

UniBio A/S
Central Business Registration No
26110262
Billedskærervej 8
DK-5230 Odense M

Annual report 2015

The Annual General Meeting adopted the annual report on 30.05.2016

Chairman of the General Meeting

Name: Henrik Busch-Larsen

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Entity details

Entity

UniBio A/S
Billedskærervej 8
DK-5230 Odense M

Central Business Registration No: 26110262

Founded: 01.07.2001

Registered in: Odense

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Evert H. Hulleman, Chairman

Jeppe Høier

Sten Bay Jørgensen

Henrik Busch-Larsen

Executive Board

Henrik Busch-Larsen, CEO

Jesper Halling Pedersen, CFO

Leif Jacobsen, COO

Bank

Danske Bank
Munkerisvej 1
5230 Odense

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

Postboks 10

5100 Odense C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of UniBio A/S for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Odense, 19.04.2016

Executive Board

Henrik Busch-Larsen
CEO

Jesper Halling Pedersen
CFO

Leif Jacobsen
COO

Board of Directors

Evert H. Hulleman
Chairman

Jeppe Høier

Sten Bay Jørgensen

Henrik Busch-Larsen

Independent auditor's reports

To the owners of UniBio A/S

Report on the financial statements

We have audited the financial statements of UniBio A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Odense, 19.04.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Lars Leopold Larsen
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

UniBio A/S is a biotech company focused on research and development.

Development in activities and finances

Gross loss for the year amounted to DKK 2,688k (loss of DKK 3,588k for 2014). The post-tax loss for the year amounted to DKK 4,631k (post-tax loss of DKK 7,237k for 2014). The loss of the year is related to costs associated with the establishment of the fermentation center at DTU as well as the strategy of the company cf. below. Management considers the loss for the year satisfactory in the light of the Company's expectations for the future. Equity at the end of 2015 amounted to DKK 7,213K.

The mission of UniBio A/S is to develop and market fermentation technology with which to convert natural gas into single cell protein. Know-how in relation to the conversion processes was patented in previous years and the Company applied for a new patent in 2015.

In 2015, the Company has focused on establishing and commissioning the new fermentation centre at DTU, which is part of a project to which the Company and its research partners have received DKK 15,000K in support from Innovation Fund Denmark.

The project proceeded as planned in 2015. The project forms the core of a new strategy that will lead to the establishment of commercial production in Denmark and later abroad. During 2016 the Company expects to establish an industrial scale plant in Denmark.

The expected future production at DTU and at the planned plant in Denmark will also be used to market the technology to potential customers. In 2015 the Company has experienced great interest from potential customers and other stakeholders. The great interest was confirmed in November 2015 when Unibio A/S was awarded "E&Y Entrepreneur of the Year" in the Life Science category.

In 2015, UniBio A/S' parent company UniBio International Limited raised capital from private investors. In 2015 the parent company has increased the Company's share capital twice adding a total of DKK 7,000k. Also in 2016 the parent company add share capital as necessary in order for operations to continue as planned.

The capital increase in the parent company brings realization of the Companys potential a big step closer. An actual commercial production will require additional capital.

Outlook

In 2016, the Company expects to establish the Company's own production and demonstration plant in Denmark. The cornerstone of this project was the establishment of a U-Loop facility at DTU. This plant now produces protein, which is to be distributed to the partners in the project supported by the Innovation Fund Den-

Management commentary

mark, which leads to the next phase of the project.

Management expects to establish commercial production during 2016. In 2016 the Company also expects to conclude one or more commercial agreements in order to ensure a rapid deployment of the technology, when the plant in Denmark is commissioned.

Events after the balance sheet date

After the balance sheet date the parent company has added share capital to the Company securing the liquidity necessary to continue operations throughout 2016.

After the end of the financial year, no other events have occurred which will significantly affect the financial position of the Company.

Uncertainty relating to recognition and measurement

In Management's view there is no specific uncertainty about the recognition or measurement of any items in the financial statements.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and other operating income less cost of raw materials and consumables and external expenses.

Accounting policies

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises payables and transactions in foreign currencies etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on trade payables and payables and transactions in foreign currencies etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc. comprise development projects in progress with related patents.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

Acquired patents and completed development projects are amortised over 5-15 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Equipment is written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Accounting policies

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Gross loss		(2.688)	(3.588)
Staff costs	1	(3.261)	(1.463)
Depreciation, amortisation and impairment losses	2	<u>(225)</u>	<u>(3.984)</u>
Operating profit/loss		(6.174)	(9.035)
Other financial income		2	9
Other financial expenses		<u>(2)</u>	<u>(7)</u>
Profit/loss from ordinary activities before tax		(6.174)	(9.033)
Tax on profit/loss from ordinary activities	3	<u>1.543</u>	<u>1.796</u>
Profit/loss for the year		<u>(4.631)</u>	<u>(7.237)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(4.631)</u>	<u>(7.237)</u>
		<u>(4.631)</u>	<u>(7.237)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Completed development projects		318	343
Acquired patents		2.772	2.973
Development projects in progress		3.188	72
Intangible assets	4	<u>6.278</u>	<u>3.388</u>
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	5	<u>0</u>	<u>0</u>
Fixed assets		<u>6.278</u>	<u>3.388</u>
Deferred tax assets		2.776	3.141
Other short-term receivables		909	610
Income tax receivable	6	1.301	0
Prepayments		37	0
Receivables		<u>5.023</u>	<u>3.751</u>
Cash		<u>293</u>	<u>1.065</u>
Current assets		<u>5.316</u>	<u>4.816</u>
Assets		<u><u>11.594</u></u>	<u><u>8.204</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital	7	2.147	2.000
Retained earnings		<u>5.066</u>	<u>2.844</u>
Equity		<u>7.213</u>	<u>4.844</u>
Other credit institutions		6	1
Trade payables		1.715	1.733
Debt to group enterprises		84	0
Debt to associates		0	105
Other payables	8	1.872	1.521
Deferred income	9	<u>704</u>	<u>0</u>
Current liabilities other than provisions		<u>4.381</u>	<u>3.360</u>
Liabilities other than provisions		<u>4.381</u>	<u>3.360</u>
Equity and liabilities		<u><u>11.594</u></u>	<u><u>8.204</u></u>
Unrecognised rental and lease commitments	10		
Ownership	11		

Statement of changes in equity for 2015

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	2.000	2.844	4.844
Increase of capital	147	6.853	7.000
Profit/loss for the year	0	(4.631)	(4.631)
Equity end of year	2.147	5.066	7.213

Notes

	2015	2014
	DKK'000	DKK'000
1. Staff costs		
Wages and salaries	3.061	1.390
Other social security costs	41	19
Other staff costs	159	54
	3.261	1.463
Average number of employees	6	5
	2015	2014
	DKK'000	DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	225	126
Impairment losses on intangible assets	0	3.850
Depreciation of property, plant and equipment	0	8
	225	3.984
	2015	2014
	DKK'000	DKK'000
3. Tax on ordinary profit/loss for the year		
Current tax	(1.301)	0
Change in deferred tax for the year	(137)	(2.152)
Adjustment relating to previous years	(105)	0
Effect of changed tax rates	0	356
	(1.543)	(1.796)

Notes

	Completed develop- ment pro- jects DKK'000	Acquired patents DKK'000	Develop- ment pro- jects in progress DKK'000
4. Intangible assets			
Cost beginning of year	368	4.231	3.072
Additions	<u>0</u>	<u>0</u>	<u>3.116</u>
Cost end of year	<u>368</u>	<u>4.231</u>	<u>6.188</u>
Amortisation and impairment losses beginning of year	(25)	(1.259)	(3.000)
Amortisation for the year	<u>(25)</u>	<u>(200)</u>	<u>0</u>
Amortisation and impairment losses end of year	<u>(50)</u>	<u>(1.459)</u>	<u>(3.000)</u>
Carrying amount end of year	<u>318</u>	<u>2.772</u>	<u>3.188</u>
			Other fix- tures and fittings, tools and equipment DKK'000
5. Property, plant and equipment			
Cost beginning of year			139
Disposals			<u>(22)</u>
Cost end of year			<u>117</u>
Depreciation and impairment losses beginning of the year			(139)
Reversal regarding disposals			<u>22</u>
Depreciation and impairment losses end of the year			<u>(117)</u>
Carrying amount end of year			<u>0</u>

6. Short-term income tax receivable

Income tax receivable relates to repayments in accordance with Danish tax legislation § 8X.

Notes

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>	<u>2013</u> <u>DKK'000</u>	<u>2012</u> <u>DKK'000</u>	<u>2011</u> <u>DKK'000</u>
7. Contributed capital					
Changes in contributed capital					
Contributed capital beginning of year	2.000	1.567	1.424	1.092	1.092
Increase of capital	<u>147</u>	<u>433</u>	<u>143</u>	<u>332</u>	<u>0</u>
Contributed capital end of year	<u>2.147</u>	<u>2.000</u>	<u>1.567</u>	<u>1.424</u>	<u>1.092</u>

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
8. Other short-term payables		
Wages and salaries, personal income taxes, social security costs, etc. payable	496	220
Other costs payable	<u>1.376</u>	<u>1.301</u>
	<u>1.872</u>	<u>1.521</u>

In other cost payable are included a liability concerning a project on Trinidad & Tobago at DKK 1,125k. The liability is not expected to result in cash payments within the next 12 months, unless a new development in the project occurs.

9. Short-term deferred income

Deferred income consist of grants to development project in progress. The amount will be transferred to the income statement in line with depreciation on the development projects.

10. Unrecognised rental and lease commitments

The Company has entered two lease contracts concerning office rent. One contract was terminated at the end of the year, while the other can be terminated with a 3 months notice. Total lease obligations at 31 December 2015 amount to DKK 33k (DKK 53k).

11. Ownership

The following shareholders were registered at 31 December 2015 as holding more than 5% of the voting share capital or the nominal value of the share capital:

UniBio International Limited, 2 Royal College Street, Camden London NW1 0NH, England & Wales