

Scandinavian Biogas Fuels International AB (publ)

Corp. Reg. No. 556528-4733

Year-end report for the January 1 – December 31, 2015 period

In December 2015, Scandinavian Biogas Fuels International AB became a public limited liability company. The Group is currently in a period of major, key investments and the start-up of new projects, which entails a period of financial strain before the projects are in full production. Development is progressing well and operations are expected to improve from a profitability perspective in the coming financial year. The completed and ongoing investments are expected to quadruple the Group's biogas upgrade capacity in the Nordic region to 40 MNm³, equivalent to around 400 GWh.

Summary of the fourth quarter 2015

- The new biogas plant in Södertörn was inaugurated on October 2, 2015 by the Minister for Energy, Ibrahim Baylan, together with the Chairman of Scandinavian Biogas, Göran Persson
- The expansion of the upgrade facility at Henriksdal continued very well according to plan and the first delivery to customers via the Stockholm gas net took place in early 2016
- Net sales amounted to SEK 55.6 million (49.8)
- Total revenues were SEK 69.2 million (55.1)
- EBITDA amounted to SEK 6.7 million (7.3)
- Operating results totalled SEK -14.8 million (-14.4)
- Results after tax amounted to SEK -15.7 million (-24.7)

The financial information in this report pertains to the Group unless otherwise indicated and the amounts in brackets pertain to the corresponding period last year.

Summary of the 12-month period 2015

- Net sales amounted to SEK 175.9 million (168.4)
- Total revenues were SEK 231.9 million (185.7)
- EBITDA amounted to SEK 23.4 million (32.0) and was better than forecasted
- Operating results were SEK -16.8 million (-5.3)
- Results after tax amounted to SEK -21.4 million (+10.5)
- Number of employees has increased from 52 to 59 since the end of last year

Significant events after the period end

- On February 10, 2016 Scandinavian Biogas Fuels International AB (publ) issued senior secured bonds at a value of SEK 200 million, which the Group plans on listing on Nasdaq Stockholm this spring
- On February 11, 2016 the Group acquired the majority of the shares in Biokraft Holding AS – a company registered in Norway, which is the sole owner of Biokraft AS, whose business concept is to construct a biogas plant for the production of liquid biogas and then operate it

Operations

Scandinavian Biogas is a leading operator in large-scale biogas production with world-leading knowledge on how biogas plants – including everything from pre-treatment to upgrading – should be designed to optimize the production of biogas. The Group is working to advocate the transition from fossil fuel to renewable energy.

The Group's business concept is to be a leader in the design, management and operation of biogas plants. This is achieved by continuously improving the digestion process in the production of biogas produced from biomass, primarily from the large amount of waste formed during wastewater treatment, and food waste from industrial processes such as the production of food and biofuels. Furthermore, the Group contributes leading expertise in the purification process of digester gas for upgrading biogas to vehicle fuel quality. The Group's core markets are the Nordic region and South Korea.

Scandinavian Biogas has a strategic focus on research and development and consequently Scandinavian Biogas attaches great importance to developing methods for more efficient biogas production from both established and new types of waste, residues and other organic materials. The company's knowledge and methods enable biogas production today to be performed in a more cost- and resource-efficient way than before.

Scandinavian Biogas Fuels International AB (publ) is registered and headquartered in Stockholm. On December 31, 2015 the Group had 38 (32) employees in Sweden, and 21 (20) in South Korea.

The Group

Scandinavian Biogas Fuels International AB (publ) is the Parent Company of the Scandinavian Biogas Group, which consists of several wholly and partially owned companies registered in Sweden and South Korea. The Group's operations are run mainly via the subsidiaries.

Financial overview

Group (SEK thousand)

	October 1 – December 31 2015	October 1 – December 31 2014	January 1 – December 31, 2015	January 1 – December 31, 2014
Net sales	55 607	49 817	175 891	168 403
EBITDA	6 701	7 328	23 358	31 958
Operating results	-14 770	-14 409	-16 817	-5 281
Balance sheet total	760 652	628 037	760 652	628 037
Equity ratio	28,6%	30,8%	28,6%	30,8%

The net sales of the Group for the fourth quarter amounted to SEK 55.6 million (49.8), corresponding to an increase of 11.6% compared to the same period last year. The higher revenues are primarily due to the fact that the biogas plant in Södertörn is now operational and delivering gas to customers.

Net sales for the year amounted to SEK 175.9 million (168.4), an improvement of SEK 7.5 million compared to the year before. This is largely thanks to successful work at the pre-treatment plant in Södertörn and that the biogas plant in Södertörn has started delivering gas to customers. Total revenues for the October to December 2015 period amounted to SEK 69.2 million (55.1), and for the 12-month period were SEK 231.9 million (185.7). The main reason is an increase in own work capitalized for the Henriksdal expansion project.

A reclassification of Other external costs was done retroactively in December 2015. The adjustment pertains to operations-related re-invoicing that was previously reported as Other external expenses but that are now reported as Raw materials and consumables. Revenues and expenses from non-operations related re-invoicing are reported as Other operating income and Other external expenses, respectively. The reason for the adjustment is to provide a more accurate picture of the Group's results. The figures for the fourth quarter 2015 and 2014, and the full year 2014 are restated according to the new regulation so that the amounts are comparable.

Consolidated EBITDA for the fourth quarter amounted to SEK 6.7 million (7.3). For the January to December 2015 period consolidated EBITDA amounted to SEK 23.4 million (32.0), which is markedly better than expected. During the year, the facilities in Södertörn were in start-up stage and therefore generated negative EBITDA.

In the fourth quarter 2015, operating results amounted to SEK -14.8 million (-14.4) which is on par with the same period last year. Operating results for the 12-month period amounted to SEK -16.8 million (-5.3), which is due to the SEK 13.5 million write down of the plant in Ulsan.

Consolidated results after tax amounted to SEK -15.7 million (-24.7) for the October to December 2015 period, of which SEK +0.9 million (+3.9) comes from unrealized currency exchange differences. Results after tax for the 12-month period amounted to SEK -21.4 million (+10.5), of which SEK +0.2 million (+13.9) is related to unrealized currency exchange differences. At December 31, 2014 the Group had a consolidated tax profit of SEK 16.6 million (non-recurring item) attributable to the sale and lease back transaction that was conducted in 2014.

The balance sheet total at December 31, 2015 was SEK 760.7 million (628.0) and has increased by 21.1% since the start of the year, mainly due to investments in ongoing projects. The biogas plant project at Södertörn was deployed in the fourth quarter and has therefore been moved from Construction work in progress. Borrowings related to financial leasing with terms of 20 years or more amounted to SEK 174.6 million (169.5). Besides the year's results, equity during the year changes included the conversion of convertibles that were issued at the start of the year.

At December 31, 2015, the consolidated cash balance was SEK 64.9 million (124.9), with the decrease primarily due to the investments made in the new biogas plant in Södertörn.

Investments

Investments in tangible and intangible assets during the fourth quarter of the year amounted to SEK 65 million (144), of which SEK 0 million (0) in South Korea. Investments in tangible and intangible assets during the 12-month period were made at the amount of SEK 186 million (201), of which SEK 0 million (1) in South Korea. At December 31, 2015, the Group had commitments to making further investments in the plant at Södertörn and the expansion at Henriksdal.

At December 31, 2015 the book value of the Group's tangible and intangible assets was SEK 647.5 million (466.0), of which SEK 248.3 million (143.2) pertains to leasing objects that the Group leases through long-term leasing agreements (more than 20 years).

Significant events during the period

Expansion of Henriksdal

Work to expand the plant at Henriksdal, which began in November 2014 in collaboration with Stockholm Vatten AB, continued during the fourth quarter of the year. The expansion is expected to increase production capacity by around 12.5 million normal cubic meters (Nm³) when fully operational.

Production

Bromma and Henriksdal

The plant at Henriksdal produced and sold 7.5 million Nm³ (7.5 MNm³), equivalent to around 75 GWh of biogas during the year. The corresponding volume for the plant in Bromma is 2.5 million Nm³ (2.3 MNm³), equivalent to around 25 GWh. Despite some downtime at Henriksdal and a decrease in the amount of available raw gas in Bromma at the beginning of the year, the amounts are on par with the levels of the previous year, if not somewhat higher.

Ulsan, South Korea

The plant in South Korea received on average 194 tonnes (203) of food waste per day during the year. Sales of raw gas during the same period amounted to a total of 9.7 million Nm³ (9.8 MNm³), which corresponds to around 66 GWh (67 GWh). A total of 10.4 million Nm³ (10.7 MNm³) raw gas was produced.

Pre-treatment plant at Södertörn

The pre-treatment plant at Södertörn received a total of 28 089 tonnes (17 446) of food waste in 2015, which corresponds to an average of 77 tonnes (71) per day. As the plant was deployed on May 1, 2014, the comparative figures for the previous year are for eight months only.

Biogas plant in Södertörn

At the beginning of October 2015, the biogas plant at Södertörn was inaugurated by the Minister for energy Ibrahim Baylan. Production of upgraded biogas in the fourth quarter amounted to 0.6 million Nm³, equivalent to 6 GWh. Sales of upgraded biogas amounted to 0.5 million Nm³, corresponding to 5 GWh for the same period. Some fine-tuning of the plant will be made, which when fully operational is expected to have an annual production capacity of more than 8 million Nm³ of biogas, equivalent to around 80 GWh.

Financing

The business is financed through equity, loans from external creditors and financial leasing. The upgrade facilities at Bromma and Henriksdal are leased from Stockholm Vatten AB and the pre-treatment plant at Södertörn is leased from SRV Återvinning AB. The leasing agreements are for 25 years.

During the year, the Group raised new loans of SEK 25 million from external creditors to invest in the biogas plant in Södertörn. Amortization of interest-bearing loans were made according to a fixed repayment plan, amounting to SEK 56 million, which includes the amortization of financial leasing and the conversion of convertible bonds into shares. Financial leasing for the pre-treatment plant at Södertörn during the year increased by SEK 11 million and pertains primarily to investment in increasing the reception capacity for food waste.

The Group has an ambition to grow further and is actively working on new projects. The Group expects that major future projects will require financing in the form of different types of collaboration and funding, depending on the structure and placement of the project.

The share

The number of shares remains unchanged in the fourth quarter and on December 31, 2015 the company had 90 092 662 (78 414 661) shares with a par value of SEK 0.20 per share. Each share entitles the holder to one vote. All outstanding shares are ordinary shares and therefore entitle the holder to an equal proportion of Scandinavian Biogas Fuels International AB's (publ) assets and earnings.

Warrants

Altogether, employees and Chief Executive Officer had a total of 565 000 (565 000) outstanding warrants on December 31, 2015. There has been no change in the number of warrants outstanding during the year.

Principal owners on December 31, 2015, in percent %

AC Cleantech	32.8%
Bengtssons Tidnings AB and related parties	31.4%
Novator	6.7%
Ajanta OY and related parties	6.1%
Erik Danielsson and family, including companies	5.8%
John Nurminen OY	4.4%
Other	12.8%

Significant risks and uncertainties in operations

Significant risks and uncertainties are described in the latest annual report and on December 31, 2015 were assessed to be unchanged, except as noted below.

As stated in this year-end report, the Group issued a bond loan of SEK 200 million after the end of the financial year, which reduced financial risk in the Group.

As the financial conditions for an upgrade plant in Ulsan have been deemed disadvantageous in the current market climate, an impact assessment has been carried out. Consequently, the Group started to reserve funds for a potential penalty in the third quarter and there is a risk attached to the assessed level of the fee.

Transactions with associated parties

There were no significant transactions with related parties to report during the period other than that AC Cleantech Growth Fund 1 Holding AB and Bengtssons Tidnings AB converted their bonds to shares, which also included the payment of accrued interest. See note 8.

Parent Company

In December 2015, the Parent Company changed company category and went from being a privately held company to a public limited liability company.

Operations

The Group's operations are primarily conducted in the subsidiaries, while the Parent Company has more of the character of a Group administrator.

Net revenues and financial performance

Total revenues for the Parent Company for 2015 amounted to SEK 1.7 million (1.4) and the results before appropriations and tax was SEK -48.9 million (-98.1). In December 2015, a SEK 46.1 million (93.1) write down of shares in subsidiaries was made.

Investments

No investments have been made by the Parent Company since the year-end 2014.

Liquidity and financial position

The greatest changes in the Parent Company's balance sheet during the period are related to increased receivables from subsidiaries and the impairment of shares in subsidiaries. The cash balance decreased from SEK 61.5 million on December 31, 2014 to SEK 1.5 million on December 31, 2015. The decrease is mainly due to investments made in the new plant at Södertörn, which also explains the increase in receivables from subsidiaries.

There are no other significant events to report since the annual report 2014 that affect the Group's or Parent Company's results and financial position than those addressed in this report.

Significant events after the period-end

The Group acquired the majority of the shares in Biokraft Holding AS in early 2016. The acquisition marks Scandinavian Biogas's establishment in the Norwegian market. Biokraft AS, which is a wholly owned subsidiary of Biokraft Holding AS, will construct a biogas plant adjacent to Norske Skog's paper mill in Skogn outside Trondheim. The plant will produce liquid biogas from substrate that primarily comes from waste from the fishing industry. Once the plant becomes fully operational it is expected to be able to supply about 12 million Nm³, equivalent to 120 GWh, of liquid biogas. It is expected to be in operation in the second half of 2017.

In early 2016, the Parent Company issued senior secured bonds at the amount of SEK 200 million with a term of 4 years. The proceeds have been used in part for the acquisition of Biokraft Holding AS and in part to repay portions of external loans. Among other things, the funds will also be invested in improvement measures at the plant in Södertörn. The company plans to list the corporate bonds on NASDAQ Stockholm in April 2016.

The expansion of the Henriksdal plant was completed according to plan and delivery of biogas from the new line to customers in the Stockholm gas net commenced at the end of January 2016.

Outlook for the future

The need for renewable energy that can replace fossil fuels, such as coal and oil, at reasonable prices is enormous. In various evaluations of renewable alternatives that can be mass produced, interest in biogas has increased, as has the demand for biogas, which is expected to increase further as availability increases. In many parts of the world, not least in Sweden, the demand for biogas continues to be greater than the supply. This means that Scandinavian Biogas estimate that they will be able to sell all the biogas it produces in the coming years.

In order to meet demand, the Group plans to significantly increase production in the Stockholm area over the coming months. The annual production capacity for the new biogas plant in Södertörn is estimated at around 8 million Nm³ of vehicle fuel quality biogas, equivalent to 80 GWh, at full capacity and the expansion of Henriksdal is expected to result in a potential annual production of around 12 million Nm³ of vehicle fuel quality biogas, equivalent to 120 GWh, at full capacity. The production capacity of all the plants in Sweden combined is therefore estimated at over 30 million Nm³ of vehicle fuel quality biogas, corresponding to 300 GWh.

The plants that were at a start-up stage in 2015, therefore generating negative EBITDA, have now entered a more stable phase of operation and are expected to contribute positively to the consolidated EBITDA in 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousand

	Note	October 1 - December 31, 2015	October 1 - December 31, 2014	January 1 - December 31, 2015	January 1 - December 31, 2014
Operating income					
Net sales		56 026	49 802	175 891	168 376
Work performed for own use and capitalized		12 964	4 962	52 379	13 462
Other operating income		166	353	3 622	3 856
Total		69 156	55 117	231 892	185 694
Operating expenses					
Raw materials and consumables		-39 285	-28 399	-132 843	-93 328
Other external costs		-9 786	-6 603	-27 989	-19 951
Personnel costs		-13 384	-12 787	-47 702	-40 457
Depreciation, amortization and impairment of tangible and intangible assets		-21 103	-21 702	-39 329	-35 703
Other operating expenses		-368	-35	-846	-1 536
Total operating expenses		-83 926	-69 526	-248 709	-190 975
Operating results		-14 770	-14 409	-16 817	-5 281
Financial income		959	6 553	12 724	17 562
Financial expenses		-1 708	-7 347	-16 807	-18 339
Net financial items	3	-749	-794	-4 083	-777
Results before taxes		-15 519	-15 203	-20 900	-6 058
Corporate income tax		-133	-9 537	-462	16 583
Results for the period		-15 652	-24 740	-21 362	10 525
Other comprehensive income					
Actuarial results on compensation after termination of employment		227	-102	227	-102
Currency exchange differences		344	-4 621	957	-1 356
Other comprehensive income for the period, net after tax		571	-4 723	1 184	-1 458
Total comp. results for the period		-15 081	-29 463	-20 178	9 067
All items in the Group's Other comprehensive income may be reclassified in the IS.					
Results for the period attributable to:					
Parent company shareholders		-13 801	-22 907	-16 181	13 056
Non-controlling interests		-1 851	-1 833	-5 181	-2 531
		-15 652	-24 740	-21 362	10 525
Total comprehensive income attrib. to:					
Parent company shareholders		-13 342	-23 407	-15 203	11 680
Non-controlling interests		-1 739	-6 056	-4 975	-2 613
		-15 081	-29 463	-20 178	9 067

The comparative figures for 2014 have been restated in accordance with the new principal for re-invoicing reporting. A minor adjustment was also made in the income statement for 2014 as SEK 0.1 million was moved from Personnel costs to Actuarial results on compensation after termination of employment in Other comprehensive income.

CONSOLIDATED BALANCE SHEET

Amounts in SEK thousand	<i>Note</i>	Dec 31, 2015	Dec 31, 2014
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development costs		7 239	5 051
Concessions and similar rights	4	108 819	133 781
Patents and licences		166	9
Total intangible assets		116 224	138 841
Tangible assets			
	5		
Buildings and land		157 009	76 316
Plant and machinery		246 121	78 932
Equipment, fixtures and fittings		4 111	4 250
Construction work in progress		124 033	167 611
Total tangible assets		531 274	327 109
Financial assets			
Other non-current receivables		7 858	7 860
Total financial assets		7 858	7 860
Other non-current assets			
Accrued income and prepaid expenses		3 111	-
Total other non-current assets		3 111	-
Total non-current assets		658 467	473 810
Current assets			
Inventories, etc.			
Raw materials and consumables		584	665
Total inventories		584	665
Current receivables			
Trade accounts receivable		25 870	20 294
Other receivables		5 611	4 541
Prepaid expenses and accrued income		5 241	3 838
Cash and cash receivables		64 879	124 889
Total current receivables		101 601	153 562
Total current assets		102 185	154 227
TOTAL ASSETS		760 652	628 037

CONSOLIDATED BALANCE SHEET, Cont.

Amounts in SEK thousand	<i>Note</i>	Dec 31, 2015	Dec 31, 2014
EQUITY			
Equity attributable to Parent Company shareholders			
Share capital		18 019	15 683
Other capital contributions		693 305	654 884
Reserves		-1 008	-1 801
Results brought forward including comprehensive results for the year		-494 489	-478 493
		215 827	190 273
Non-controlling interests		1 987	2 962
Total equity		217 814	193 235
Liabilities			
Provisions			
Other provisions	6	7 097	0
Total provisions		7 097	0
Non-current liabilities			
Borrowings	7	266 643	295 477
Convertible debt	8	-	40 592
Deferred tax liabilities		1 564	1 102
Total non-current liabilities		268 207	337 171
Current liabilities			
Borrowings	7	68 563	18 952
Loans from shareholders		19	19
Trade accounts payable		61 555	33 493
Other liabilities	9	20 852	3 658
Accrued expenses and deferred income	10	116 545	41 509
Total current liabilities		267 534	97 631
TOTAL EQUITY AND LIABILITIES		760 652	628 037

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

Amounts in SEK thousand	Note	Attributable to Parent Company shareholders					Non-controlling interests	Total equity
		Share capital	Other capital contributions	Reserves	Retained results	Total		
Opening balance, Jan 1, 2014		15 683	654 348	-510	-491 466	178 055	1 575	179 630
Results for the period					13 056	13 056	-2 531	10 525
Other comprehensive results								
Actuarial results on compensation after termination of employment					-84	-84	-18	-102
Currency exchange differences				-1 291	-1	-1 292	-64	-1 356
Total comprehensive income				-1 291	12 971	11 680	-2 613	9 067
Cost of share issue ¹			-1			-1		-1
Warrants programme, value of employee services			537			537		537
Shareholder contributions from non-controlling interests						-	4 000	4 000
Total contributions from and distributions to shareholders, recognized directly in equity		-	536	-	-	536	4 000	4 536
Closing balance, Dec 31, 2014		15 683	654 884	-1 801	-478 493	190 273	2 962	193 235
Opening balance, Jan 1, 2015		15 683	654 884	-1 801	-478 493	190 273	2 962	193 235
Results for the period					-16 181	-16 181	-5 181	-21 362
Other comprehensive results								
Actuarial results on compensation after termination of employment					187	187	40	227
Currency exchange differences				793	-2	791	166	957
Total comprehensive income				793	-15 996	-15 203	-4 975	-20 178
Cost of share issue ¹			-116			-116		-116
Conversion of convertible debt	8	2 336	38 537			40 873		40 873
Shareholder contributions from non-controlling interests						-	4 000	4 000
Total contributions from and distributions to shareholders, recognized directly in equity		2 336	38 421	-	-	40 757	4 000	44 757
Closing balance, Dec 31, 2015		18 019	693 305	-1 008	-494 489	215 827	1 987	217 814

1) Tax impact of the issue costs reported in equity amounts to SEK 26 thousand (SEK 0 thousand)

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK thousand

	<i>Note</i>	October 1- December 31, 2015	October 1- December 31, 2014	January 1- December 31, 2015	January 1- December 31, 2015
Cash flow from operating activities					
Operating results before financial items		-14 770	-14 409	-16 817	-5 281
Depreciation/impairments		21 627	6 509	39 329	20 510
Other non-cash items		6 861	-1 310	7 276	4 558
Interest received		28	152	161	270
Interest paid		-6 155	-6 242	-25 426	-16 573
Cash flow from operations before changes in working capital		7 591	-15 300	4 523	3 484
Cash flow from changes in working capital					
Increase/decrease in inventories		20	-665	81	-665
Increase/decrease in operating receivables		6 141	174	-8 049	-3 939
Increase/decrease in operating liabilities		32 910	18 887	16 627	37 005
Total change in working capital		39 071	18 396	8 659	32 401
Cash flow from operations		46 662	3 096	13 182	35 885
Cash flow from investing activities					
Acquisition of intangible assets		-787	-578	-2 768	-3 564
Acquisition of tangible assets	5	-38 114	-92 897	-94 941	-158 316
Divestment of intangible assets		-	15 527	9 600	87 183
Acquisition of financial assets		-3 116	-237	-3 116	-6 441
Divestment of financial assets		7	-	9	-
Cash flow from investing activities		-42 010	-78 185	-91 216	-81 138
Cash flow from financing activities					
Loans raised		3 428	1 312	28 428	176 404
Amortization of loans		-4 347	-7 947	-14 407	-59 314
Contributions to/from non-controlling interests		-	4 000	4 000	4 000
Cash flow from financing activities		-919	-2 635	18 021	121 090
Increase/decrease in cash and cash equivalents					
Cash and cash equivalents at the start of the period		61 085	202 289	124 889	47 893
Currency exchange differences in cash and cash equivalents		61	324	3	1 159
Cash and cash equivalents at the period end		64 879	124 889	64 879	124 889

PARENT COMPANY INCOME STATEMENT

Amounts in SEK thousand

	<i>Note</i>	October 1 - December 31, 2015	October 1 - December 31, 2014	January 1 - December 31, 2015	January 1 - December 31, 2014
Operating income					
Revenues		747	485	1 655	1 385
Total operating income		747	485	1 655	1 385
Operating expenses		-1 956	-623	-4 168	-2 489
Operating results		-1 209	-138	-2 513	-1 104
Net financial items	3	-46 083	-94 024	-46 428	-96 992
Results before appropriations and tax		-47 292	-94 162	-48 941	-98 096
Appropriations					
Group contributions received/paid		-	-	-	100 000
Total appropriations		-	-	-	100 000
Results before tax		-47 292	-94 162	-48 941	1 904
Corporate income tax		-	-	-	-
Net results for the period		-47 292	-94 162	-48 941	1 904

In the Parent Company there are no items reported as Other comprehensive income and hence Total comprehensive income is consistent with results for the year.

PARENT COMPANY BALANCE SHEET

Amounts in SEK thousand	<i>Note</i>	Dec 31, 2015	Dec 31, 2014
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies	<i>11</i>	129 391	163 474
Receivables from Group companies		98 326	107 000
Total financial assets		227 717	270 474
Total non-current assets		227 717	270 474
Current assets			
Current receivables			
Receivables from Group companies		69 645	21 000
Other receivables		115	114
Prepaid expenses and accrued income		72	109
Total current assets		69 832	21 223
Cash and bank		1 544	61 471
Total current assets		71 376	82 694
TOTAL ASSETS		299 093	353 168

PARENT COMPANY BALANCE SHEET, cont.

Amounts in SEK thousand

Note
Dec 31, 2015
Dec 31, 2014
EQUITY AND LIABILITIES

Equity		295 717	303 899
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Non-current liabilities

Convertible debt		-	40 592
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Total non-current liabilities		-	40 592
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Current liabilities

Borrowings		19	19
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Trade accounts payable		971	565
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Liabilities to Group companies		1 800	1 800
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Other liabilities		-	30
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Accrued expenses and deferred income		586	6 263
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Total current liabilities		3 376	8 677
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TOTAL EQUITY AND LIABILITIES		299 093	353 168
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Pledged assets	<i>12</i>	171 624	117 050
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Contingent liabilities	<i>12</i>	37 500	52 422
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NOTES
Note 1 General information

The Parent Company Scandinavian Biogas Fuels International AB (publ), corporate registration number 556528-4733, operates a public limited liability company and is registered in Stockholm, Sweden. The headquarters is located on Holländargatan 21A, 111 60 Stockholm.

All amounts are in SEK thousand, unless otherwise stated. Figures in brackets relate to the previous year.

Note 2 Summary of significant accounting principles

Scandinavian Biogas Fuels International AB (publ) applies the International Financial Reporting Standards (IFRS) as adopted by the European Union. This year-end report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company report has been prepared in accordance with the Annual Accounts Act, chapter 9 and RFR 2 Accounting for Legal Entities. The year-end report shall be read together with the Annual Report for the year ending December 31, 2014.

The Group's accounting policy for re-invoicing was changed during the fourth quarter 2015. Revenues for non-operations-related re-invoicing are now recognized as Other operating income. They previously were reported in Net revenues. Costs for operations-related re-invoicing are now recognized as Raw materials and consumables. They were previously reported as Other external expenses. In other respects the accounting principles are in accordance with the principles applied in the previous financial year.

Note 3 Financial items

Consolidated net financial items for the year included SEK +0.2 million (+13.9), and for the fourth quarter SEK +0.9 million (+3.9), unrealized currency exchange differences are attributable to the receivables/liabilities between the South Korean subsidiaries and its parent company.

The parent company's financial items included a write down of the value of shares in subsidiaries of SEK 46.1 million (93.1).

Note 4 Concessions and similar rights

After the customary examination of the value of intangible assets, the Group has determined that an impairment requirement has occurred in the plant in Ulsan and thus the value of the concessions and similar rights were written down by SEK 13.5 million (0) in the fourth quarter.

Note 5 Tangible non-current assets

Investments in tangible non-current assets during the fourth quarter were made at the amount of SEK 64.5 million (144.0) and during the year at the amount of SEK 183.5 million (197.0). The investments primarily pertain to ongoing projects in Henriksdal and Södertörn.

The Group capitalized borrowing costs on qualifying assets in the form of new facilities of SEK 4.4 million (2.0) during the fourth quarter and SEK 16.3 million (4.6) during the year.

The biogas plant in Södertörn was deployed during the fourth quarter 2015, and the investment has thus been moved from Construction work in progress and is now recognized as Buildings, Plant and machinery, and Equipment, fixtures and fittings.

The tangible non-current assets include leased items held by the Group under finance leases in the following amounts:

	Dec 31, 2015	Dec 31, 2014
Buildings and land	72 862	76 316
Plant and machinery	83 844	78 933
Equipment, fixtures and fittings	3 146	4 035
Construction work in progress	88 402	25 201
Carrying value	248 254	184 485

Note 6 Provisions

There is a risk that the subsidiary Scandinavian Biogas Korea Co., Ltd. In Ulsan may have to pay a penalty to Ulsan City for not upgrading gas. According to the agreement, an investment in an upgrading plant in Ulsan shall be made by December 2017. If the company chooses not to make the investment Ulsan City has the right to charge a penalty fee equivalent to part of the gas sales. This penalty shall apply retroactively from November 2012 (the company has already paid until October 2012). As there is currently no interest in South Korea for the upgraded gas, the company deems that the requirement in the contract is unreasonable. The Company also believes that the level of penalty in the agreement is unreasonable. The Group has engaged a leading law firm in Korea, which in its statement claims that a significantly lower penalty would be more reasonable.

Because of the uncertainty in the matter, the company decided to put aside a provision of 10% of gas sales for the period November 2012 to December 2015 during the financial year. The difference between the agreed and set aside amount is recorded as a contingent liability.

Note 7 Financial instruments – the fair value of financial liabilities valued at amortized cost

The carrying amount and fair value of long-term debt is as follows:

	<u>Carrying value</u>		<u>Fair value</u>	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Debt to credit institutions	98 654	131 771	98 654	131 771
Convertible debt	-	40 592	-	40 592
Financial leasing liabilities	167 989	163 706	167 989	163 706

Note 8 Convertible debt

Convertible debt is reported in the balance sheet as follows:

	Dec 31, 2015	Dec 31, 2014
Nominal value of convertible bonds issued in 2013 (Liability)	39 823	39 823
Nominal value of convertible bonds issued in 2014 (Liability)	1 050	1 050
Converted	-40 873	-
Interest accrued	5 490	5 490
Interest paid	-5 490	-
Debt at the period end	-	46 363

Note 9 Other liabilities

Other liabilities includes a contribution from the Swedish Energy Agency of SEK 13.7 million for an approved investment in an evaporator for the plant in Södertörn.

Note 10 Accrued expenses and deferred income

Accrued expenses and deferred income as per December 31, 2015 includes an item of SEK 81.6 million (17.7) pertaining to investments for the expansion of Henriksdal, which upon completion will be leased by the Group.

Note 11 Shares in Group companies

The value of the Parent Company's shares in subsidiaries has been written down by SEK 46.1 million (93.1) after customary impairment testing.

Note 12 Pledged assets and contingent liabilities

Besides the fact that the business mortgages have declined slightly due to loan repayment, no significant changes in the Group's pledged assets or contingent liabilities occurred during the reporting period. However, the Parent Company's pledged internal loans to subsidiaries increased by SEK 48.6 million and now amounts to SEK 69.6 million (21.0).

Note 13 Contingent liabilities

The group had, as per December 2015, a contingent liability amounting to SEK 28.4 million relating to the difference between an allocated and agreed amount for the penalty related to a gas upgrade facility in Ulsan, South Korea.

Note 14 Events after the period-end
Business acquisitions

On February 11, 2016 the Group acquired a 50.03% stake in Biokraft Holding AS, a company registered in Norway, which in turn owns all the shares in Biokraft AS. The purchase price amounted to a total of NOK 57 999 147.66 NOK. A minor part of the acquisition was made directly from the owners and the majority in connection with a rights issue. The preliminary excess value of the acquisition is estimated at about NOK 7.4 million. The acquisition cost, including among other things lawyers, is estimated at SEK 2.2 million.

Information on acquired net assets and goodwill (in SEK thousand):

	At the time of the acquisition
Purchase price:	
- Funds paid by direct acquisition	2 981
- Funds paid by new issue	54 670
Total purchase price	57 651
Fair value of acquired assets (see below)	-50 290
Excess value/Goodwill	7 361

According to a preliminary assessment, the assets and liabilities included in the acquisition are as follows:

<i>SEK thousand</i>	Fair value
Cash and cash equivalents	9 940
Tangible assets	100 567
Trade accounts payable and other liabilities	-47
Borrowings	-9 940
Acquired identified assets	100 520
Non-controlling interests	-50 230
Excess value/Goodwill	7 361
Acquired net assets	57 651

The purchase price analysis is preliminary and the excess value has preliminarily been classified as goodwill.

This report has not been subject to review by the company's auditors.

The Annual General Meeting is scheduled for April 28, 2016 at Henriksdalsberget. Notice will be posted on the company's website and advertised in the Post- och Inrikes Tidningar and Dagens Industri.

The next interim report will be published and available on www.scandinavianbiogas.com on April 29, 2016.

Stockholm, March 7, 2016

The Board of Directors of Scandinavian Biogas Fuels International AB (publ)