



December 28, 2015

Dear Shareholder,

BIOQUAL completed fiscal year 2015 (June 1, 2014 to May 31, 2015), with an increase in net income of \$1,906,428 (\$2.13 basic earnings per share) on revenues of \$28,935,714. BIOQUAL's fiscal year 2015 revenues increased \$7,355,974 from fiscal year 2014 revenues of \$21,579,740 for a fiscal year 2015 increase of 34.09%. Major factors in BIOQUAL's fiscal year 2015 growth include: twelve months of sales and profit contributed from the recently added (February 22, 2014) *in-vivo* models staff and assets that were acquired from ABL, Inc., Rockville MD; continued growth of BIOQUAL's commercial services with attendant higher profit margins; and continued success with Government contracts and grants.

As stated above, BIOQUAL acquired the *in-vivo* models operations of ABL, Inc. on February 22, 2014. This acquisition included assumption of a long-term facility lease providing BIOQUAL a 46% increase in study capacity. The additional capacity has allowed BIOQUAL to continue to actively pursue current and emerging opportunities that require capability for *in-vivo* evaluation of the efficacy of a number of vaccines and therapeutic treatments for infectious agents and parasitic diseases. A focus area for BIOQUAL is the expanding activity involving the development of new and improved vaccines and therapeutic strategies by both commercial and government entities for infectious diseases in humans, including influenza, respiratory syncytia virus (RSV), Chikungunya, Dengue and malaria. In addition, an area which BIOQUAL is actively working is the developing field of engineered antibody technologies focused on disease treatments. BIOQUAL's *in-vitro* laboratory services have also expanded and in combination with the *in-vivo* models contract services will enhance BIOQUAL's overall contracting presence.

BIOQUAL's Board of Directors declared a cash dividend of \$0.35 per share for stockholders of record on December 25, 2015, payable at close of business on January 13, 2016. This is the fifteenth dividend declared by BIOQUAL.

BIOQUAL's productive fiscal year 2015 can principally be attributed to a full year's contribution of sales and profit from the acquisition of the ABL animal models unit. BIOQUAL believes that there is a good chance that there will be increased interest from commercial customers, and that our Government contracts and grants will be maintained at current levels over the next fiscal year.

Statements herein that are not descriptions of historical facts are forward-looking and subject to risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors including risks relating to the ability to continue to extend current government contracts and obtain new contracts; the Company's ability to obtain new commercial contracts; the performance of the business acquired in the ABL acquisition; the Company's ability to perform under its contracts in accordance with the requirements of the contracts; the actual cost incurred in performing the Company's contracts and its ability to manage its costs; dependence on third parties; future capital needs; the ability to fund its capital needs through the use of its cash on hand and line of credit; and the future availability and cost of financing/capital sources to the Company.

Sincerely,

Mark G. Lewis, Ph.D.

President and CEO