

Scandinavian Biogas Fuels International AB (publ)

Corp. ID no.: 556528-4733

Interim report for 1 January – 30 June 2016

Net sales continue to rise and the Group's total assets exceed SEK 1 billion for the first time.

Second quarter in brief

- The first day of trading for our corporate bond on the NASDAQ Stockholm stock exchange was 8 April 2016
- The expansion of the upgrading facility in Henriksdal was inaugurated on 28 April 2016
- Net sales totalled SEK 61.6 million (SEK 42.9 million)
- EBITDA (operating profit before depreciation and amortisation) was SEK 6.4 million (SEK 5.1 million)
- The Group posted an operating loss of SEK 5.6 million (loss: SEK 1.3 million)
- The Group posted a loss after tax of SEK 9.6 million (loss: SEK 7.8 million)

The first half-year in brief

- The Group acquired the majority of the shares in the Norwegian registered company Biokraft Holding AS in February 2016
- Net sales totalled SEK 114.4 million (SEK 84.7 million)
- EBITDA (operating profit before depreciation and amortisation) was SEK 13.4 million (SEK 12.4 million)
- The Group posted an operating loss of SEK 8.7 million (loss: SEK 0.3 million)
- The Group posted a loss after tax of SEK 21.0 million (profit: SEK 1.2 million)

Unless otherwise specified, all financial information in this report pertains to the Group and the figures in parentheses pertain to the year-earlier period.

Please note: This document is an English language translation of the Swedish original. In the event of any discrepancy between the English translation and the Swedish original, the Swedish original shall prevail.

Operations

Scandinavian Biogas is a leading player in large-scale biogas production and holds world-leading expertise on how to design biogas plants, including everything from pre-treatment to upgrading, in order to optimise the production of biogas. The Group is actively pursuing the transition from fossil fuels to renewable energy.

The Group's business concept is to be a leader in designing, managing and operating biogas plants. This will be achieved by always improving the digestion process in the production of biomass-based biogas, predominantly from the vast quantity of waste that arises during wastewater treatment, from food waste and from industrial processes such as the production of food and biofuels. The Group also provides leading expertise in purification processes for use in upgrading biogas to fuel quality. Our focus is on the markets in the Nordic region and South Korea.

Since Scandinavian Biogas maintains a strategic focus on research and development, the Group assigns substantial priority 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 to now be performed more cost and resource-efficiently than before.

Scandinavian Biogas Fuels International AB (publ) is registered and headquartered in Stockholm. On 30 June 2016, the Group had 43 (36) employees in Sweden, and 21 (22) in South Korea and 4 (n/a) in Norway.

Group

Scandinavian Biogas Fuels International AB (publ) is the Parent Company of the Scandinavian Biogas Group, which comprises several wholly and co-owned companies registered in Sweden, Norway and South Korea. The Group's businesses are mainly operated through subsidiaries.

Financial overview

Group (SEK thousand)	1 April - 30	1 April - 30	1 January - 30	1 January - 30	1 January - 31
	June 2016	June 2015	June 2016	June 2015	December 2015
	<i>3 months</i>	<i>3 months</i>	<i>6 months</i>	<i>6 months</i>	<i>12 months</i>
Net sales	61 642	42 909	114 392	84 689	175 891
EBITDA	6 358	5 120	13 369	12 429	23 358
Operating profit/loss	-5 558	-1 270	-8 694	-274	-16 817
Total assets	1 041 735	664 884	1 041 735	664 884	760 652
Equity/assets ratio	24,0%	35,9%	24,0%	35,9%	28,6%

The Group's net sales for the second quarter of the year amounted to SEK 61.6 million (SEK 42.9 million), up 43.7% year-on-year. During the first six months of the year, net sales increased by 35.1% to SEK 114.4 million (SEK 84.7 million). The increase in sales primarily resulted from the fact that both the biogas plant in Södertörn and the expansion in Henriksdal have now commenced gas production. Total revenues for the period from April to June 2016 amounted to SEK 65.9 million (SEK 55.8 million) and to SEK 122.4 million (SEK 105.2 million) for the full first half-year. Other external costs increased, which was primarily due to the fact that the biogas facility in Södertörn was not in operation during the first half-year last year, thus lacking such resources as an operational staff. The Group's EBITDA for the second quarter of the year was SEK 6.4 million (SEK 5.1 million), and SEK 13.4 million (SEK 12.4 million) for the first six months. For the period from April to June of this year, the Group posted an operating loss of SEK 5.6 million (loss: SEK 1.3 million). For the period from January to June 2016, the Group posted an operating loss of SEK 8.7million (loss: SEK 0.3 million). The change was due to an increase in depreciation/amortisation following the commissioning of both the plant in Södertörn and the expansion in Henriksdal.

The Group posted a loss after tax of SEK 21.0 million (profit: SEK 1.2 million), during the period from January to June 2016, of which a gain of SEK 3.2 million (gain: SEK 4.3 million) derived from unrealised exchange-rate differences. Interest expenses for borrowings have increased and amounted to SEK 13.9 million (SEK 2.0 million) during the first half-year, primarily due to increased borrowing in the form of corporate bonds to finance such ventures as the investment in Norway.

At 30 June 2016, total assets amounted to SEK 1,041.7 million (SEK 664.9 million), up 56.7%. The increase was mainly attributable to the investment in Norway and the issuance of corporate bonds. The high accounts payable were also attributable to the new facility in progress in Norway. Borrowing related to financial leasing with terms of 20 years or more amounted to SEK 259.9 million (SEK 166.2 million), the year-on-year increase in which was primarily due to the expansion in Henriksdal. In addition to earnings for the year, the change in equity during the year included the minority owner's equity investment in the Group company Biokraft Holding AS; refer to Note 3 Business combinations.

At 30 June 2016, consolidated cash balances totalled SEK 128.4 million (SEK 79.0 million), the increase in which was primarily due to the corporate bonds that were issued in February.

Investments

Investments in tangible and intangible assets during the second quarter of the year amounted to SEK 42 million (SEK 3 million). During the first half-year, investments in tangible and intangible assets were made in the amount of SEK 140 million (SEK 41 million). In February 2016, investments were also made in the form of business acquisitions, as described in Note 3 Business combinations. At 30 June 2016, the Group was committed to making additional investments, predominantly in the new biogas plant outside Trondheim, Norway.

At 30 June 2016, the book value of the Group's tangible and intangible assets was SEK 801.7 million (SEK 541.7 million), of which SEK 254.2 million (SEK 200.7 million) pertains to leased objects that the Group leases under long-term lease agreements (more than 20 years).

Significant events during the period

Listing of corporate bond

The corporate bond has been listed on NASDAQ Stockholm and the first day of trading was 8 April 2016. Through the end of June 2016, the bond had traded at a high of SEK 100.25 and a low of SEK 100.00.

Expansion of the plant in Henriksdal

During the second quarter of 2016, sections of the ongoing expansion project in Henriksdal were completed and rental payments to Stockholm Vatten (a water and wastewater company) have commenced. However, some minor sections remain to be completed.

Inauguration of the expansion

The new production line in Henriksdal was inaugurated on 28 April 2016 by Stockholm's Vice Mayor of Environment, Katarina Luhr, and Stockholm's County Council Commissioner of Transportation Kristoffer Tamsons. At full capacity, the new line is expected to be able to produce 12.5 million normal cubic meters (Nm³) of upgraded biogas, or 120 GWh.

Production and sales

Bromma and Henriksdal

The plant in Henriksdal produced and sold 4.4 million Nm³ (3.7 MNm³) of biogas, or around 44 GWh (37 GWh) during the interim period. The corresponding volume for the plant in Bromma was 1.2 million Nm³ (1.3 MNm³), or around 12 GWh (13 GWh). The new line in Henriksdal began producing biogas in January.

Södertörn

The pre-treatment plant in Södertörn received an average of 141 tonnes (76 tonnes) of food waste per day during the first six months of the year. As in the first quarter, the plant also received waste from other municipalities outside the Stockholm area for a while. During the first half-year, sales from the biogas plant totalled 2.3 million Nm³ (0.0 Nm³) of biogas, or about 23 GWh. We have identified challenges in the commissioning of the plant, which are currently being addressed. The

planned increase in production is expected this autumn, meaning that our assessment concerning the delay described in the preceding interim report remains in place.

Ulsan, South Korea

The plant in South Korea received an average of 191 tonnes (184) of food waste per day during the interim period. Sales of raw gas during the same period amounted to a total of 4.2 million Nm³ (4.6 MNm³), or about 29 GWh (31 GWh). A total of 5.3 million Nm³ (5.1 MNm³) of raw gas was produced. The lower volume in sales – despite receiving greater quantities of food waste and maintaining higher production levels than in the year-earlier period – was due to the client closing for maintenance during part of the second quarter.

Financing

The business is financed by way of equity, loans from external creditors and financial leasing. The upgrading facilities in Bromma and Henriksdal are being leased from Stockholm Vatten AB and the pre-treatment plant in Södertörn is being leased from SRV Återvinning AB. The lease agreements are for 25 years.

In early 2016, the Parent Company issued a corporate bond in the amount of SEK 200 million with a term of four years. The funds were used to acquire a majority stake in Biokraft Holding AS and to repay part of an external loan. The funds will also be used for such purposes as investments to enhance the plant in Södertörn. The corporate bonds were listed on the NASDAQ Stockholm stock exchange in April 2016.

The Group aims to continue expanding and is proactively pursuing new projects. The Group expects major future projects to require financing under various types of partnerships and funding, depending on the structure and location of the project.

The share

The number of shares remained unchanged during the second quarter of the year and at 30 June 2016 the company had 90,092,662 (90,092,662) shares with a quotient value of SEK 0.20 per share. Each share entitles its holder to one vote. All outstanding shares are ordinary shares and thus entitle their holders to an equal proportion of Scandinavian Biogas Fuels International AB's (publ) assets and earnings.

Warrants

Employees and the Chief Executive Officer collectively held a total of 565,000 (565,000) outstanding warrants at 30 June 2016. There was no change in the number of warrants outstanding during the interim period.

Ownership structure at 30 June 2016, in per cent %

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

Corporate governance

Board of Directors

The Annual General Meeting (AGM) on 28 April 2016 resolved on the re-election of Göran Persson, Anders Bengtsson, Andreas Ahlström, Hans Hansson and Sara Anderson as Board members. The AGM also resolved on the election of Raif Nisametdin as a new Board member. Göran Persson was re-elected as Chairman.

Nomination Committee

The Board of Directors has decided that for the period until the next AGM, the Nomination Committee will comprise Göran Persson (Chairman), Örjan Björnsson, Jonas Bengtsson and Andreas Ahlström.

Remuneration Committee

The Board of Directors has decided that the Remuneration Committee will continue to comprise Göran Persson (Chairman), Anders Bengtsson and Andreas Ahlström.

Audit Committee

The Audit Committee that was appointed by the Board earlier this year remains unchanged and comprises Anders Bengtsson (Chairman), Hans Hansson and Sara Anderson.

Significant risks and uncertainties

Significant risks and uncertainties are described in the latest annual report. They are also presented in the prospectus related to the listing of corporate bonds that was approved by the Swedish Financial Supervisory Authority in early April 2016 and is available on www.scandinavianbiogas.com.

Related-party transactions

There were no significant transactions with related parties during the period.

Parent Company

Operations

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

Net sales and financial performance

During the second quarter of 2016, the Parent Company's total revenues amounted to SEK 0.3 million (SEK 0.3 million) and to SEK 0.8 million (SEK 0.6 million) during the first half year. The increase was the result of re-invoicing passed on to subsidiaries and the corresponding costs are included in the operation's expenses. The Parent Company posted a loss after tax of SEK 1.9 million (loss: SEK 0.8 million) for the period from April to June 2016, and a loss of SEK 1.8 million (loss: 1.5 million) for the full interim period.

Investments

In February 2016, the Parent Company acquired the majority of the shares in Biokraft Holding AS; refer to Note 3 Business combinations.

Liquidity and financial position

The most substantial changes in the Parent Company's total assets during the interim period were related to the corporate bond issue, and to the acquisition of a majority stake in Biokraft Holding AS. At the close of the interim period, cash balances amounted to SEK 5.5 million (SEK 20.3 million).

No significant events or changes took place since the Annual Report 2015 that have any bearing on the Group's or Parent Company's earnings or financial position other than the ones addressed in this report.

Significant events after the end of the period

No significant events took place after the end of the period.

Future outlook

The need for renewable energy that can replace fossil fuels, such as coal and oil, at reasonable prices is enormous. In various studies of the renewable alternatives that can be mass-produced, the interest in biogas has increased, thus also bolstering the demand for biogas, which is expected to gain further traction as it becomes more available. For Scandinavian Biogas, this means that the Group expects to be able to sell all of the biogas it produces in the coming years. However, the current low market price of fossil energy causes some uncertainty as to the growth of and new investments in renewable energy.

In order to meet demand, the Group plans to significantly increase production in the Stockholm area in the immediate future. The annual production capacity for the new biogas plant in Södertörn is estimated to be around 8 million Nm³ of fuel quality biogas, or 80 GWh, at full capacity. The expansion of Henriksdal is expected to yield a potential annual production increase of around 12 million Nm³ of fuel quality biogas, or 120 GWh. Accordingly, the total production at Henriksdal is expected to amount to 200 GWh, at full capacity. Including the production facility in Bromma, the combined capacity of all the plants in Sweden is thus estimated at over 30 million Nm³ of fuel quality biogas, or 300 GWh. The plant in South Korea is expected to continue to have an annual production capacity of about 65 GWh. In addition, the annual production capacity in Norway is estimated at 12 million Nm³ of liquid biogas, or about 120 GWh. With its current plants and ongoing projects, the Group's total production capacity is expected to be close to 500 GWh at full commission.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Amounts in SEK thousand

	1 April - 30 June 2016	1 April - 30 June 2015	1 January - 30 June 2016	1 January - 30 June 2015	1 January - 31 December 2015
Operating income					
Net sales	61 642	42 909	114 392	84 689	175 891
Capitalised work on own account	4 005	12 866	7 576	20 058	52 379
Other operating income	297	-	419	419	3 622
Total	65 944	55 775	122 387	105 166	231 892
Operating expenses					
Raw materials and consumables	-31 410	-31 790	-59 974	-57 402	-132 843
Other external costs	-13 473	-6 496	-21 038	-11 970	-27 989
Personnel costs	-14 703	-12 369	-28 006	-23 365	-47 702
Depreciation, amortization and impairment of tangible and intangible assets	-11 764	-6 168	-21 740	-12 262	-39 329
Other operating expenses	-152	-222	-323	-441	-846
Total operating expenses	-71 502	-57 045	-131 081	-105 440	-248 709
Operating profit/loss	-5 558	-1 270	-8 694	-274	-16 817
Financial income	3 134	769	3 312	11 642	12 724
Financial expenses	-7 323	-7 251	-15 822	-9 979	-16 807
Net financial items	-4 189	-6 482	-12 510	1 663	-4 083
Profit/loss before taxes	-9 747	-7 752	-21 204	1 389	-20 900
Corporate income tax	142	-76	170	-204	-462
Profit/loss for the period	-9 605	-7 828	-21 034	1 185	-21 362
Other comprehensive income					
Actuarial results on post-employment remuneration	-	-	-	-	227
Exchange-rate differences	2 785	330	881	-357	957
Other comprehensive income for the period, net after tax	2 785	330	881	-357	1 184
Total comprehensive income for the period	-6 820	-7 498	-20 153	828	-20 178
All items in the Group's Other comprehensive income may be reclassified in the income statement.					
Profit/loss for the period attributable to:					
Parent Company shareholders	-9 548	-6 994	-21 507	2 591	-16 181
Non-controlling interests	-57	-834	473	-1 406	-5 181
	-9 605	-7 828	-21 034	1 185	-21 362
Total comprehensive income attributable to:					
Parent Company shareholders	-8 510	-6 654	-21 187	2 255	-15 203
Non-controlling interests	1 690	-844	1 034	-1 427	-4 975
	-6 820	-7 498	-20 153	828	-20 178

The comparative figures for 2015 have been restated in accordance with the amended policy for the recognition of re-invoicing that the Group adopted during the fourth quarter of 2015.

CONSOLIDATED BALANCE SHEET

Amounts in SEK thousand	Note	2016-06-30	2015-06-30	2015-12-31
ASSETS				
Non-current assets				
Intangible assets				
Capitalized development costs		13 577	6 020	7 239
Concessions and similar rights		106 472	131 644	108 819
Patents and licences		146	186	166
Goodwill	3	4 989	-	-
Total intangible assets		125 184	137 850	116 224
Tangible fixed assets				
	4			
Buildings and land		201 363	74 589	157 009
Plant and machinery		278 519	75 595	246 121
Equipment, fixtures and fittings		13 257	4 237	4 111
Construction work in progress		183 419	249 462	124 033
Total tangible fixed assets		676 558	403 883	531 274
Financial assets				
Other non-current receivables		8 077	8 119	7 858
Total financial assets		8 077	8 119	7 858
Other non-current assets				
Accrued income and prepaid expenses		2 889	3 333	3 111
Deferred tax assets		6 257	-	-
Total other non-current assets		9 146	3 333	3 111
Total non-current assets		818 965	553 185	658 467
Current assets				
Inventories, etc.				
Raw materials and consumables		833	604	584
Total inventories		833	604	584
Current receivables				
Trade accounts receivable		35 233	22 519	25 870
Other receivables	5	52 374	5 573	5 611
Prepaid expenses and accrued income		5 960	3 996	5 241
Cash and cash equivalents		128 370	79 007	64 879
Total current receivables		221 937	111 095	101 601
Total current assets		222 770	111 699	102 185
TOTAL ASSETS		1 041 735	664 884	760 652

CONSOLIDATED BALANCE SHEET, Cont.

Amounts in SEK thousand	Note	2016-06-30	2015-06-30	2015-12-31
EQUITY				
Equity attributable to Parent Company shareholders				
Share capital		18 019	18 019	18 019
Other capital contributions		693 305	693 305	693 305
Reserves		-687	-2 137	-1 008
Retained earnings including comprehensive income for the period		-515 997	-475 899	-494 489
		194 640	233 288	215 827
Non-controlling interests		55 822	5 536	1 987
Total equity		250 462	238 824	217 814
LIABILITIES				
Provisions				
Other provisions		8 157	-	7 097
Total provisions		8 157	-	7 097
Non-current liabilities				
Borrowings	6	537 150	312 092	266 643
Deferred tax liabilities		1 806	1 306	1 564
Total non-current liabilities		538 956	313 398	268 207
Current liabilities				
Borrowings	6	25 938	18 842	68 563
Loans from shareholders		19	19	19
Accounts payable		154 712	36 189	61 555
Other liabilities		22 631	3 342	20 852
Accrued expenses and deferred income	7	40 860	54 270	116 545
Total current liabilities		244 160	112 662	267 534
TOTAL EQUITY AND LIABILITIES		1 041 735	664 884	760 652

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousand	Note	Attributable to Parent Company shareholders					Non-controlling interests	Total equity
		Share capital	Other capital contributions	Reserves	Retained earnings	Total		
Opening balance, 1 January 2015		15 683	654 884	-1 801	-478 493	190 273	2 962	193 235
Profit/loss for the period					2 591	2 591	-1 406	1 185
Other comprehensive income								
Exchange-rate differences				-336	-	-336	-20	-356
Total comprehensive income				-336	2 591	2 255	-1 426	829
Issue expenses			-116			-116		-116
Conversion of convertible debt		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, recognised directly in equity		2 336	38 421	-	-	40 757	4 000	44 757
Closing balance, 30 June 2015		18 019	693 305	-2 137	-475 899	233 288	5 536	238 824
Opening balance, 1 January 2016		18 019	693 305	-1 008	-494 489	215 827	1 987	217 814
Profit/loss for the period					-21 507	-21 507	473	-21 034
Other comprehensive income								
Exchange-rate differences				321	-1	320	561	881
Total comprehensive income				321	-21 508	-21 187	1 034	-20 153
Non-controlling interest arising from acquisition of subsidiaries	3					-	52 801	52 801
Total contributions from and distributions to shareholders, recognised directly in equity		-	-	-	-	-	52 801	52 801
Closing balance, 30 June 2016		18 019	693 305	-687	-515 997	194 640	55 822	250 462

CONSOLIDATED STATEMENT OF CASH FLOWS
Amounts in SEK thousand

	<i>Note</i>	1 April - 30 June 2016	1 April - 30 June 2015	1 January - 30 June 2016	1 January - 30 June 2015	1 January - 31 December 2015
Cash flow from operating activities						
Operating profit/loss before financial items		-5 558	-1 270	-8 694	-274	-16 817
Amortisation/depreciation		11 764	5 875	21 740	12 059	39 329
Other non-cash items		1 330	700	350	1 543	7 276
Interest received		35	75	69	107	161
Interest paid		-9 109	-4 357	-15 084	-14 677	-25 426
Cash flow from operating activities before changes in working capital		-1 538	1 023	-1 619	-1 242	4 523
Cash flow from changes in working capital						
Increase/decrease in inventories		-249	38	-249	61	81
Increase/decrease in operating receivables		-4 134	3 876	11 500	-6 748	-8 049
Increase/decrease in operating liabilities		40 094	-19 444	14 976	-19 114	16 627
Total change in working capital		35 711	-15 530	26 227	-25 801	8 659
Cash flow from operating activities		34 173	-14 507	24 608	-27 043	13 182
Cash flow from investing activities						
Acquisition of intangible assets		-935	-484	-1 564	-1 231	-2 768
Acquisition of tangible fixed assets		-40 835	-2 702	-138 173	-39 935	-94 941
Divestment of tangible fixed assets		-	-	-	-	9 600
Investments in subsidiaries	<i>3</i>	-50	-	42 974	-	-
Acquisition of financial assets		-	-	-	-	-3 116
Divestment of financial assets		110	-	224	-	9
Cash flow from investing activities		-41 710	-3 186	-96 539	-41 166	-91 216
Cash flow from financing activities						
Loans raised	<i>6</i>	3 600	25 000	194 975	25 000	28 428
Amortisation of loans	<i>6</i>	-3 764	-3 367	-60 046	-7 068	-14 407
Contributions to/from non-controlling interests		-	4 000	-	4 000	4 000
Cash flow from financing activities		-164	25 633	134 929	21 932	18 021
Total cash flow for the period		-7 701	7 940	62 998	-46 277	-60 013
Decrease/increase in cash and cash equivalents						
Opening cash and cash equivalents		135 607	71 653	64 879	124 889	124 889
Exchange-rate differences in cash and cash equivalents		464	-586	493	395	3
Closing cash and cash equivalents		128 370	79 007	128 370	79 007	64 879

PARENT COMPANY INCOME STATEMENT
Amounts in SEK thousand

	1 April - 30 June 2016	1 April - 30 June 2015	1 January - 30 June 2016	1 January - 30 June 2015	1 January - 31 December 2015
Operating income					
Sales	300	307	806	607	1 655
Total operating income	300	307	806	607	1 655
Operating expenses	-1 048	-1 128	-2 061	-1 747	-4 168
Operating profit/loss	-748	-821	-1 255	-1 140	-2 513
Net financial items	-1 107	42	-518	-345	-46 428
Resultat före boksluts-dispositioner och skatt	-1 855	-779	-1 773	-1 485	-48 941
Profit/loss before tax	-1 855	-779	-1 773	-1 485	-48 941
Corporate income tax	-	-	-	-	-
Net profit/loss for the period	-1 855	-779	-1 773	-1 485	-48 941

In the Parent Company, since no items have been recognised as Other comprehensive income, Total comprehensive income comports with the profit/loss for the period.

PARENT COMPANY BALANCE SHEET

Amounts in SEK thousand	<i>Note</i>	2016-06-30	2015-06-30	2015-12-31
ASSETS				
Non-current assets				
Financial assets				
Participations in Group companies	3	187 810	169 474	129 391
Receivables from Group companies		183 043	114 000	98 326
Total financial assets		370 853	283 474	227 717
Total non-current assets		370 853	283 474	227 717
Current assets				
Current receivables				
Receivables from Group companies		140 871	42 000	69 645
Other receivables		21	80	115
Prepaid expenses and accrued income		67	45	72
Total current assets		140 959	42 125	69 832
Cash and bank balances		5 513	20 341	1 544
Total current assets		146 472	62 466	71 376
TOTAL ASSETS		517 325	345 940	299 093

PARENT COMPANY BALANCE SHEET, cont.

Amounts in SEK thousand	<i>Note</i>	2016-06-30	2015-06-30	2015-12-31
EQUITY AND LIABILITIES				
Equity		293 943	343 173	295 717
Non-current liabilities				
Interest-bearing loans	6	194 098	-	-
Intra-Group loans		23 000	-	-
Total non-current liabilities		217 098	-	-
Current liabilities				
Borrowings		19	19	19
Accounts payable		101	309	971
Liabilities to Group companies		2 741	1 800	1 800
Accrued expenses and deferred income		3 423	639	586
Total current liabilities		6 284	2 767	3 376
TOTAL EQUITY AND LIABILITIES		517 325	345 940	299 093
Pledged assets	8	351 806	144 050	171 624
Contingent liabilities	8	51 649	50 922	37 500

NOTES

Note 1 General information

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

Unless otherwise specified, all amounts are in SEK thousand. The figures in parentheses pertain to the year-earlier period.

Since the internal reporting is conducted at the Group level, the company is of the assessment that there is only one segment. Accordingly, no separate segment report was prepared for the interim period.

The interim information listed on pages 1-6 comprises an integrated component of this financial statement.

Alternative performance measures

EBITDA is a measure that the Group deems relevant for investors who want to gain an understanding of its earnings before investments in fixed assets. The Group defines EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) as operating profit excluding other operating expenses and the depreciation and amortisation of tangible and intangible assets.

Note 2 Summary of key accounting policies

Scandinavian Biogas Fuels International AB (publ) applies the International Financial Reporting Standards (IFRS) as adopted by the European Union. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company's report has been prepared in accordance with Chapter 9 of the Annual Accounts Act, and RFR 2 Accounting for Legal Entities. The interim report is to be read alongside the Annual Report for the financial year that ended on 31 December 2015.

The Group's accounting policy on re-invoicing was amended during the fourth quarter of 2015. Revenues for non-business-related re-invoicing are now recognised as Other operating income. They were previously recognised under Net revenues. Costs for business-related re-invoicing are now recognised as Raw materials and consumables. They were previously recognised as Other external expenses. The comparative figures for the preceding year have been restated in accordance with the new policy.

In all other respects, the accounting policies comport with the policies applied in the preceding financial year.

Note 3 Business combinations

On 11 February 2016, the Group acquired 50.03% of the shares in Biokraft Holding AS, a company registered in Norway, which in turn holds all of the shares in Biokraft AS. The purchase consideration totalled NOK 57,999,147.66. A minor share of the acquisition was made directly from the owners and the majority was made in conjunction with a new share issue. The preliminary surplus value for the acquisition is estimated to be about SEK 4.9 million. Acquisition-related expenses, including legal fees, are estimated at SEK 0.8 million and are recognised among earnings as Other external expenses. A previously presented preliminary acquisition analysis has been adjusted due to an accrual accounting error in the subsidiary's earnings prior to the time of acquisition and due to somewhat higher acquisition expenses.

Information on the acquired net assets and goodwill (*in SEK thousands*):

	On date of acquisition
Purchase consideration:	
- cash paid by direct acquisition	2 981
- cash paid by new share issue	54 670
Total purchase consideration	57 651
Fair value of acquired assets (see below)	-52 732
Surplus value/Goodwill	4 919

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

<i>SEK thousand</i>	Fair value
Cash and cash equivalents	101 393
Tangible fixed assets	78 276
Accounts receivable and other receivables	28 949
Accounts payable and other liabilities	-93 278
Borrowings	-9 940
Acquired identified assets	105 400
Non-controlling interests	-52 668
Surplus value/Goodwill	4 919
Acquired net assets	57 651

The acquisition analysis is preliminary and the surplus value is preliminarily classified as goodwill. The goodwill is attributable to the increase in market shares in the Nordic region, the establishment in the Norwegian market and to the fact that the new biogas plant outside Trondheim, Norway, will produce liquid biogas. All of the Group's existing plants currently produce compressed biogas. None of the goodwill that is recognised is expected to be tax deductible.

Cash-flow-based investments in subsidiaries

<i>SEK thousand</i>	
Total purchase consideration	-57 651
Acquisition expenses	-768
Cash and cash equivalents in acquired companies	101 393
Total cash flow attributable to investments in subsidiaries	42 974

Note 4 Tangible fixed assets

In the first half-year, investments of SEK 140 million (SEK 41 million) were made in tangible fixed assets. The investments primarily pertain to the facilities in Henriksdal and Södertörn as well as the ongoing project in Norway.

The Group capitalised borrowing costs on qualifying assets in the form of new facilities in the amount of SEK 1.4 million (SEK 6.5 million) during the first half-year.

Tangible fixed assets include leased items held by the Group under finance leasing agreements in the following amounts:

	2016-06-30	2015-06-30	2015-12-31
Buildings and land	119 220	74 589	72 862
Plant and machinery	118 063	75 595	83 844
Equipment, fixtures and fittings	11 996	3 590	3 146
Construction work in progress	4 970	46 900	88 402
Carrying amount	254 249	200 674	248 254

Note 5 Other receivables

As at 30 June 2016, Other receivables includes an item in the amount of SEK 45 million (SEK 0 million) concerning a contribution granted to the new facility in progress in Skogn, Norway, which had not yet been paid as of the completion of the interim report.

Note 6 Financial instruments – the fair value of financial liabilities valued at amortised cost

The carrying amount and fair value of long-term borrowing are as follows:

	<u>Carrying amount</u>		<u>Fair value</u>	
	2016-06-30	2015-06-30	2016-06-30	2015-06-30
Liabilities to credit institutions	89 445	151 687	89 445	151 687
Coprorate bonds	194 098	-	194 098	-
Financial leasing liabilities	248 447	160 405	248 447	160 405
Other long-term borrowing	5 160	-	5 160	-

The fair value of short-term borrowing corresponds to its carrying amount since the discounting effect is not of a material nature.

In February 2016, the Parent Company issued corporate bonds at a value of SEK 200 million. The term is for four years and the interest rate is STIBOR three months plus 9.75 percentage points. During the same month, part of a loan from external creditors was also repaid (SEK 51.5 million plus interest).

Note 7 Accrued expenses and deferred income

At 30 June 2016, accrued expenses and deferred income included an item in the amount of SEK 5.0 million (SEK 39.7 million) pertaining to investments in the expansion of Henriksdal, which will be leased by the Group upon completion.

Note 8 Pledged assets and contingent liabilities

Group	Pledged assets		
	2016-06-30	2015-06-30	2015-12-31
Floating charges	105 338	151 626	103 622
Shares in Scandinavian Biogas Stockholm AB	62 844	55 635	51 391
Shares in Scandinavian Biogas Korea Co. Ltd.	3 376	8 652	2 583
Shares in Scandinavian Biogas Sweden AB	34 369	52 754	44 124
Shares in Scandinavian Biogas Södertörn AB	4 234	5 031	23 863
Shares in Scandinavian Biogas Fuels i Varberg AB	79	80	80
Shares in Biokraft Holding AS	105 666	-	-
Group total	315 906	273 778	225 663
Parent Company	2016-06-30	2015-06-30	2015-12-31
Shares in Scandinavian Biogas Sweden AB	102 050	102 050	102 050
Shares in Biokraft Holding AS	58 419	-	-
Pledged internal loans to Scandinavian Biogas Sweden AB	191 337	42 000	69 574
Parent Company total	351 806	144 050	171 624

Group	Contingent liabilities		
	2016-06-30	2015-06-30	2015-12-31
Contingent liabilities	32 628	24 173	28 386
Group total	32 628	24 173	28 386

Parent Company	2016-06-30	2015-06-30	2015-12-31
Contingent liabilities for subsidiaries' loans to credit institutio	36 500	38 500	37 500
Contingent liabilities for subsidiaries' payment guaranties to suppliers	15 149	12 422	-
Parent Company total	51 649	50 922	37 500

In all material respects, the pledged assets and contingent liabilities above pertain to subsidiaries' loans from credit institutions. For further information, refer to the Annual Report 2015.

This interim report has not been audited.

The next interim report will be published and available on www.scandinavianbiogas.com on 28 October 2016.

The Board of Directors and CEO pledge their assurance that this interim report provides a fair overview of the Parent Company's and Group's operations, position and earnings, as well as describing significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 19 August 2016

Göran Persson
Chairman of the Board

Anders Bengtsson
Board member

Andreas Ahlström
Board member

Hans Hansson
Board member

Sara Anderson
Board member

Raif Nisametdin
Board member

Andreas Berg
Board member