	28,472
Accounts receivable	5	45
Chattel mortgage	30,000	30,000
Financial leasing assets	–	33
Total	**62,439**	**60,991**
Contingent liabilities	none	none

Parent Company	2015-12-31	2014-12-31
Pledged assets		
Bank guarantees	3,356	2,441
Inventories	29,078	28,472
Accounts receivable	5	45
Chattel mortgage	30,000	30,000
Total	**62,439**	**60,958**
Contingent liabilities	none	none

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

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

Note 28 Supplementary disclosures to the cash flow statements

Group	2015	2014
Adjustment for items not included in cash flow		
Depreciation/amortization and impairment of PPE and intangible assets	28,057	21,992
Profit (loss) from divestment of non-current assets	–	194
Inventory impairment	16,373	11,462
Unrealized exchange differences	–6,887	6,510
Total	**37,543**	**40,158**

Parent Company	2015	2014
Adjustment for items not included in cash flow		
Depreciation/amortization and impairment of PPE and intangible assets	25,951	20,419
Profit (loss) from divestment of non-current assets	–	2
Inventory impairment	16,373	11,462
Unrealized exchange differences	–3,330	2,887
Total	**38,994**	**34,770**

Note 29 Events after the closing date

Bluefish enters into its first licensing agreement

At the start of 2016, Bluefish signed a licensing agreement pertaining to one of the two products now in the registration phase, that have been developed in-house. Product licensing provides the company with opportunities to create sales in markets where Bluefish does not have its own operations. Launch of the product is expected sometime during the 18-24 months subsequent to signing the agreement, since the product must first become registered and approved.

Note 30 Related party transactions

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 executives.

Purchases and sales within the Group, see note 10.

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 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 18 May 2016.

Stockholm, 26 April 2016

Gerald Engström
Chairman of the Board

Nivedan Bharadwaj
Director

Erika Kjellberg Eriksson
Director

Karl Karlsson
CEO

Our audit report was submitted on 27 April 2016

Ernst & Young AB

Magnus Fagerstedt
Certified Public Accountant

Auditors’ 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 2015. The company’s annual report and consolidated financial statements are provided on pages 8-38.

Board of Directors’ and CEO’s responsibility for the annual report and consolidated financial statements

The Board of Directors and CEO are responsible for the preparation of an annual report that gives a true and fair view in accordance with the Annual Accounts Act and consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) 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 for preparing an annual report and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report and consolidated financial statements. The auditor decides which actions to take, including assessing the risks of material misstatement in the annual report and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to how the company prepares its annual report and consolidated financial statements in order to give a true and fair view, all of which is considered when designing audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness the company's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Board of Directors and CEO, as well as evaluating the overall presentation of the annual report and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide 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 2015 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 2015 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 report and consolidated financial statements.

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

Report on other requirements in accordance with legislation 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 2015.

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.

Auditors’ responsibility

Our responsibility is to, with reasonable assurance, express an opinion on the proposed appropriation of the profit or loss and on the administration 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 proposal is consistent with the Companies Act.

As a basis for our opinion concerning discharge from liability, we also, in addition to our audit of the annual report and consolidated financial statements, examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, 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 Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinion

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the Directors' report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Stockholm, 27 April 2016
Ernst & Young AB

Magnus Fagerstedt
Certified Public Accountant

Information to the shareholders

Future reports

Interim report	January-March	18 May 2016
Interim report	April-June	25 August 2016

Annual General Meeting

The Annual General Meeting will be held on Wednesday,18 May 2016 at: 3 pm in the company's offices at Gävlegatan 22, Stockholm.

Shareholders who wish to participate at the Annual General Meeting must:

be entered in the share register maintained by Euroclear Sweden AB on 12 May 2016 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, Gävlegatan 22, 113 30 Stockholm.

Mark the envelope "Annual General Meeting".

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

Notification

Notification must be received by Bluefish Pharmaceuticals no later than 12 May 2016 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 no later than 12 May 2016.

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Production Bluefish Pharmaceuticals in cooperation with Addira.

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