



JOINT STOCK COMPANY OLAINFARM

(UNIFIED REGISTRATION NUMBER 40003007246)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2015**

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY EU**

Olaine, 2015

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General information

Name of the Parent Company	OLAINFARM
Legal status of the Parent Company	JOINT STOCK COMPANY
Unified registration number, place and date of registration of the Parent Company	40003007246 Riga, 10 June 1991 (re-registered on 27 March 1997)
Registered office of the Parent Company	Rūpnīcu iela 5 Olaine, Latvia, LV-2114
Major shareholders of the Parent Company	SIA Olmafarm (42.56%) Valērijs Maligins (26.92%) Swedbank AS LV Clients account (1.05%) Swedbank AS EE Clients account (11.99%)
Major subsidiaries	Latvijas Aptieka SIA – 100% equity share Silvanols SIA – 96.69% equity share
Audit Committee	Viesturs Gurtlavs
Financial year	1 January – 31 December 2015
Interim reporting period	1 January – 31 March 2015

Board

The Supervisory Council elects the Management Board of JSC Olainfarm for five years. When selecting the members of the Management Board, the Council assesses experience of candidates in team management, in particular area of responsibility of a candidate and in the pharmaceutical sector in general.

Valērijs Maligins

Valērijs Maligins is the Chairman of the Management Board of JSC Olainfarm. He has obtained a Doctoral Degree in Economics at NewPort International University, Baltic Center (2007), as well as a Master's Degree in economics and social sciences (University of Latvia, 2002), Bachelor's degree in economics and finances (RSEBAA 1998). V. Maligins has more than 25 years of experience in pharmaceutical sector and holds leading positions at JSC Olainfarm since 1997.

Positions held in other companies:

SIA Olmafarm, Chairman of the Board
Hunting Club Vitkupe, Board Member
SIA Ozols JDR, Board Member

Participation in other companies:

SIA Lano Serviss (25.04%)
SIA Vega MS (60%)
SIA Briz (9.02%)
SIA Olfa Press (47.5%)
SIA Carbochem (50%)
SIA Aroma (99.21%)
SIA Olmafarm (100%)
SIA Escargot (33.50%)
SIA Olalex (50%)
SIA Energo Capital (50%)

Number of shares of JSC Olainfarm owned (as of March 31, 2015):

- directly: 3 791 810
- indirectly (through SIA Olmafarm): 5 994 054
- total: 9 785 864

Jeļena Borcova

Jeļena Borcova is a member of the Company's Management Board and a qualified person. J. Borcova has a degree in Pharmacy (Medical Institute of Riga, 1988). J. Borcova has more than 20 years of experience in pharmaceutical production.

Positions held in other companies: none

Participation in other companies: none

Number of shares of JSC Olainfarm owned (as of March 31, 2015): 1 450

Inga Liščika

Inga Liščika is a member of the Company's Management Board and a Chief Executive Officer. I. Liščika has been studying the Professional Management programme at English „Open University“. I. Liščika is a Master of Business Economics (Riga Technical University 1997) and a civil engineer (1995). I. Liščika has been working at JSC Olainfarm for more than 10 years.

Positions held in other companies:

SIA Pharma and Chemistry Competence Centre of Latvia, Council Member

SIA First Class Lounge, Board Member

SIA Olalex, Board Member

SIA Carbochem, Board Member

Participation in other companies: none

Number of shares of JSC Olainfarm owned (as of March 31, 2015): 1 302

Salvis Lapiņš

Salvis Lapiņš is a member of the Company's Management Board, and a manager of Investor relations. He has been studying business in RSEBAA and law at the University of Latvia. He has been actively working in financial and pharmaceutical sectors since 1995.

Positions held in other companies:
SIA Baltic Team-Up, Procuration holder

Participation in other companies:
SIA Baltic Team-Up (50%)

Number of shares of JSC Olainfarm owned (as of March 31, 2015): 36 143

Veranika Dubitskaya

Veronika Dubicka (Veranika Dubitskaya) has worked in the Parent company's representative office in Belarus since 2005. From 2005 till 2006 V. Dubitskaya held a post of the medical representative, since 2006 till July, 2009 a post of the products' manager, and since July, 2009 till May, 2011 was the principal of the representative office in Belarus.

Positions held in other companies: none

Participation in other companies: none

Number of shares of JSC Olainfarm owned (as of March 31, 2015): 1 000

Council

The Supervisory Council of JSC Olainfarm is elected by the General Meeting of Shareholders for 5 years. The Supervisory Council is a supervising institution, representing interests of the shareholders between the meetings of shareholders. Main tasks of the Supervisory Council include supervising the Management Board, and these are the main requirements that are taken into account when shareholders propose new members of the Council.

The Supervisory Council sets the remuneration for the members of the Management Board, while the remuneration of the Council itself is set by the General Meeting of Shareholders.

Valentīna Andrējeva, the Chairperson of the Council

Valentīna Andrējeva, the Doctor of Economics of the Riga Technical University (Dr.oec.) - 2006, and has also degree of Master of Economic Sciences in management of the enterprise activity, received at the Riga Technical University in 2011, a speciality of the engineer-economist which she received in 1976 at the Riga Polytechnical Institute.

Positions held in other companies:
JSC Riga Shipyard, Council Member

Participation in other companies: none

Number of shares of JSC Olainfarm owned (as of March 31, 2015): 0

Ingrīda Circene, Deputy Chairperson of the Council

Ingrīda Circene used to be Minister for Health of Latvia and member of several Saeima. I.Circene has graduated Riga Medical Institute and Riga Commerce School.

Positions held in other companies: none

Participation in other companies: none

Number of shares of JSC Olainfarm owned (as of March 31, 2015): 0

Aleksandrs Raicis

Aleksandrs Raicis is a Pharmaceutical Director of SIA Briz. A. Raicis has a degree in Pharmacy from the Riga Medical Institute (1984).

Positions held in other companies:
SIA Briz, Board Member

Participation in other companies:
SIA VIP Pharma (50%)
SIA Recessus (30%)
SIA Briz (7.92%)

Number of shares of JSC Olainfarm owned (as of March 31, 2015): 0

Volodimir Krivozubov

Volodimir Krivozubov is a Director-General of the Ukrainian OOO Torgoviye Tehnologii. V.Krivozubov has a medical degree from A. Bogomolec Kiev Medical Institute (1984).

Positions held in other companies:
OOO Torgovije Tehnologii (Ukraine), General Director

Participation in other companies: none

Number of shares of JSC Olainfarm owned (as of March 31, 2015): 0

Gunta Veismane

Gunta Veismane in 1975 graduated from the University of Latvia, Faculty of Economics, in 1993 year - Harvard University, HBS Management, Strategic management and organisational Psychology course; 1996 - MBA, University of Latvia

Positions held in other companies:
University College of Economics and Culture, Rector

Participation in other companies: none

Number of shares of JSC Olainfarm owned (as of March 31, 2015): 0

Movements in the Board during the reporting period None

Movements in the Council during the reporting period None

Major shareholders

	Share holding
Swedbank AS Clients Account	13.04%
SIA Olmafarm	42.56%
V.Maligins	26.92%
Other shareholders	<u>17.48%</u>
Total	100.00%

Management report

General information

JSC Olainfarm and JSC Olainfarm group (hereinafter - the Group) is one of the biggest group of pharmaceutical companies in Latvia with 40 years of experience in production of medication and chemical and pharmaceutical products. A basic principle of the Group's operations is to produce reliable and effective top quality products for Latvia and the rest of the world. Products made by the Group are being exported to more than 35 countries of the world, including the Baltics, Russia, other CIS, Scandinavia, Europe, Asia, North America and Australia.

At the end of the reporting period the Group mainly consisted from the Parent company JSC Olainfarm, its subsidiaries pharmaceutical retail company SIA Latvijas aptieka, food supplement company SIA Silvanols and travel agency SIA First Class Lounge. In December 2014 in Kyrgyzstan a subsidiary named Olainfarm Azija was established, while in March 2015 a subsidiary Olainfarm Lietuva in Lithuania was opened. Main activity of both new subsidiaries will be promotion of products of JSC Olainfarm and its partners in respective market.

Corporate mission and vision

Corporate mission:

JSC Olainfarm is one of the biggest manufacturers of finished drug forms chemical products in the Baltics. The keystone of our work is manufacturing of reliable and effective high quality products to the whole world. We are about fair and effective cooperation with our customers – patients, doctors, pharmacists and other partners. In achievement of our goals we are creating a team of highly qualified, socially secured and well-motivated employees. Our priority is organizing an environmentally friendly manufacturing and constant increase of the Company's shareholders value.

Corporate vision:

We are aiming to become the leading manufacturer of finished drug forms and chemical-pharmaceutical products in the Baltics and to make our products known and available worldwide.

Company's Corporate Governance Report is available at www.olainfarm.lv.

Operational environment

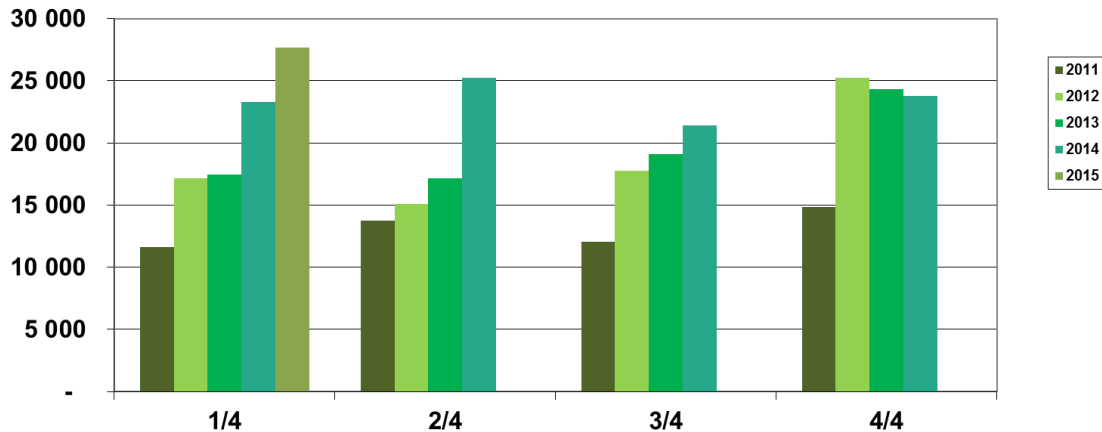
During the reporting period the operational environment in two markets important for the Company, namely Ukraine and Russia has been deteriorating. Possibilities of currency conversion remain very limited in Ukraine, which limits ability of our partners to make timely payments for products supplied. In order to avoid further accumulation of receivables from Ukraine, JSC Olainfarm has decided to link further shipments to Ukraine with payments received from that country.

OOO Oriola, one of the formerly leading pharmaceutical wholesalers of Russia, a long term partner of JSC Olainfarm seems to be undergoing significant financial difficulties, which have resulted in significantly overdue payments. The decision has been made to stop further shipments to the partner before outstanding debt is repaid. Provisions of nearly 1 million euros have been made for these receivables, which represents 100% of the outstanding debt. Inability of this one wholesaler to meet its obligations has in no way influenced Company's overall performance in Russia.

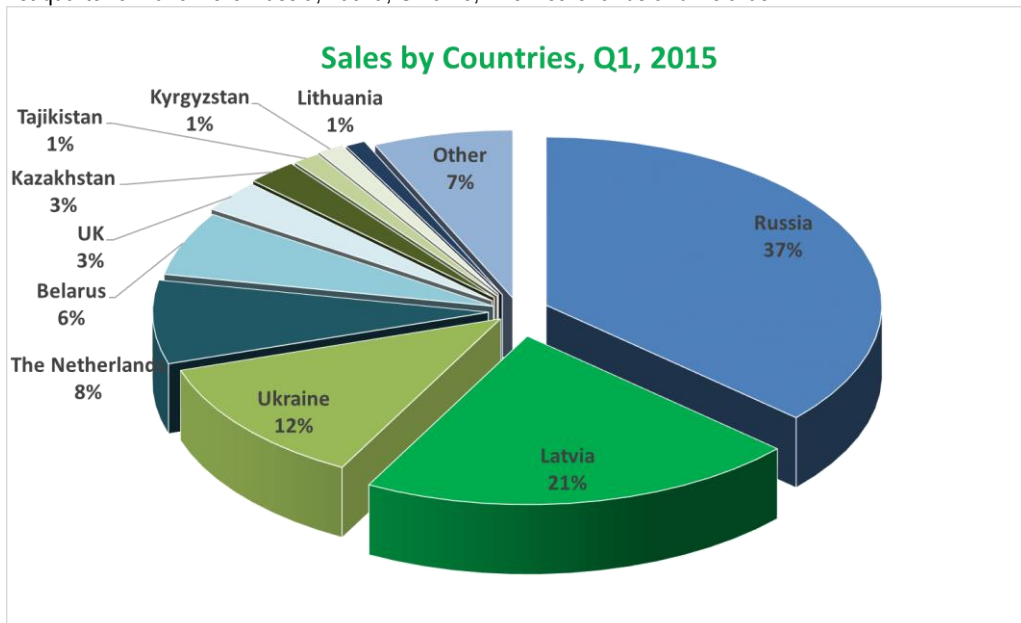
Financial results

During the first quarter of 2015 sales volumes have grown by 16% compared to similar period of 2014 and reached 27 million euro, which makes this yet another best quarter in corporate history so far. This has been achieved largely because of increasing sales volumes in countries of Central Asia, Russia and significantly growing volumes sold to the World Health Organization.

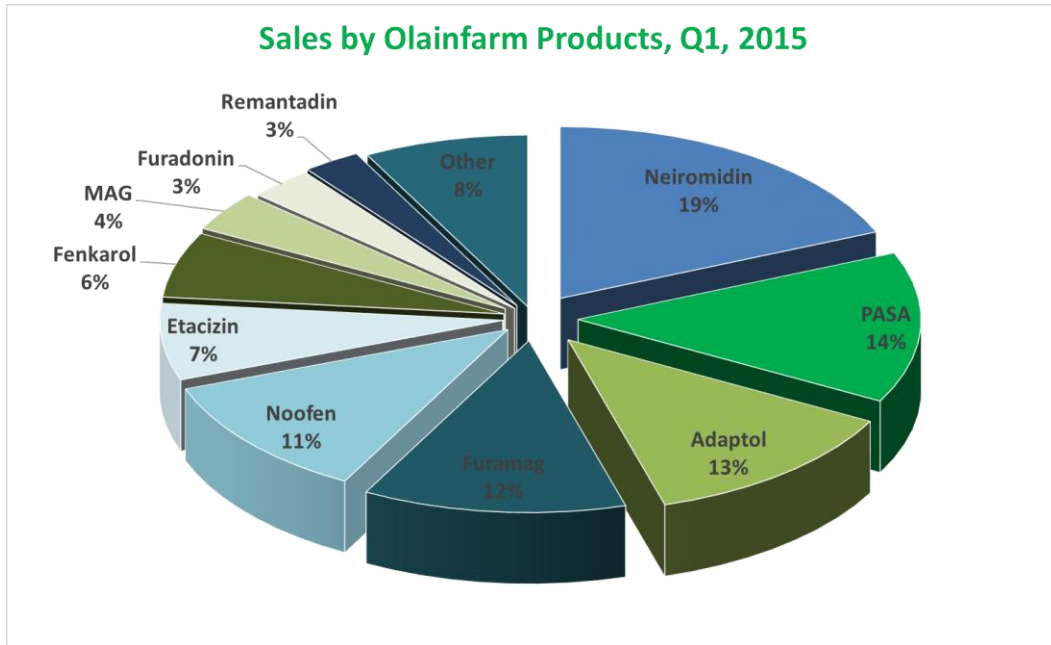
Sales by Quarters, Thsnd. EUR



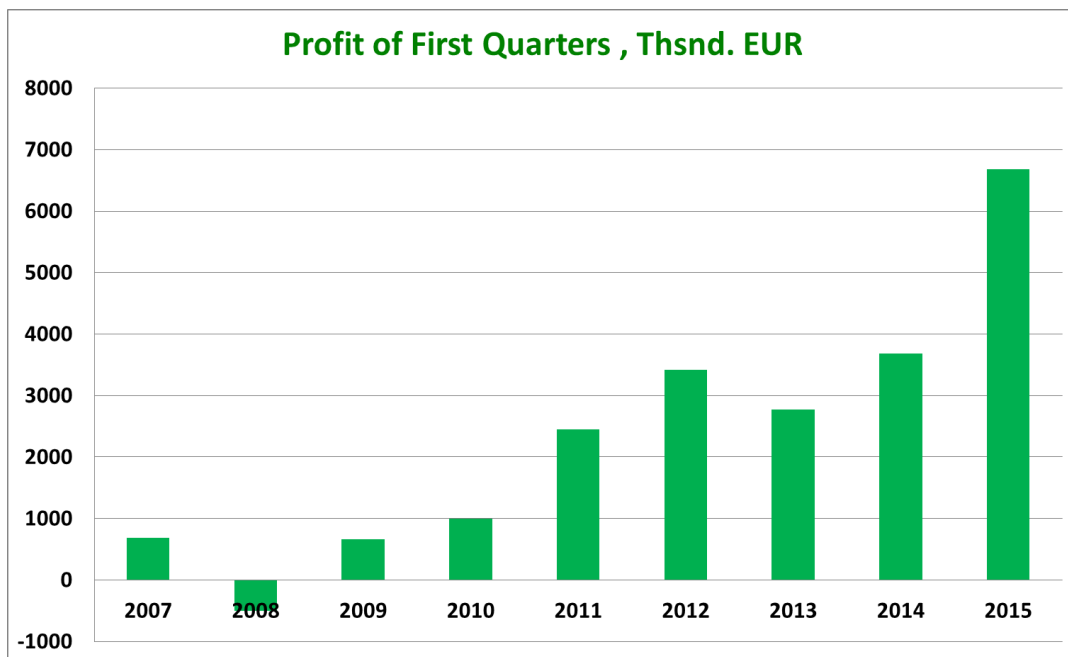
During the 1st quarter of 2015 sales to all company’s main markets continued increasing except for Belarus, where they shrunk by 26%, compared to 1st quarter of 2014. It should be noted, however, that during previous two years in a row, sales to Belarus were growing: by more than 40% in 2014 and more than 70% in 2013. The most rapid sales increases during the 1st quarter of 2015 were achieved in Tajikistan, where sales grew by 173%, The Netherlands, where sales grew by 157%, Kyrgyzstan, where sales grew by 129% and Kazakhstan, where sales grew by 106%. Sales to Russia grew by 27%. The major sales markets of JSC Olainfarm in 1st quarter of 2015 were Russia, Latvia, Ukraine, The Netherlands and Belarus.

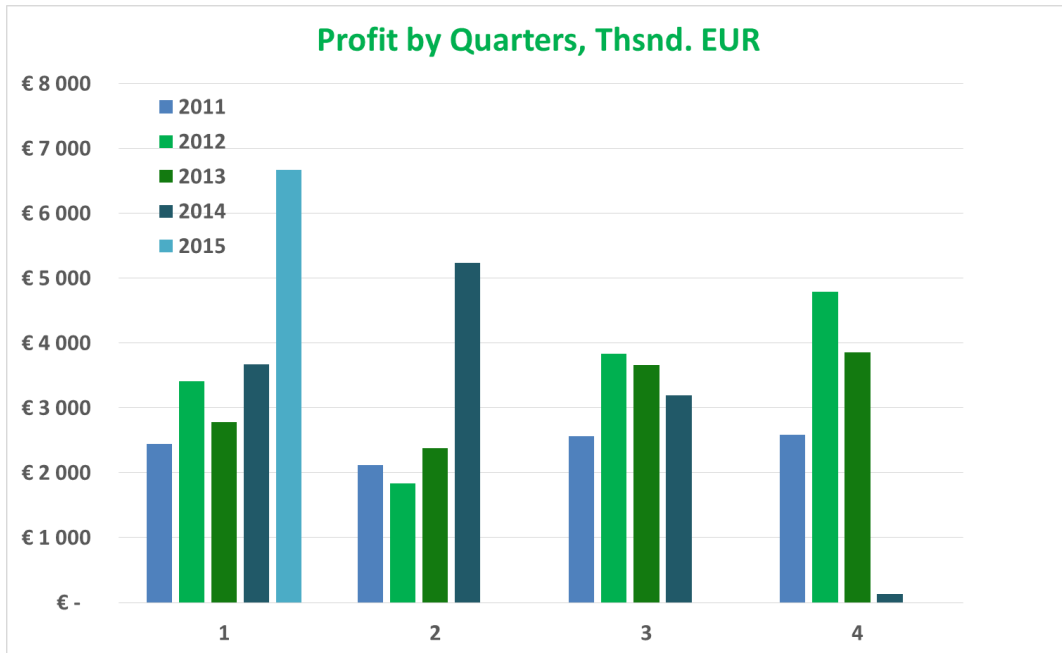


During the first quarter of 2015 significant changes have occurred to the structure of bestselling products, as due to increased demand for anti-tuberculosis product PASA Sodium salt, this product has become the second best selling product with a total share of 14% of all Olainfarm products sold. Share of previous second bestseller has shrunk to 11%. Overall, the share of ten bestselling products has increased to 92%, which shows a little greater concentration than before.

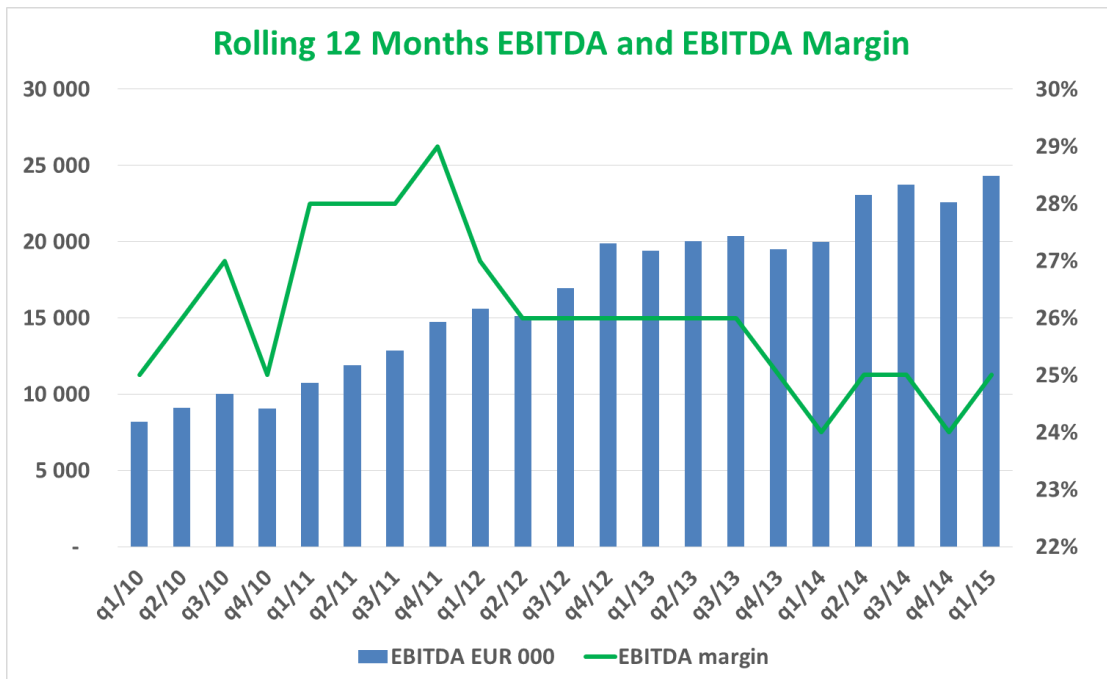


Record sales made in 1st quarter of 2015, along with favourable fluctuations of Russian Rouble is also reflected in profitability of the company. During this quarter, the company has made a net profit of 6.7 million euro, which is an increase by more than 81% compared to the first quarter of 2014. This makes it the most profitable first quarter in corporate history so far.





One, although very successful quarter has not been able to significantly influence the figures of the last 12 months in total. Ever since the Group started building its own chain of pharmacies, EBITDA margin has been fluctuating between 24% and 26%. 12 months rolling EBITDA in nominal terms has nearly doubled during this period.



This is how other indicators of the company have changed during the first quarter:

Financial indicator for period	01.01.2015 - 31.03.2015	01.01.2014 - 31.03.2014	% to previous period
Sales, EUR '000	27 024	23 314	116%
Net profit, EUR '000	6 671	3 654	183%
EBITDA, EUR '000	8 081	6 338	128%
EBIT, EUR '000	6 627	5 378	123%
Gross margin	69.7%	67.5%	
EBITDA margin	29.9%	27.2%	
EBIT margin	24.5%	23.1%	
Net margin	24.7%	15.7%	
EPS, EUR	0.47	0.26	183%

Financial indicator at the period end	31.03.2015	31.03.2014	% to previous period
Current ratio	2.5	2.6	
Share price at period end, EUR	6.41	6.80	94.3%
Market capitalisation, EUR '000	90 285	95 779	94.3%
P/B	1.1	1.5	

Financial indicator for 12 month	01.04.2014 - 31.03.2015	01.04.2013 - 31.03.2014	% to previous period
Net profit, EUR '000	15 254	13 502	113%
EBITDA, EUR '000	24 307	19 959	122%
ROA	13%	14%	
ROE	19%	21%	
P/E	5.9	7.0	

It is proposed, that Annual meeting of shareholders of JSC Olainfarm to be convened on June 11, 2015 approves operating plan of the Group for 2015. According to it, sales of the Group in 2015 are planned to be 100 million euros, but the net profit will reach 15 million euros. According to this unaudited report for 1st quarter of 2015, during the first three months 27% of annual sales target and 45% of annual profit target is met.

Shares and stock market

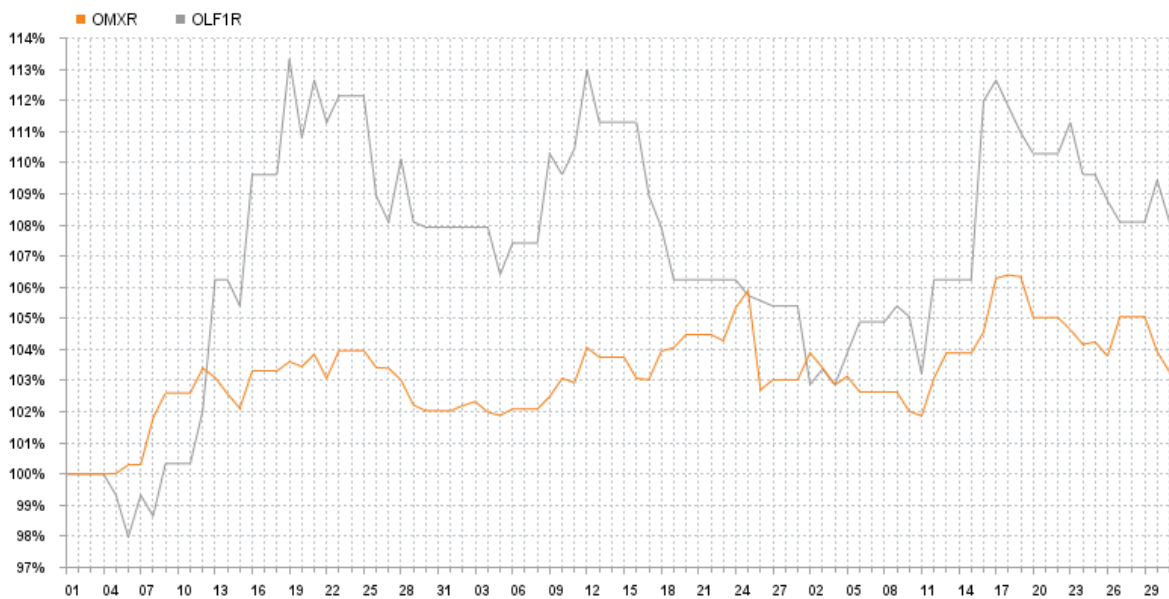
Rapid improvement of Company’s financial indicators over the last three years are reflected in fluctuations of price of Company’s shares on NASDAQ OMX Riga, as during this period the price of share increased by more than 56%. During the reporting period share price mainly fluctuated around 6.40 euro per share, reaching its low of 5.81 per share at the beginning of quarter, and reaching its high of 6.76 in the middle of March. During the reporting period 762 transactions were made with shares of JSC Olainfarm. Before the production of this report, the share price experienced certain growth and now is fluctuating at the level of 8 EUR a share.

Development of Price of Share of JSC Olainfarm, Three Years to the End of Reporting Period



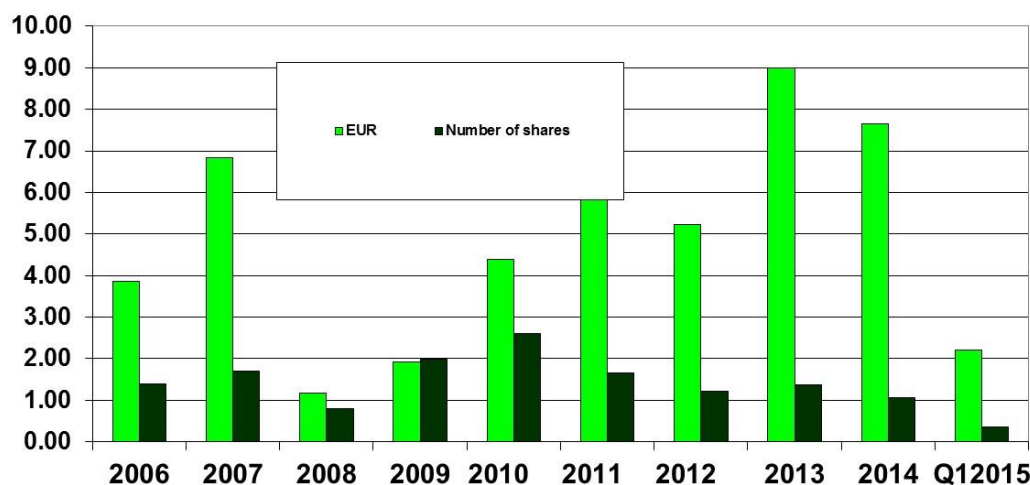
During the first quarter of this year, prices of almost all shares listed on Nasdaq Riga remained relatively stable, and therefore Indexes did not experience any major fluctuations. Price of share of JSC Olainfarm increased slightly more than OMX Riga index. During these three months OMX Riga index increased by 3.3%, while price for share of Olainfarm by 8.1%.

Rebased price of Olainfarm share vs. rebased OMX Riga index (Reporting period)



-- OMX Riga
-- AS Olainfarm

Trading of Shares on Nasdaq Riga, Mln.



During the first quarter of 2015 more than 350 000 shares of JSC Olainfarm worth more than 2.2 million euros were traded on NasdaqOMX Riga. Compared to the first quarter of 2014, the number of traded shares decreased by 30%, while turnover has decreased by 35%.

Development

During the reporting period 9 products have been registered in 5 countries. Registration processes have been launched in Bosnia And Herzegovina; processes continue in Myanmar, registration assessment is being conducted in Pakistan. New forms have been developed for Gripoflex 325 (with reduced content of paracetamol), ACC 200mg powder, lactose free Memantine tablets of 10mg and 20mg. The work continues at development of new combined prolonged activity form of nitrofurantoin. Development of two new food supplements will be completed shortly.

Future outlook

Taking into consideration the geopolitical reality, a further diversification of sales markets increasingly is a priority. During 2015 and subsequent years company plans to continue all efforts targeted at implementation of new products, entering new markets, making a little more emphasis on cooperation with other producers in distribution of their products on CIS and other markets. After the end of the reporting period, the exports were commenced to Mongolia, registration processes in Turkey are successfully continuing. More attention is being paid to possible acquisition of a company, whose sales markets are significantly different from those of JSC Olainfarm.

It has been more than a year since the company actively uses its logistical and marketing resources to sell products of its daughter company Silvanols on Olainfarm's traditional markets, so even more rapid sales growth of SIA Silvanols can be expected in the near future.

Environment

During the 1st quarter data safety sheets have been prepared for 31 substances, an internal environmental audit has been conducted and preparations of design for new wastewater treatment facility started.

Social responsibility

During the first quarter of 2015 the company continued supporting development of new professionals of Riga Stradins University and Riga Technical University and University of Latvia with scholarships.

Demonstrating that health care and healthy life style is high among company's values, JSC Olainfarm participated in organizing Annual Medical Awards. Significant support was also provided for young football and tennis talents.

Company continued helping "Ineses Galantes Fonds" to search for musically talented young people of Latvia, was one of the key supporters of celebrations of anniversary of town of Olaine.

Events after the end of the reporting period

In April 2015 the Company acquired 100% stake of SIA Nikafarm. SIA Nikafarm owns one pharmacy in Olaine.

The financial reports were approved by the Board of the Parent company and on its behalf they are signed by


Valerijs Maligins
Chairman of the Board
(President)


May 29, 2015

Statement of responsibility of the management

The Management Board of JSC Olainfarm prepares interim condensed consolidated financial statements for each quarter which give a true and fair view of the JSC Olainfarm group's (hereinafter - the Group) assets, liabilities and financial position as of the end of the respective interim period, and the financial results of the Group for that respective period. Interim condensed consolidated financial statements are prepared based on International Financial Reporting Standards as adopted by the EU in respect of interim financial statements. In preparing those financial statements, management:

- ♦ selects suitable accounting policies and then apply them consistently;
- ♦ makes judgments and estimates that are reasonable and prudent;
- ♦ prepares the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Management Board of JSC Olainfarm is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position, financial performance and cash flows of the Parent Company and the Group and enable them to ensure that financial statements drawn up from them comply with International Financial Reporting Standards as adopted by the EU.

For the Board of JSC Olainfarm:


Valerijs Maligins
Chairman of the Board
(President)


May 29, 2015

INTERIM CONSOLIDATED FINANCIAL STATEMENTS**Interim consolidated statement of comprehensive income**

	Note	01.01.2015 -	01.01.2014 -
		31.03.2015	31.03.2014
		EUR '000	EUR '000
Net revenue		27 024	23 314
Cost of goods sold		(8 190)	(7 587)
Gross profit		18 834	15 727
Selling expense		(7 119)	(6 460)
Administrative expense		(4 126)	(3 762)
Other operating income		592	497
Other operating expense		(1 626)	(646)
Share of profit of an associate		72	22
Financial income		1 990	35
Financial expense		(56)	(930)
Profit before tax		8 561	4 483
Corporate income tax	5	(1 772)	(683)
Deferred corporate income tax	5	(114)	(123)
Profit for the reporting period		6 675	3 677
Other comprehensive income for the reporting period		-	-
Total comprehensive income for the reporting period		6 675	3 677
Total comprehensive income attributable to:			
The equity holders of the Parent company		6 671	3 654
Non-controlling interests		4	23
		6 675	3 677
Basic and diluted earnings per share, EUR		0.47	0.26

The accompanying notes form an integral part of these financial statements.

For the Board of JSC Olainfarm:



May 29, 2015

Interim consolidated statement of financial position

ASSETS	Note	31.03.2015	31.12.2014
NON-CURRENT ASSETS		EUR '000	EUR '000
Intangible assets			
Goodwill		6 660	6 660
Patents		145	145
Pharmacy licenses and lease contracts		9 526	9 526
Other intangible assets		2 265	2 283
Prepayments for intangible assets		196	234
TOTAL		18 792	18 848
Property, plant and equipment			
Land, buildings and constructions		17 249	17 513
Equipment and machinery		12 841	10 102
Other tangible assets		2 339	2 384
Leasehold investments		220	226
Construction in progress		2 445	2 592
Prepayments for property, plant and equipment		912	1 857
TOTAL	6	36 006	34 674
Financial assets			
Loans to related and associated companies		175	173
Loans to management and shareholders		3 626	3 626
Investments in associated companies		438	365
Other non-current financial assets		40	70
TOTAL		4 279	4 234
TOTAL NON-CURRENT ASSETS		59 077	57 756
CURRENT ASSETS			
Inventories			
Raw materials		2 382	2 685
Work in progress		9 407	8 850
Finished goods and goods for resale		6 681	6 786
Prepayments for goods		284	372
TOTAL		18 754	18 693
Receivables			
Trade receivables and receivables from associated and other related companies		31 360	26 022
Prepayments and prepaid expense		524	537
Other receivables		853	729
Loans to management, employees and shareholders		1 126	865
Loans to related and associated companies		66	66
TOTAL		33 929	28 219
Cash			
TOTAL CURRENT ASSETS		56 794	48 967
TOTAL ASSETS		115 871	106 723

The accompanying notes form an integral part of these financial statements.

For the Board of JSC Olainfarm:

May 29, 2015


 Valerijs Maligins
 Chairman of the Board
 (President)



Interim consolidated statement of financial position

EQUITY AND LIABILITIES		Note	31.03.2015	31.12.2014
EQUITY			EUR '000	EUR '000
Share capital			19 719	20 041
Share premium			2 504	2 504
Reserves			322	-
Retained earnings:				
brought forward			50 492	38 255
for the period			6 671	12 237
	TOTAL		79 708	73 037
Non-controlling interests			12	8
	TOTAL EQUITY		79 720	73 045
LIABILITIES				
Non-current liabilities				
Loans from credit institutions			9 765	10 192
Deferred corporate income tax liabilities			1 754	1 640
Deferred income			2 037	2 099
Finance lease liabilities			175	195
	TOTAL		13 731	14 126
Current liabilities				
Loans from credit institutions			6 816	6 748
Finance lease liabilities			137	158
Prepayments received from customers			1 322	1 138
Trade payables and payables to associated and other related companies			8 976	7 979
Taxes payable			1 061	745
Corporate income tax			1 165	-
Deferred income			439	419
Accrued liabilities			2 504	2 365
	TOTAL		22 420	19 552
		TOTAL LIABILITIES	36 151	33 678
TOTAL EQUITY AND LIABILITIES			115 871	106 723

The accompanying notes form an integral part of these financial statements.

For the Board of JSC Olainfarm:



May 29, 2015

Interim consolidated statement of cash flow

	01.01.2015 - 31.03.2015	01.01.2014 - 31.03.2014
	EUR '000	EUR '000
Cash flows to/from operating activities		
Profit before taxes	8 561	4 483
Adjustments for:		
Amortization and depreciation	1 454	960
Loss/ (profit) on sale/ disposal of non-current assets	-	6
Impairment of tangible and intangible assets	90	-
Increase/ (decrease) in allowances	1 816	278
Income from investing activities in associate	(72)	(22)
Interest expenses	56	85
Interest income	(70)	(35)
Income from EU projects' funds	(111)	(35)
Unrealised (gain)/ loss from fluctuations of currency exchange rates	(1 336)	287
Operating cash flows before working capital changes	10 388	6 007
Decrease/ (increase) in inventories	(518)	(762)
Decrease/ (increase) in receivables and prepaid expense	(5 324)	(1 623)
(Decrease)/ increase in payables and prepayments received	1 007	502
Cash generated from operations	5 553	4 124
Corporate income tax paid	(564)	(927)
Net cash flows to/ from operating activities	4 989	3 197
Cash flows to/from investing activities		
Purchase of intangible assets and property, plant and equipment	(2 825)	(2 157)
Receipt of EU grants	69	-
Proceeds from sale of intangible assets and property, plant and equipment	5	26
Repayment of loans	2	1
Loans granted	(195)	(445)
Net cash flows to/from investing activities	(2 944)	(2 575)
Cash flows to/from financing activities		
Borrowings repaid	(1 900)	(1 484)
Interest paid	(56)	(81)
Proceeds from borrowings	1 984	686
Net cash flows to/from financing activities	28	(879)
Change in cash	2 073	(257)
Net foreign exchange difference	(17)	(41)
Cash at the beginning of the year	2 055	2 026
Cash at the end of the reporting period	4 111	1 728

The accompanying notes form an integral part of these financial statements.

Interim consolidated statement of changes in equity

	Equity attributable to the equity holders of the Parent company					Non-controlling interests	Total
	Share capital	Share premium	Reserves	Retained earnings	Total		
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000		
Balance as at 31 December 2013	20 041	2 504	-	39 364	61 909	78	61 987
Profit for the reporting period	-	-	-	3 654	3 654	23	3 677
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	3 654	3 654	23	3 677
Balance as at 31 March 2014	20 041	2 504	-	43 018	65 563	101	65 664
Balance as at 31 December 2014	20 041	2 504	-	50 492	73 037	8	73 045
Profit for the reporting period	-	-	-	6 671	6 671	4	6 675
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	6 671	6 671	4	6 675
Transfer to reserves	(322)	-	322	-	-	-	-
Balance as at 31 March 2015	19 719	2 504	322	57 163	79 708	12	79 720

The accompanying notes form an integral part of these financial statements.

Notes to the interim condensed consolidated financial statements

1. Corporate information

The principal activities of Olainfarm Group (hereinafter, the Group) are manufacturing and distribution of chemical and pharmaceutical products. The Parent Company of the Group, JSC Olainfarm (hereinafter, the Parent Company) was registered with the Republic of Latvia Enterprise Register on 10 June 1991 (re-registered on 27 March 1997) and with the Republic of Latvia Commercial Register on 4 August 2004. The shares of the Parent Company are listed on Riga Stock Exchange, Latvia.

These unaudited interim condensed consolidated financial statements (hereinafter – the interim financial statements) were approved by the Board on 29 May 2015.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The interim condensed consolidated financial statements for three months ended 31 March 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

The interim financial statements are presented in euro (EUR), the monetary unit of the Republic of Latvia since 1 January 2014, and rounded to the nearest thousand (EUR '000 or thsd. EUR).

The interim financial statements comprise the financial statements of the Parent Company and all its subsidiaries as at 31 March 2015.

Changes in accounting policy and disclosures

The accounting policies are consistent with those followed in the preparation of the Group's annual financial statement for the previous periods. The Group has evaluated new and amended IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2015. No impact on the interim financial statements of the Group was identified.

The Group has not applied and has not evaluated the impact of the application of the IFRS and IFRIC interpretations that have been issued as of the date of authorisation of these financial statements for issue, but which are not yet effective. The Group plans to adopt these standards and interpretations on their effectiveness dates provided they are endorsed by the EU.

3. Business combination, reorganisation and acquisition of non-controlling interest

There were no business acquisitions during the reporting period.

On March 27, 2015 JSC Olainfarm established subsidiary UAB Olainfarm-Lietuva in Lithuania (100% of shareholding and voting power). Main operations of the newly established company will be related to promotion in Lithuania of products made by the Group and its partners. During the reporting period there was no operation in the company.

Information on prior year acquisitions

There were no business acquisitions during the financial year ended 31 December 2014.

Acquisition of additional interest in SIA Silvanols

On 28 August 2014 JSC Olainfarm acquisition of another 25.81% shares in SIA Silvanols was registered, thus increasing its stake to 96.69%. Cash consideration of 1 176 thsd EUR was transferred to the minority shareholders. The acquisition of additional ownership interest in a subsidiary is recorded in equity as following:

	EUR '000
Cash consideration paid to non-controlling shareholders	1 176
Carrying value of non-controlling interest in SIA Silvanols acquired	67
Difference recognised in retained earnings	1 109

Merging of pharmacies

During the year ended 31 December 2014 reorganisation - merging process was performed in the course of which eighteen of JSC Olainfarm owned pharmacies (acquiree) were merged into SIA Latvijas aptieka (acquirer). On 28 May 2014 the first phase of the reorganisation process was completed and the companies SIA Esplanāde Farm, SIA Vita Plus aptieka, SIA Veritas-Farm, SIA Teriaks Pļaviņu aptieka, SIA Rudens laiks, SIA Aptieka Rudens 10, AS Lege Artis Rīga, SIA Juko 99, SIA Inula Farma, SIA Daugavkrasta farmācija and SIA Baltā Aptieka I.P.I. were merged into SIA Latvijas aptieka. On 16 September 2014 the second phase of the reorganisation was completed and SIA Mana aptieka, SIA Traumu aptieka, SIA Trīsdesmit seši un seši, SIA Sabiedrības Ars aptieka, SIA Priekules aptieka and SIA Jaunjelgavas aptieka were merged into SIA Latvijas aptieka. On 15 December 2014 the third phase of the reorganisation was completed in the course of which SIA Elpa aptiekas was merged into SIA Latvijas aptieka.

All the rights and obligations of the acquirees were transferred to the acquirer. Assets and liabilities of the acquired companies were reflected in the financial statements of SIA Latvijas aptieka at their carrying value as at the date of the merging, excluding intercompany mutual balances and the difference recognising in prior year retained earnings. Due to the fact that all merged companies till the date of the reorganisation were part of the same Group, the performed reorganisation did not affect the financial results of the consolidated financial statements.

On December 3, 2014 JSC Olainfarm established subsidiary SIA Olainfarm Azija in Kyrgyzstan (100% of shareholding and voting power). Main operations of the newly established company will be related to promotion in Kyrgyzstan of products made by the Group and its partners. During the prior year there was no operation in the company.

4. Impairments

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired. Goodwill acquired through business combinations has been allocated to SIA Latvija Aptieka Cash Generating Unit (Pharmacy CGU) and Silvanols CGU. Premises lease agreements and licences are fully related to Pharmacy CGU.

The recoverable amount of Pharmacy CGU is determined based on a value in use calculation using cash flow projections from financial budgets approved by the management of the Group. Applying the same key assumptions in value in use calculation as for the latest year end testing, management has not identified circumstances that indicate the carrying value of Pharmacy CGU related goodwill, premises lease agreements and licenses may be materially impaired at the date of these interim financial statements.

The recoverable amount of Silvanols CGU is determined based on the company's market value applying comparison method. Market values and financial data of similar companies operating in emerging Europe and Asia markets were analysed to establish the market value of Silvanols CGU. Average rate of market value to revenue of comparative companies was selected as multiple to calculate Silvanols CGU market value. As a result of performed evaluation, the management has not identified circumstances that indicate the carrying value of Silvanols CGU related goodwill may be materially impaired at the date of these interim financial statements.

5. Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax in the interim condensed income statement are corporate income tax 1 772 thsd. EUR (3M 2014: 683 thsd. EUR) and increase in deferred income tax expense of 114 thsd. EUR (3M 2014: 123 thsd. EUR). Deferred income tax liability at the period end is 1 754 thsd. EUR (31.12.2014: 1 640 thsd. EUR).

6. Property, plant and equipment

During the reporting period the Parent company has made investments in equipment and technologies in amount of 1 916 thsd. EUR in the course of EU financed project High Added Value Investments in Improvement of Chemical and Technological Processes. During the reporting period the EU project related equipment and technologies in amount of 533 thsd. EUR were put in operation.

During the reporting period other EU financed projects' related equipment and technologies of 606 thsd. EUR were put in operation.

No material disposals or write-offs performed during the reporting period.

7. Related party disclosures

Related party	Type of services		Goods and	Goods and services	Amounts	Amounts
			received from	delivered to/ Loans	owed by	owed to
			related parties	issued to related parties	related parties (gross)	related parties (gross)
			EUR '000	EUR '000	EUR '000	EUR '000
1. Associated entities						
SIA Olainfarm enerģija (AS Olainfarm share 50%)	Loan, services, energy production	31.12.2014 31.03.2015	481 169	83 16	215 202	62 50
SIA Pharma and Chemistry Competence Centre of Latvia (AS Olainfarm share 11%, SIA Silvanols share 19%)	Financing and project management services	31.12.2014 31.03.2015	206 9	160 7	345 352	26 28
		TOTAL: 31.12.2014	687	243	560	88
		TOTAL: 31.03.2015	178	23	554	78
2. Key management personnel						
V. Maligns (shareholder)	Loan and travelling services	31.12.2014 31.03.2015	- -	2 052 231	4 140 4 371	- -
		TOTAL: 31.12.2014	-	2 052	4 140	-
		TOTAL: 31.03.2015	-	231	4 371	-
3. Entity with significant influence						
SIA Olmafarm (shareholder)	Loan and finished goods sale	31.12.2014 31.03.2015	- -	38 3	229 232	- -
		TOTAL: 31.12.2014	-	38	229	-
		TOTAL: 31.03.2015	-	3	232	-
4. Other Related companies						
SIA Vega MS (V.Maligns share 60%)	Security services, manufacture of windows	31.12.2014 31.03.2015	429 102	- -	- -	4 4
SIA Aroma (V.Maligns share 99.21%)	Loan and lease of premises	31.12.2014 31.03.2015	16 6	51 16	141 157	16 5
SIA Lano Serviss (V.Maligns share 25.04%)	Drycleaner's services	31.12.2014 31.03.2015	31 8	10 3	1 1	3 3
SIA Carbochem (V.Maligns share 50%)	Loan and intermediary on sale of chemical products	31.12.2014 31.03.2015	- -	- -	109 109	- -
SIA Olfa Press (V.Maligns share 47.5%)	Printing services	31.12.2014 31.03.2015	1 419 412	48 10	8 18	241 193
Olfa OOO (J.Dudko's share 100%)	Finished goods sale	31.12.2014 31.03.2015	- -	10 566 2 574	10 374 9 981	- -
		TOTAL: 31.12.2014	1 895	10 675	10 633	264
		TOTAL: 31.03.2015	528	2 603	10 266	205

8. Segment information

	Finished form medicine	Chemicals	Pharmacy wholesale	Pharmacy retail	Silvanols	Total segments	Unallocated and eliminated	Consolidated
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Assets								
31.03.2015	54 062	17 218	3 848	20 128	4 220	99 476	16 395	115 871
31.12.2014	52 738	15 507	3 284	16 882	4 015	92 426	14 297	106 723
Liabilities								
31.03.2015	5 448	2 893	1 396	4 137	1 500	15 374	20 777	36 151
31.12.2014	5 149	1 198	1 398	5 382	1 325	14 452	19 226	33 678
Revenue								
External customers								
2015	19 900	1 358	740	4 206	820	27 024	-	27 024
2014	16 879	1 690	101	3 909	735	23 314	-	23 314
Inter-segment								
2015	97	4 577	1 954	-	121	6 749	(6 749)	-
2014	62	2 590	1 201	-	85	3 938	(3 938)	-
Total revenue								
2015	19 997	5 935	2 694	4 206	941	33 773	(6 749)	27 024
2014	16 941	4 280	1 302	3 909	820	27 252	(3 938)	23 314
Segment profit								
2015	7 820	1 814	368	1 124	520	11 646	(3 085)	8 561
2014	6 625	564	86	64	(40)	7 299	(2 816)	4 483

Reconciliation of profit

	3M 2015	3M 2014
	EUR '000	EUR '000
Segment profit	11 646	7 299
Unallocated financial income	2 063	310
Unallocated financial expenses	(70)	(1 193)
Other unallocated income and expense	(45)	(133)
Inter-segment elimination	(5 033)	(1 800)
Profit before tax	8 561	4 483

Reconciliation of assets

	31.03.2015	31.12.2014
	EUR '000	EUR '000
Segment operating assets	99 476	92 426
Unallocated long term assets	11 754	10 910
Unallocated short term assets	982	1 587
Cash managed on group level	3 659	1 800
Total assets	115 871	106 723

Reconciliation of Liabilities

	31.03.2015	31.12.2014
	EUR '000	EUR '000
Segment operating liabilities	15 374	14 452
Deferred tax liability	1 273	439
Interest bearing loans and borrowings	15 571	15 385
Current tax liabilities	997	594
Other unallocated liabilities and eliminations	2 936	2 808
Total liabilities	36 151	33 678

9. Dividends paid and proposed

Shareholders of the Parent Company have decided not to distribute profit of the year 2014 and reinvest it in the Group's development. No dividends paid during the reporting period up to the authorisation of the interim financial statements.

10. Events after the reporting period

In April, 2015 100% shares of unlisted pharmacy retail company SIA Nikafarm were acquired. The acquisition of the shares was registered by the Commercial register on April 21, 2015.

On 22 April 2015 the Parent company renovated the international factoring agreement without recourse rights in respect of the receivables from OOO Olfa. The receivable from OOO Olfa amounting to 7.4 million EUR was additionally pledged in favour of AS Trasta Komerbanka at the agreement renovation date having total factorized amount of 9.5 million euro as of renovation date.

On 28 April 2015 the Parent company and SIA First Class Lounge made a cession agreement with what the Parent company took over trade receivable from related party Valērijs Maligins in amount of 314 thsd EUR in exchange of the receivables from SIA First Class Lounge on the same amount.

On 29 April, 2015 the Parent company and Vēlerijs Maligins amended mutual loan agreement adding receivable taken-over from SIA First Class Lounge 314 thsd EUR as short term part repayable in year 2015.

As of the last day of the reporting period until the date of signing these financial statements, there have been no other events requiring adjustment of or disclosure in the financial statements or notes thereto.