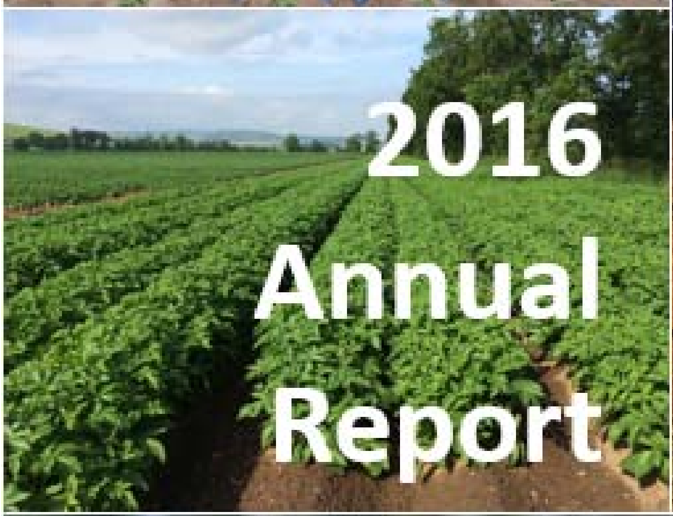

2016 Annual Report

Agrinos

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Agrinos Microbial Crop Input Production Facility in USA
Coffee Grower in Brazil

Cover Photos (clockwise from upper left):
Applying Agrinos HYT products on potatoes in Europe
Grower harvest in Brazil with Agrinos treated potatoes compared to control
Field treated with Agrinos HYT products in Europe
Grower in Agrinos-treated fields in India

BOARD OF DIRECTORS' REPORT

Agrinos is a leading provider of microbial and biological crop inputs which improve crop yield and quality, the efficiency of conventional inputs and grower productivity. The Parent Company is located in Oslo, Norway, and the Company has sales activities in the United States, Mexico, Brazil, Spain, Russia, Ukraine, India, Nepal, China, Indonesia and Malaysia. Agrinos' integrated value chain also includes discovery research and development activities in the United States, and production facilities in Mexico and the United States.

All financial statements in this report are presented on the basis of a “going concern” assumption in accordance with the Norwegian Accounting Act section 3-3a. In addition, all financial statements in this report are presented on the basis of an “Unqualified Opinion.”

The Board of Directors is of the opinion that the prerequisites for a going concern assumption are present. While the Company has invested in production and distribution capacity since inception in 2009, and has seen deployment of products at an end-user level, as well as cash inflow growth, the Company still reports a negative cash flow in its eighth year of operations. To improve cash flow the Company has implemented measures to adjust its business portfolio cost base and working capital. In addition, the Company has increased investments in R&D and production to enhance manufacturing capabilities, expand capacity and improve cost of goods.

In January 2017, the Company announced a loan agreement with Silicon Valley Bank in the U.S. to provide a loan facility between $5,000,000 and $11,500,000 USD, which includes a guaranty agreement with Manor investment S.A.

The loan agreement provides the short-term capital for the Company to build toward an improved cash flow that will enable the Company to make strategic investments in its High Yield Technology (HYT®) platform, engage in research and development efforts focused on new product development and deploy sales and marketing tactics that strengthen the Company’s competitive position and growth. The Board is of the opinion that the Company is able to raise additional new capital should that be required. Other than the Loan Agreement, to the best of the Directors’ knowledge, no subsequent events have occurred since 31 December 2016 that would impact the accounts for 2016 which are not described in this report.

Key developments in 2016

- **Distribution and Partnership Agreements**: Consistent with Agrinos’ business strategy, a number of new distribution agreements and partnerships were signed this year. These include an Investment Agreement with EuroChem AG, an agreement with Dehua and Huapu, which will bolster farmer access to Agrinos products in China, and agreements with Kova Fertilizer and Van Diest Supply Company which will bring innovative biological crop solutions to Midwestern growers in the United States. In addition, in June 2016 Agrinos announced expansion of our partnerships with Geolife Agritech and with Zuari Agri Sciences to expand the presence of High Yield Technology Biological Crop Inputs in India.
- **Production**: In September 2016, Agrinos opened its new state-of-the-are microbial crop input production facility in Clackamas, Oregon.
- **Balance sheet**: In August 2016, Agrinos announced a bond conversion with strategic investors. In January 2017, the Board of Directors strengthened the Company’s balance sheet with a loan agreement between key shareholders and Silicon Valley Bank in the U.S. for a $5,000,000 to $11,500,000 loan facility.
- **Product Development:** In 2016, Agrinos continued to advance key new product initiatives to deliver next generation microbial and bio-nutrient products by receiving OMRI certification for iNvigorate®, B Sure® and Agrinos 5-0-0, and launching a new microbial product, VAMAX, in India.
- **Board of Directors:** Rudolf von Plettenberg was appointed to the Board of Directors.
- **Company Restructuring**: During the course of the year Agrinos added several key positions. Fabricio Benatti was named Vice President, Latin America Commercial Operations and John Eustermann was named General Counsel.

Biological crop inputs market overview

Biological crop inputs, or agricultural biologicals, is an umbrella term for products comprised of components including microbes, plant extracts, insects and other materials used by growers to improve and protect crop yields and health. Biological technologies offer growers valuable options to increase productivity and improve sustainability, and many products are listed for organic use and used extensively in the rapidly growing organic marketplace.

Microbial-based products, a sub-category of biologicals, are derived from naturally-occurring microorganisms such as bacteria and fungi. They are normally applied to seeds before planting, added in-furrow at seed planting or sprayed on soil and/or crops to enhance plant productivity and fertility. In addition, some microbial products can also protect crops from pests and diseases.

Based on statements from global agricultural companies, leading market research firms and other reputable industry sources, biologicals today represent a growing industry currently representing more than USD 5.0 billion in annual sales with double digit annual percent growth anticipated through 2021. The agricultural biological sector is subject to the dynamics of general global agricultural markets and forecasts may be adjusted as markets respond to changes in commodity prices related to geopolitical influences and resource availability.

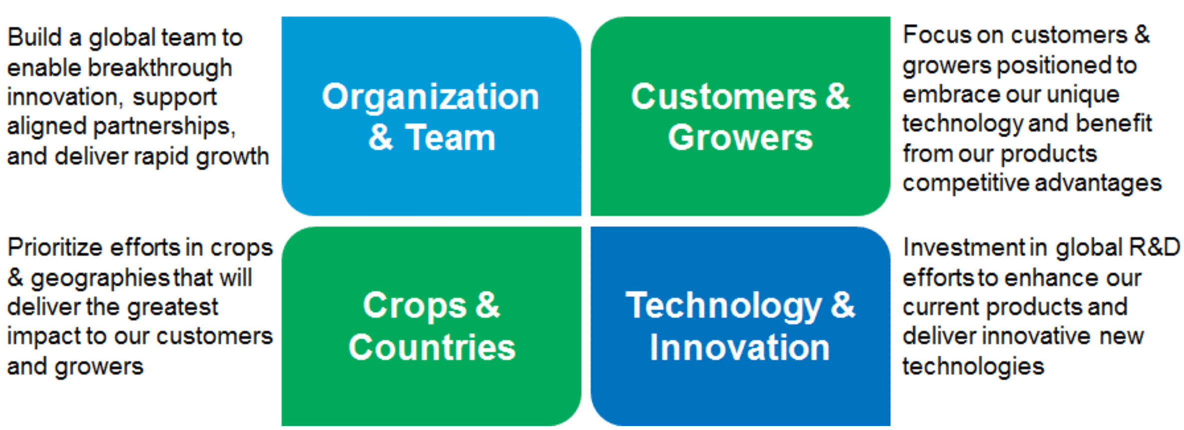
Agrinos is positioned within the biological crop input sectors of the biologicals market as a provider of biostimulant and microbial products focused on crop yield, quality and health.

Strategy

Agrinos was established to commercialize its proprietary High Yield Technology (HYT®) platforms and products in the agricultural crop input and nutrient markets. The Company subsequently created R&D capabilities to leverage our proprietary Microbial Fermentation Collection (MFC) and co-culture processes to develop a pipeline of innovative biological crop solutions. On the basis of excellent results demonstrated by Agrinos products in both third-party trials and commercial field results – along with the ability to rapidly scale up production capacity – Agrinos is pursuing a distribution commercialization strategy within targeted markets around the world.

In 2014, Agrinos defined a strategy to rapidly build the organizational expertise required to maximize the value of our competitive advantages and deliver long-term profitable growth. As outlined below, the strategy focuses on excellence in four critical pillars.

Agrinos Growth Strategy Cornerstones



Operational review

Business model

Agrinos develops, produces, and markets biological crop input products, also described as agricultural biologicals or specialty crop nutrients. The company has commercial market activities in the United States, Mexico, Brazil, Spain, Russia, Ukraine, India, Nepal, China, Indonesia and Malaysia.

During 2016, the Company continued to sharpen its focus on marketing its product portfolio through established third party distributors, both to maximize the efficiency of its sales and marketing activity and to reduce the need for working capital related to sales and distribution. Consistent with this business strategy, in India and Asia a new distribution relationship was launched with Dehua and Huapu in China, and with Kova Fertilizer and Van Diest Supply Company in the United States. Expansion of partnerships with Geolife and Zuari AgriSciences were also implemented to increase market opportunities in India.

Competition continues to intensify in the biological crop inputs market. Large agro-chemical companies and specialized independents are making significant investments in research and development as well as in marketing platforms. For an integrated and independent company such as Agrinos, research and development is necessary to drive efficacy, cost position and competitiveness with existing and new products.

Agrinos' business model value drivers are:

- Deliver value to growers by providing consistent field results, ease-of-use and attractive return-on-investment (ROI) through increased crop productivity and quality.
- Provide commercial distribution partners with differentiated, high-value products that fit within current grower practices.
- Achieve and maintain attractive profit margins through a combination of volume growth, product enhancements and production excellence.
- Focused R&D efforts to both enhance existing products and rapidly develop next generation technologies and crop inputs.
- Increase production efficiencies to support a diverse portfolio of high quality products with profitable margins for Agrinos, our distribution partners and the growers who rely on our products.

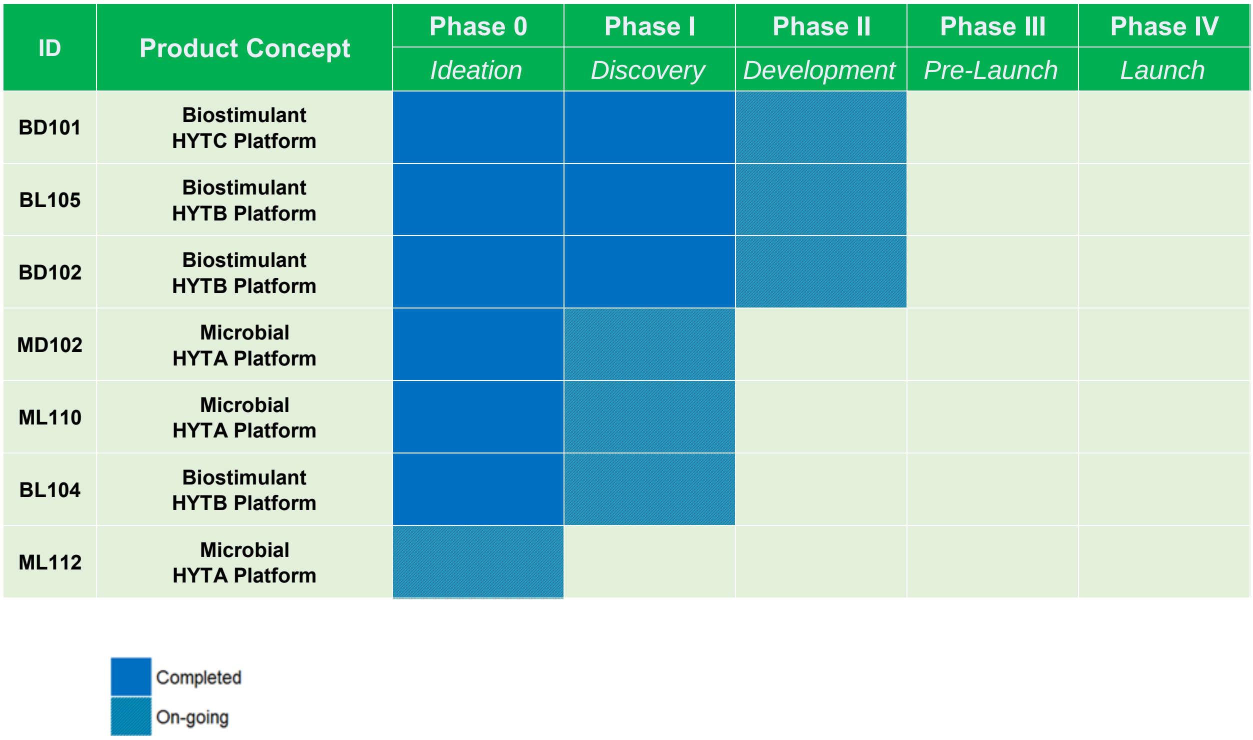
Production

Agrinos has a production facilities in Clackamas, Oregon in the United States and in Sonora, Mexico.

Research and development

Research and product development is a key enabler of Agrinos' future growth potential. In 2016 the Company expanded its capabilities and footprint at its Global R&D Center in Davis, California. The completion of the initial phase of our R&D operations, which were initiated in early 2015 when the Global R&D Center first opened, represents a key milestone for the Company. With the support of this R&D capability, Agrinos is able to accelerate the development and launch of new products for increased penetration of the global biological crop input marketplace.

In 2016 Agrinos launched a new product, VAMAX®, in the India marketplace, and is currently evaluating the expansion of this product opportunity in our other markets. As shown below, the Company has also advanced several new product concepts in our product development pipeline in both the microbial and biostimulant categories through our Stage-Gate process. Agrinos has several concepts in Development Phase that will be evaluated for advancement to Pre-Launch in 2017 and may be launched as early as 2018.



Financial review

Financial and Operational performance in 2016 is highlighted by sales as well as additional cost controls which resulted in a reduced overall spend rate during the year.

Operating revenue

Improved sales activity in Agrinos' targeted markets increased overall operating revenue by 16 percent to NOK 63.3 million up from 54.7 million in 2015. The increase was primarily due to sales revenue that increased to NOK 63.1 million from NOK 52.9 million in 2015.

See note 2 for further information on Agrinos' revenue recognition principles and note 3 for geographical distribution.

Operating expenses and EBITDA

Cost of goods sold (COGS) was NOK 9.2 million in 2016 versus NOK 10.9 million in 2015. COGS comprise raw materials, production costs, overheads as well as bottling, shipping and transportation.

Salaries and personnel costs amounted to NOK 89.0 million in 2016, compared with NOK 89.1 million in 2015. Agrinos had 147 full time employees (FTE) at 31 December 2016, up from 132 FTE at the beginning of the year.

Other operating expenses amounted to NOK 76.6 million in 2016, versus NOK 198.7 million in 2015. The decrease was primarily due to the 2015 Goodwill Impairment write off for Bioderpac and Indonesia in the amount of NOK 37.4 million, the inventory obsolete reserve created in 2015 in the amount of 65.0 million and the realization of an intercompany loss related to a Colombia investment in the amount of NOK14.5 million in 2015.

Total operating expenses in 2016 amounted to NOK 174.8 million before depreciation and amortization and earn-out, versus NOK 298.7 million in 2015.

Pre earn-out, the earnings before interest, taxes, depreciation and amortization (EBITDA) was negative at 111.5 million in 2016, down from a negative NOK 244.0 million in 2015.

Net loss

Agrinos reported an after-tax loss for the year of NOK 184.3 million, down from NOK 243.5 million in 2015.

Transfers

The Board proposes that the loss in Agrinos AS of NOK 169.4 million shall be settled against share premium/retained earnings and the result in the Group of negative NOK 184.3 million shall be settled against share premium with NOK 188.6 million and minority interests with NOK 4.3 million.

Balance sheet and cash flow

Net cash flow from operating activities was negative at NOK 167.1 million in 2016, compared to negative NOK 180.3 million in 2015. The net cash flow was driven by cash collection that was lower than the expense level during the year.

Net change in cash and cash equivalents was negative NOK 2.6 million in 2016. The gross proceeds from the stock issued of NOK 170.0 million in the first quarter of 2016 covered the bulk of the negative net cash flow. Cash and cash equivalents hence stood at NOK 13.5 million at end of 2016.

Total non-current assets amounted to NOK 86.1 million at the end of 2016, up from NOK 72.7million at the beginning of the year. The increase was primarily driven by production facility build-out and equipment (CAPEX).

Inventories net of obsolete reserve ended at NOK 17.0 million at the end of the year, up from NOK 5.8 million at the start of the year.

Account receivables were increased by NOK 18.2 million to NOK 32.8 million during the year. The primary driver was the increase in revenue as well as the 2016 FX adjustment that impacted 2015 bad debt reserve balance in Mexican pesos. Other receivables were decreased by NOK 23.0 million to NOK 44.0 million during the year due to Mexico VAT collection from prior years. Total assets were increased by NOK 17.3 million to NOK 193.5 million during the year.

Accounts payable increased by NOK 13.4 million to NOK 24.1 million during the year, and was primarily driven by delayed payments to vendors at year end.

Other current liabilities decreased by 29.8 million to NOK 52.5 million during the year, and was primarily driven by the value-added tax return in Mexico from previous years.

Total current liabilities decreased by NOK 16.0 million to NOK 79.3 million during the year.

Financing

The Company's financing strategy is to have a sound capital structure to ensure financial flexibility. As such, the Company has taken actions to match its cash outflow with cash inflow, including the implementation of cost-cutting programs which have resulted in decreased operating expenses year over year.

The Board of directors, however, regards the current financial flexibility as limited given the scope of the current operations, and the Company will continue to streamline its operations to reduce the cash outflows to ensure a sufficient level of liquidity is maintained.

Shareholders

Agrinos had 259 shareholders as of 31 December 2016. The total number of shares outstanding was 153,238,657 at year-end and the 20 largest shareholders held 140,777,703 shares, equal to 91.9 percent of the total shares.

In October 2016, the Company announced its intent to deregister from the NOTC. This was approved by the shareholders at an EGM on October 5, 2016. The last trade of Agrinos shares on the NOTC occurred on November 18, 2016.

Risk exposure and management

Agrinos has an integrated value chain and operates in an international marketplace, and is thereby exposed to a number of risk factors. The board is committed to ensuring that risk is managed purposefully and systematically. The Company will continue to implement and improve routines for monitoring, controlling and mitigating its total risk exposure. The company operates internationally and reports in NOK and it is exposed to foreign exchange rates risks. These risks arise primarily from the U.S. Dollar exchange rate. Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rate prevailing at balance sheet.

The Company's business is exposed to economic cycles. Changes in economic situations in the markets in which the Company operates can affect the demand for the Company's products and there can be no guarantee that sufficient demand for the Company's products can be created.

While demand for bio stimulants is expected to expand, competition is certain to intensify. Competition may affect the sales of Agrinos products in the future.

Product risk

The basis for commercialization of Agrinos' products is that they deliver value to customers. A risk exists that the products fail to deliver in accordance with expectations. This could be owing to production errors, suboptimal storage, activation or application. That may affect market perception of future demand and Agrinos' relative market position.

The Company has implemented quality assurance procedures along the value chain as well as simplified application methods to minimize these risks.

Financial risk

Financial risk includes credit, currency, interest-rate, liquidity and operational risk.

Client and credit risk

Agrinos is subject to substantial client and credit risk.

The client portfolio in general is broad and covers a range from large distributors to small farmers. Credit terms in several markets are linked to harvesting, the timing of which can be unpredictable. Similarly, a failed harvest or a fall in product prices may affect the ability of farmers or distributors to settle their accounts. Adverse weather conditions also impose uncertainty related to harvest and collection.

Currency risk

Agrinos' reporting currency is in NOK, but the Company also operates in several other currencies. The majority of sales revenues for 2016 were in USD. All production costs of goods sold and a major part of operating expenses were in MXN. Other major cost components were in USD and NOK. The Company has been financed in NOK and the net proceeds have been converted to USD deposits. Hence, the

Company is primarily exposed to the development of USD/NOK and MXN/NOK.

At initial recognition transactions in foreign currency are recognized in the financial statements at the exchange rates prevailing at transaction date. Currency exchange rate differences resulting from the translation on the balance sheet of monetary assets and liabilities denominated in foreign currencies are recognized in the profit-and-loss account.

For the translation of the financial statements of foreign entities the balance sheet items are translated at the exchange rate at balance sheet date and the profit and loss account items at the average exchange rate. The translation differences that arise are directly deducted from or added to group equity.

Average rates are used for the income statement activity and ending rates are used for the balance sheet.

Interest rate risk

Agrinos is directly exposed to fluctuations in the level of interest rates. The company issued convertible bonds that had a floating interest rate of 3 months NIBOR + 10%. See note 20.

Liquidity risk

The industry in which Agrinos operates is characterized by seasonal demand fluctuations, unpredictable weather affecting customer behavior and crops and long credit periods. This may limit Agrinos' ability to obtain sales and collect payment from customers

Due to the current credit and liquidity risk, the Company may need additional capital to finance its operations and future growth. Due to the current liquidity risk the company is considered a "going concern."

Management’s approach to these liquidity risks is to ensure the Company has sufficient liquidity to meet its liabilities when due.

Operational risk

Agrinos’ product portfolio is based primarily on water, microorganisms and farmed shrimp waste. A feedstock shortage will reduce production capacity and ultimately sales and collection. While the Company has quality assurance procedures throughout the value chain, a risk exists that a product might fail to deliver the expected results at some stage.

Agrinos monitors the sourcing, production and distribution process continuously in order to limit the risk and impact of such an event. In addition, the Company opened a second production facility in the United States in 2016 which should further mitigate this risk by providing a level of redundancy in production capabilities.

Contractual Risk

The Company operates in an environment where business can be based on oral understandings and/or short-form documents, which increases the risk that disputes could arise as to the actual contents of an agreement between the parties.

Taxation Risks

The Company and/or its subsidiaries’ own activities will to a large extent be governed by the fiscal legislation of the jurisdictions where it is operating, as its activities in most cases will be deemed to form a permanent establishment according to the tax laws of those countries. Thus, the Company is exposed to material risk regarding the correct application of the tax regulations as well as possible future changes in the tax legislation of those relevant countries. There will also be taxation risks related to previously completed acquisitions, intra-group transfers of IP rights and other intra-group and related party transactions and there can be no guarantee that tax authorities will agree with the Company's assessments of these matters or that they will deem the Company's documentation of such transactions satisfactory.

Regulatory and Environmental Risks

The Company does business in various jurisdictions around the world. Operating internationally increases exposure to regulatory requirements to be aware of and to satisfy. Changes in environmental regulations in the relevant jurisdictions may therefore affect the Company's operations.

IPR Risk

The Company relies upon intellectual property and trade secret laws and contractual restrictions to protect important proprietary rights and, if these rights are not sufficiently protected, this may negatively affect the Company's ability to compete and generate revenue. Further, the Company may not obtain sufficient patent protection on the technology embodied in its products and production processes. There is also a risk of IPR infringement claims from third parties, potentially hindering the Company's operations or leading to losses for the Company.

Corporate governance

Agrinos aims to strengthen its leading position in the biostimulant segment by combining good financial results with verifiable and professional business operations. Agrinos aims to establish an international corporate governance standard to the best for its business, capital market position, role in society and its shareholders.

Rudolf von Plettenberg, Head of Premium Products and Development with EuroChem AG, joined the Board of Directors in 2016. At the end of the year the board consisted of Jean Baptiste Oldenhove Chairman of the board, Morten Bergesen, Nick Adamchak, Matthieu Baumgartner, Svetoslav Valkov and Rudolf von Plettenberg.

Organization, working environment and equal opportunity

As a part of the ongoing strategy to strengthen the employee base two key hires were announced, including Fabricio Benatti as Vice President of Latin America Commercial operations and John Eustermann as General Counsel.

Agrinos had 147 full time employees (FTE) as of 31 December 2016.

Agrinos seeks to be an attractive employer for people with different backgrounds, regardless of their ethnicity, gender, religion, age or disabilities. The Company's objective is to promote gender equality, ensure equal opportunity and rights and to prevent discrimination due to ethnicity, national origin, descent, skin color, language, or religion and faith. The group works actively to promote this objective. The group will provide equal pay for equal work and reward good results. Key elements in determining remuneration are the scope of responsibility, job content, the individual's expertise, commitment and performance, and local rates of pay.

Salary and other compensation

Agrinos compensates its employees according to market conditions that are reviewed on an annual basis. Compensation includes base salary, insurance and retirement benefit programs, a bonus plan based on performance and in certain cases stock warrants.

Health, safety and environmental issues

Agrinos emphasizes health, safety and environmental (HSE) performance. The Company is committed to worker safety on the basis of its belief that every accident is preventable. It works systematically to reduce accidents and injuries to its own as well as third-party personnel and equipment.

Agrinos interacts with the external environment through its production of microbial, bio-nutrient, and micronized chitin products. The production itself and the use of the products are not regarded as having negative impact on the environment.

During 2016 there were no reported accidents; however, there were 229 absences due to sickness.

Sustainability goes to the very core of Agrinos' technology and products which are designed to improve agricultural productivity while increasing the efficiency of traditional chemical inputs.

Outlook

Agrinos is a biological solutions-based agricultural company pursuing growth through research and development, commercial product sales, and marketing activities. The company's novel technology, strong field trial results and established channels to large agricultural inputs markets is believed to provide opportunities where the company can create value for its customers and capture an attractive margin on the sale of its products to support operations and new product development.

Commercially, the company is experiencing positive developments within Agrinos' core geographies, driven by in-the-field results, maturing relationships with key partners and end-user technology adoption. Despite the current headwinds in the agricultural sector, the company expects this progress to continue throughout 2017. In addition, our Research & Development and Sales & Marketing agreements with EuroChem, along with the completion of the private placement in Q1 2016, sets the stage for continued growth by bringing our existing product line along with new technology solutions to both current and new markets.

Agrinos' strategy targets growth through sales and marketing efforts in core geographies and continued expansion of the company's research and development operations. For investments beyond the cash flow generated from sales – such as corporate charges, global research and development expenditures and capital expenditures – the company will use its balance sheet and anticipates the need for additional capital increase to meet its long-term strategic objectives.

To ensure that Agrinos has the financial platform necessary to implement its strategy and to achieve both short and long-term goals the board issued shares generating NOK 178.0 million in Q1 2016.

The company will evaluate various corporate development opportunities, while remaining focused on cost control in order to reach a profitable state. The Company's main objectives for 2017 are to increase sales and revenue-generating partnerships in our core geographies, including those being developed in partnership with EuroChem, to continue the development of novel products that bring new market opportunities to the Company, and to focus on continuous improvement of production and operations to deliver high quality products with the best possible value proposition to our customers throughout the distribution channel and to growers who benefit from the use of our product portfolio.

While the Company is reporting negative cash flow in its eighth year of operations, the Board is of the opinion that the Company is able to raise new capital should that be required.

Oslo, 20 May 2017

Jean Baptiste Oldenhove
Chairman of the Board

Morten Bergesen
Board member

Nick Adamchak
Board member

Matthieu Baumgartner
Board member

Rudolf von Plettenberg
Board member

Svetoslav Valkov
Board member

Douglas Ry Wagner
Chief Executive Officer
The board of directors of Agrinos

Financial Statements

Profit and Loss Statement

Agrinos AS				Agrinos Group	
2016	**2015**	**NOK**	**Note:**	**2016**	**2015**
29,340,928	23,769,458	Sales revenue	(3)	63,149,768	52,865,685
-	1,611,800	Other operating revenue	(3)	174,929	1,880,183
29,340,928	25,381,258	Operating revenue	(3)	63,324,697	54,745,869
(9,466,442)	(12,485,708)	Cost of goods sold		(9,225,109)	(10,921,374)
(541,780)	(9,409,744)	Salaries and personnel costs	(4)	(89,056,580)	(89,127,751)
(668,125)	(787,035)	Depreciation and amortization	(7),(8),(17)	(11,385,891)	(18,321,191)
(144,315,670)	(443,598,966)	Other operating expenses	(2),(4),(11)	(76,552,910)	(198,719,341)
(154,992,017)	(466,281,453)	Total operating expenses		(186,220,490)	(317,089,656)
(125,651,089)	(440,900,195)	**Operating income**		(122,895,794)	(262,343,788)
(43,708,364)	25,417,509	Net financial income / expense (-)	(5)	(60,961,498)	21,398,251
(169,359,453)	(415,482,686)	Net income / loss (-) before taxes		(183,857,291)	(240,945,536)
-	-	Tax expense	(6)	(4,727,038)	(4,891,980)
-	-	Minority Interest.	(15)	4,297,413	2,313,958
(169,359,453)	(415,482,686)	**Net income / loss (-)**		(184,286,916)	(243,523,558)

Balance sheet assets at 31 December 2016

Agrinos AS				Agrinos Group	
2016	**2015**	**NOK**	**Note:**	**2016**	**2015**
		Assets			
-	-	Goodwill	(7)	-	-
4,298,388	4,960,511	Other intangible assets	(7)	9,523,304	9,771,141
-	-	Deferred Tax Asset		1,951,669	3,550,895
4,298,388	4,960,511	Total intangible assets		11,474,973	13,322,036
0	242,897	Property, plant and equipment	(8)	74,674,613	59,375,130
9,195,454	27,108,010	Investments in other shares and interests	(2),(9)	-	-
-	683,586	Other non-current receivables	(2),(10),(11)	-	-
9,195,454	27,791,596	Total financial non-current assets		-	-
13,493,841	32,995,004	**Total non-current assets**		86,149,586	72,697,166
-	-	Inventories	(12)	17,011,229	5,755,474
-	-	Total goods	(12)	17,011,229	5,755,474
16,526,193	14,720,706	Accounts receivable	(10),(11);	32,781,981	14,613,067
1,289,017	1,223,582	Other receivables	(11)	43,998,234	66,995,493
17,815,210	15,944,288	Total receivables	(11)	76,780,215	81,608,560
3,731,191	7,080,636	Bank deposits, cash etc.	(13)	13,536,490	16,152,066
21,546,401	23,024,925	**Total current assets**		107,327,934	103,516,100
35,040,243	56,019,929	**Total assets**		193,477,520	176,213,266

Balance sheet equity and liabilities at 31 December 2016

Agrinos AS				Agrinos Group	
2016	**2015**	**NOK**	**Note:**	**2016**	**2015**
		Equity			
1,532,387	735,284	Share capital	(14),(15)	1,532,387	735,284
-	-	Premium reserve	(15)	108,359,606	-
1,532,387	735,284	Total paid in capital	(15)	109,891,993	735,284
-	-	Minority interests	(15)	(9,878,692)	(6,343,009)
(125,496,660)	(259,405,378)	Accumulated P&L	(15)	-	(46,855,227)
(123,964,273)	(258,670,095)	**Total equity**	(15)	100,013,301	(52,462,953)
		Liabilities			
-	-	Deferred tax	(11)	1,274,921	2,654,293
-	-	Total provisions for liabilities		1,274,921	2,654,293
12,930,000	130,521,792	Other non-current liabilities	(11)	12,930,000	130,718,762
12,930,000	130,521,792	Total non-current liabilities	(11)	12,930,000	130,718,762
143,383,173	172,698,345	Accounts payable	(10),(11)	24,094,102	10,713,559
-	-	Current tax payable	(11)	2,658,813	2,331,259
2,691,343	11,469,887	Other current liabilities	(11)	52,506,383	82,258,345
146,074,516	184,168,232	Total current liabilities	(11)	79,259,298	95,303,163
159,004,516	314,690,024	**Total liabilities**	(11)	93,464,219	228,676,218
35,040,243	56,019,929	**Total equity and liabilities**		193,477,520	176,213,266

Jean Baptiste Oldenhove
Chairman of the Board

Morten Bergesen
Board member

Nick Adamchak
Board member

Matthieu Baumgartner
Board member

Rudolf von Plettenberg
Board member

Svetoslav Valkov
Board member

Douglas Ry Wagner
Chief Executive Officer
The board of directors of Agrinos

Cash flow statement

Agrinos AS 2016	Agrinos AS 2015	NOK	Agrinos Group 2016	Agrinos Group 2015
		Cash flow from operating activities		
(169,359,453)	(415,482,686)	Profit/Loss (-) before tax	(183,857,291)	(240,945,536)
668,125	787,035	Depreciation and amortization	11,385,891	18,321,191
(39,281,051)	299,038,058	Changes in inventories,receivables and payables	(22,251,423)	46,704,577
(6,002,617)	6,002,616	Changes in other accruals/currency effects	27,615,655	(4,413,152)
(213,974,996)	(109,654,976)	**Net cash flow from operating activities**	(167,107,167)	(180,332,921)
		Cash flow from investment activities		
18,149,452	(19,981,803)	Investments/disposals of tangible fixed assets	(26,437,537)	26,205,619
-	-	Changes in other investments	-	-
18,149,452	(19,981,803)	**Net cash flow from investments activities**	(26,437,537)	26,205,619
		Cash flow from financing activities		
(117,591,792)	14,725,292	Proceeds from borrowings (current and non-current)	(117,788,762)	14,710,952
310,067,891	1,384,480	Net proceeds from issuance of shares	308,717,891	2,734,480
192,476,099	16,109,771	**Net cash flow from financing activities**	190,929,129	17,445,431
(3,349,445)	(113,527,007)	Net change in cash and cash equivalents	(2,615,575)	(136,681,870)
7,080,636	120,607,644	Cash and cash equivalents at beginning of period	16,152,066	152,833,936
3,731,191	7,080,636	Cash and cash equivalents at end of period	13,536,490	16,152,066

NOTES TO THE ACCOUNTS

Note 1 Accounting policies

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards. The Group's accounts are presented in Norwegian kroner which is the Group's reporting currency.

Shares in subsidiaries and associated companies: See note 9 for an overview of subsidiaries.

Subsidiaries are companies over which the parent company has a controlling influence on the entity's financial and operational strategy, ordinarily through agreements or ownership of more than 50 percent of the voting shares.

Consolidation policies

Companies over which the Group has a controlling influence are consolidated from the time when control is transferred to the Group (the date of acquisition). Partly owned subsidiaries are incorporated in the consolidated accounts in their entirety. The non-controlling share of the subsidiary's equity constitutes a part of the Group's equity. The share of the profit attributable to non-controlling interests is included in the consolidated profit for the year. The non-controlling share of the profit and equity are presented as separate items in the accounts.

Acquisition of Subsidiaries

Acquired subsidiaries are accounted for in the Group financial statements on the basis of the parent company's consideration transferred. The consideration transferred in a business combination is measured at fair value of the identifiable assets and liabilities in the subsidiary, and presented in the Group financial statements at fair value on the date of acquisition. Shares have been assessed at cost in the event that the equity is lower when the acquisition has been considered a long-term Investment with unexploited potential, and future return on investment is expected.

Changes in Group's ownership interests in subsidiaries that do not result in Group losing control over the subsidiaries are accounted for as equity transaction.

Elimination of internal items

In the Group financial statements the item "shares in subsidiaries" is replaced by "subsidiaries assets and liabilities." The Group financial statements are prepared as if the Group was a single economic unit. Transactions, unrealized internal gains and intra-group balances between companies in the Group are eliminated.

Translation of foreign subsidiaries

Foreign group companies and non-consolidated participation qualify as independent foreign entities.

For the translation of the financial statement of these foreign entities the balance sheet items are translated at the exchange rate as of the balance sheet date and the profit and loss account items as of the average exchange rate.

The translation differences that arise are directly deducted from or are added to the group equity.

General rules for classification of assets and liabilities:

Current / non-current classification. An asset is classified as current when it is expected to be realized or is intended for sale or consumption within twelve months after the reporting date. Other assets are classified as non-current. A liability is classified as current when it is expected to be settled within twelve months after the reporting period. All other liabilities are classified as non-current.

Revenue recognition. Revenues from the sale of goods are recognized at the time of delivery (when the Group has transferred to the buyer the significant risks and rewards of owning the goods). At this time the company records all revenue and relevant costs related to the transaction. The Group retains neither continuing managerial involvement nor effective control over the goods sold to distributors.

Intangible assets. Separately acquired intangible assets or assets acquired as a result of contracts or legal rights are recognized at cost at the time of acquisition. Intangible assets are amortized on a straight line basis over its estimated useful life. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for the net assets acquired. After initial recognition, goodwill is measured at cost less any accumulated depreciation. Expenses relating to research and development are expensed on an ongoing basis.

Tangible fixed assets. Tangible fixed assets are measured at historic cost and depreciated on a straight-line basis over the expected useful economic life of the assets. Costs associated with direct maintenance of the assets are expensed on an ongoing basis under operating expenses. Additions or improvements that materially extend the life of the asset are capitalized and depreciated at the same rate as the underlying asset. Fixtures and fittings in leased premises are carried on the balance sheet and depreciated over the period of the lease.

Leases. Leases are accounted for as operating lease. Payments are recognized as an expense over the lease term.

Inventory. Inventories are valued at the lower of cost using the first-in-first-out (FIFO) principle or net realizable value. Net realizable value is the estimated sales price reduced by costs of completion and sales costs.

Receivables. Accounts receivables and other receivables are stated at their nominal value. Provisions for losses are determined on the basis of individual assessment of the receivables.

Cash and cash equivalents. Cash and cash equivalents include cash, bank deposits and monetary items which are due in less than three months. Cash items in foreign currency are translated at the exchange rate on the balance sheet date.

Pensions. Group companies have only defined contribution pension plans. For defined contribution plans, the Group pays contributions to publicly or privately administrated pension insurance plans on a mandatory (or) contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that the cash refund or a reduction in future payments is available.

Share option program. The company's share option program uses the intrinsic value method of accounting. The intrinsic value of options and related social taxes are expensed in the income statement. Liabilities related to social taxes are classified as other current liabilities while the intrinsic value of options are classified as equity for options settled in shares.

Tax. Tax in the income statement comprises both current tax payable and changes in deferred tax. The tax currently payable is based on taxable profit for the year. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities and the corresponding tax base used in the computation of taxable profit and on the basis of any accumulated tax loss at the end of the financial year. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets and liabilities are offset when there is legally enforceable right to offset tax assets against tax liabilities and the Group is able and intends to settle the next tax assets and liabilities. Deferred tax asset in 2015 within

Mexico entities refers to the future taxable deduction related to the creation of the obsolete reserve in inventories.

Cash flow statement. The Cash flow statement has been prepared using the indirect method. The company has held all liquidity in the form of cash in bank accounts.

Note 2 Estimates and impairments

Revenue

The company recognizes revenue when it is realized or realizable and earned. It is considered realizable when a persuasive evidence of a delivery of goods has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Delivery is considered taken place when products have been shipped to the customer and risk of loss has been transferred to the customer, or the company has objective evidence that the criteria are met with regards to customer acceptance.

These assessments are based on management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these assessments.

Other income

Agrinos Mexico has given loans to their Mexican external distributors for a total of MXN 344,643,726 (NOK 174,045,081). In 2016 Agrinos Mexico invoiced MXN 21,562,375 (NOK 9,008,074) of interest on the loans. The related loans are written down and the collection of interest is not likely within the next year. Total Interest income related to distributors has been fully reserved as bad debt in 2015.

Impairments

Long-lived assets, other than goodwill, are tested for impairment based on future cash flows and according to IAS36 and NGAAP. Goodwill is tested annually, in the first quarter for impairment, or sooner when circumstances indicate that impairment may exist, using a qualitative analysis at the reporting unit level. Agrinos Group is considered as one cash generating reporting unit for impairment testing. All Agrinos subsidiaries are aggregated as a single cash generating reporting unit since they sell the same products and have similar economic characteristics.

Investment in Subsidiaries		2016	2015
Investment in Agrinos China AS	Book value before Impairment	125,000	125,000
	Impairment Allowance	-125,000	-
	Book value after Impairment	-	125,000
Investment in India	Book value before Impairment	9,195,444	1,076,744
	Book value after Impairment	9,195,444	1,076,744
Investment in Agrinos Inc.	Book value before Impairment	30,244,488	288
	Impairment Allowance	-30,244,488	-
	Book value after Impairment	-	288
Investment in Indonesia	Book value before Impairment	1,871,903	1,871,903
	Impairment Allowance	-1,871,903	-1,871,903
	Book value after Impairment	-	-
Investment in Malaysia	Book value before Impairment	1,572,789	1,572,789
	Impairment Allowance	-1,572,789	-
	Book value after Impairment	-	1,572,789
Investment in Agrinos BioTech Beijing	Book value before Impairment	2,874,631	2,874,631
	Impairment Allowance	-2,874,631	-2,874,631
	Book value after Impairment	-	-
Investment in Bioderpac	Book value before Impairment	215,465,144	215,465,144
	Impairment Allowance	-215,465,144	-215,465,144
	Book value after Impairment	-	-
Investment in Agrinos Mexico	Book value before Impairment	70,114,580	70,114,580
	Impairment Allowance	-70,114,580	-70,114,580
	Book value after Impairment	-	-
Investment in Agrinos Corporate Services	Book value before Impairment	168,329,125	168,329,125
	Impairment Allowance	-168,329,125	-168,329,125
	Book value after Impairment	-	-
Investment in Agrinos Brasil	Book value before Impairment	39,244,054	32,292,022
	Impairment Allowance	-39,244,054	-7,982,131
	Book value after Impairment	-	24,309,891
Investment in Agrinos UK	Book value before Impairment	9	9
	Book value after Impairment	9	9
Investment in Agrinos Spain	Book value before Impairment	23,288	23,288
	Impairment Allowance	-23,288	-
	Book value after Impairment	-	23,288
Investment in Agrinos Ukraine	Book value before Impairment	587,974	-
	Impairment Allowance	-587,974	-
	Book value after Impairment	-	-
Book Value before impairment		539,648,429	493,745,523
Impairment of Investment in Subsidiaries		-530,452,976	-466,637,513
Investment in sub. net value		**9,195,454**	**27,108,010**

Intercompany Loan		2016	2015
Receivable Malaysia	Book value before Impairment	5,847,333	5,847,333
	Currency Adjustment	2,962,818	3,173,791
	Impairment Allowance	-8,810,151	-9,021,123
	Book value after Impairment	-	-
Receivable Agrinos Inc.	Book value before Impairment	78,571,940	78,571,940
	Currency Adjustment	29,931,051	32,529,323
	Impairment Allowance	-108,502,991	-111,101,263
	Book value after Impairment	-	-
Receivable Agrinos China AS	Book value before Impairment	52,841	30,000
	Currency Adjustment	-	-
	Impairment Allowance	-52,841	-
	Book value after Impairment	-	30,000
Receivable Agrinos UK	Book value before Impairment	389,741	389,741
	Currency Adjustment	143,441	263,845
	Impairment Allowance	-533,181	-
	Book value after Impairment	-	653,586
Receivable Agrinorway Iberica	Book value before Impairment	4,765,847	1,205,428
	Currency Adjustment	56,571	237,768
	Impairment Allowance	-4,822,418	-1,443,196
	Book value after Impairment	-	-
Allowance for impairments for intercompany loans		**-122,721,582**	**-121,565,583**

Note 3 Revenue and Other Income

Geographical distribution:

	Agrinos AS		Agrinos Group	
NOK	**2016**	**2015**	**2016**	**2015**
Sales Revenues:				
North America	17,803,752	9,188,960	19,310,038	17,227,849
Latin America	1,817,148	1,278,517	6,847,099	6,123,109
Europe and Central Asia	4,085,606	2,094,981	6,911,829	4,192,682
Asia and India	5,634,421	11,207,000	30,080,801	25,322,045
Total revenue:	**29,340,928**	**23,769,458**	**63,149,768**	**52,865,685**

Other operating revenue:	2016	2015	2016	2015
Mexico	-	-	174,929	268,383
Rest of the world	-	1,611,800	-	1,611,800
Total	**-**	**1,611,800**	**174,929**	**1,880,183**

Agrinos AS other income of NOK 1,611,800 is related to public grant SkatteFUNN received in 2015 based on 2014 research and development expenses. The SkatteFUNN project period is 2012 - 2014. The group is involved in research and development on new and existing products. The research and development in 2016 are expensed mainly in USA, UK, and Brazil.

Note 4 Salary and personnel costs, number of employees, loans to employees and auditor's fee

Salary and personnel costs

	Agrinos AS		Agrinos Group	
NOK	**2016**	**2015**	**2016**	**2015**
Salaries	5,931,869	8,911,199	77,257,613	73,962,780
Payroll tax	624,190	1,394,832	7,484,696	7,899,587
Payroll tax - stock rights	(5,918,703)	5,285,660	(5,918,703)	5,285,660
Pension costs	52,279	79,500	1,292,499	1,674,750
Other benefits	(147,856)	(6,261,448)	8,940,475	304,973
Total	**541,780**	**9,409,744**	**89,056,580**	**89,127,751**
Annual full-time equivalent employees	2	3	147	132

The parent company has defined contribution plans in accordance with local legislation. The defined contribution plans cover full-time employees and contributions comprise 2% of salaries.

Chief Executive Officer

Chief Executive Officer :	**2016**	**2015**
Salary	5,026,098	4,537,906
Pension costs	138,623	129,328
Other benefits	191,221	-
Total	**5,355,942**	**4,667,234**

Options

	Opening balance Granted Options	Granted options	Returned options	Ending balance Granted Options	Total vested options	Exercised options
Board Member	60,000			60,000	-	-
Employees and previous employees	4,375,000	950,000	-860,000	4,465,000	3,139,000	-
Total	**4,435,000**	**950,000**	**-860,000**	**4,525,000**	**3,139,000**	**-**

No options were exercised during the year 2016. Exercise value of vested options was calculated at NOK 4.7 million at December 31, 2015 vs NOK 0.00 million at 31 December 2014, booked as salary cost and equity. Exercise of options will result in social security tax payable for the company. Gross value of these liabilities has been calculated to be NOK 633,000 as of 31 December 2015 using the intrinsic value versus NOK 0.0 at 31 December 2014. The option holders are eligible to get the exercised options settled in shares. The CEO and other key employees participated in a new warrant program established in 2015.

Specification of auditor's fee

	Agrinos AS		Agrinos Group	
NOK	**2016**	**2015**	**2016**	**2015**
Statutory audit fees	469,462	533,861	1,386,006	1,259,218
Other services	-	-	-	-
Total fee to auditor	**469,462**	**533,861**	**1,386,006**	**1,259,218**

Note 5 Finance income and expenses

	Agrinos AS		Agrinos Group	
NOK	**2016**	**2015**	**2016**	**2015**
Interest income from group companies	2,389,065	2,069,634	-	-
Other interest income	10,354	450,722	393,471	11,175,823
Foreign Exchange rate Gain/Loss	(37,457,283)	37,039,332	(52,436,921)	24,447,544
Total financial income	**(35,057,864)**	**39,559,688**	**(52,043,450)**	**35,623,366**

	Agrinos AS		Agrinos Group	
NOK	**2016**	**2015**	**2016**	**2015**
Interest expenses from group companies	-	-	-	-
Other interest expenses	(7,169)	(361)	1,952	(6,871)
Other financial expenses	(8,643,331)	(14,141,818)	(8,920,000)	(14,218,245)
Total financial expense	**(8,650,500)**	**(14,142,179)**	**(8,918,047)**	**(14,225,115)**
Net Financial Income/expense	**(43,708,364)**	**25,417,509**	**(60,961,498)**	**21,398,251**

Agrinos Mexico has given loans to their Mexican distributors for a total of MXN 344,643,726 (NOK 174, 045,081). In 2016 Agrinos Mexico invoiced MXN 21,562,375 (NOK 9,008,074) of interest on these loans. The related loans are written down and the collection of interest is not likely within the next year.

The Group has significant net currency exchange gain in the year 2015. The main effect of this gain relates to the weakening of the reporting currency NOK against the currencies USD, BRL and MXN. Since most Agrinos AS receivables are held in USD or MXN these assets have an unrealized value increase against the reporting currency NOK

Note 6 Income Taxes

Agrinos AS

NOK	2016	2015
Tax payable	-	-
Changes in deferred tax	-	-
Total income tax expense	-	-
Tax base calculation		
Profit before income tax	-169,359,453	-415,482,686
Permanent differences	64,975,413	364,981,598
Temporary differences	-28,107,379	-9,365,220
Tax base	-132,491,419	-59,866,308
Temporary differences:		
Receivables	-366,499,288	-397,066,151
Fixed assets	975	-17,344
Non current assets	-	-
Provisions	-	-633,043
Foreign exchange rate gains (losses)	33,093,881	36,204,727
Losses carried forward	-437,284,586	-304,793,168
Total	-770,689,018	-666,304,979
Deferred tax liability (asset)	-192,672,255	-179,902,344
Deferred tax asset not recognized	192,672,255	179,902,344
Deferred tax liability (asset)	-	-
Effective tax rate	**24%**	**25%**
Expected income taxes at statutory tax rate	-42,339,863	-112,180,325
Permanent differences	16,243,853	98,545,031
Change in allowance for taxes carried forward not recognized	26,096,010	13,635,294
Income tax expense	-	-

Tax rates Norway

2014: 27%

2015: 27%

2016: 25%

2017: 24%

Agrinos Group

NOK	2016	2015
Tax payable	3,313,000	3,293,447
Changes in deferred tax	1,414,038	1,598,533
Total income tax expense	4,727,038	4,891,980
Tax base calculation		
Profit before income tax	-183,857,291	-240,945,536
Permanent differences	143,550,526	6,859,651
Temporary differences	-46,184,934	178,429,646
Tax base	-86,491,699	-55,656,239
Temporary differences:		
Receivables	-628,864,716	-737,771,828
Inventories	-	-19,289,314
Profit sharing	-	-1,127,315
Fixed assets	19,812,189	9,994,143
Non current assets	-	200,399
Provisions	-	-1,090,399
Foreign exchange rate gains (losses)	33,093,881	36,061,179
Losses carried forward	-1,287,122,071	-316,979,860
Total	-1,863,080,716	-1,030,002,995
Deffered tax asset recognised	1,951,669	-185,291,592
Deferred tax liability	1,274,921	181,740,697
Expected income taxes at statutory tax rate	-45,964,323	-67,557,748
Permanent differences	35,887,632	2,038,253
Change in allowance for taxes carried forward not recognized	14,803,729	70,411,475
Income tax expense	4,727,038.00	4,891,980

Tax returns has not yet been completed for all entities. In cases where tax returns have not been completed taxes are based on best estimates as of Dec 31, 2016 because of current and accumulated losses management considers the risk to be low related to taxes for these entities.

The deferred tax asset is related to Agrinorway Iberica S.L NOK 1,599,682 and Agrinos India NOK 351,987.

The deferred tax asset has been recognized as it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

The temporary differences does not include the following entities for 2016:

- Agrinos Sdn Bhd (Malaysia)
- Agrinos Indonesia
- Agrinos Bejing BioTech (China)
- Agrinorway Iberica S.L (Spain)
- Agrinos Ukraine

Note 7 Intangible assets

Agrinos AS

NOK	Acquired rights/Patents
Acquisition cost 01.01.	8,456,100
Additions	-
Disposals	-
Acquisition cost 31.12.	8,456,100
Accumulated amortisation thru 31.12.15	(3,495,589)
Accumulated impairment loss 31.12.15	-
Reversed impairments 31.12.15	-
Net carrying value as of 31.12.15	**4,960,511**
Amortisation for the current year	(662,124)
Impairment loss for the current year	0
Reversed impairments current year	0
Net carrying value as of 31.12.16	**4,298,388**

Agrinos Group

NOK	Goodwill	Research and development	Other intangibles	Aquired Rights/Patents	Total
Acquisition cost	76,253,142	869,638	4,638,489	10,085,131	91,846,400
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Acquisition cost	76,253,142	869,638	4,638,489	10,085,131	91,846,400
Accumulated amortisation at 01.01	-38,857,720	-869,638	-1,270,557	(3,681,922)	-44,679,837
Accumulated impairment loss	-37,395,422	-	-	-	-37,395,422
Reversed impairments	-	-	-	-	-
Net carrying value at 12/31/2015	0.00	-	3,367,932	6,403,209	9,771,141
Acquisitions	-	-	2,318,677	-	2,318,677
Disposals	-	-	-	(82,772)	(82,772)
Amortisation for the year	-	-	(1,006,528)	(662,124)	(1,668,652)
Fx Adjustment	-	-	(802,145)	(12,945)	(815,090)
Accumulated impairment loss 31.12	-	-	-	-	-
Amortization and impairments	-	-	510,003	-757,840	-247,837
Net carrying value at 12/31/2016	0.00	-	3,877,936	5,645,369	9,523,304

Both the parent company and the group use 10 years straight line amortization for acquired rights and other intangibles. Patents were purchased by Agrinos AS in 2012 and had a remaining life of 17 years: Amortization of patents were set to 17 years. Recorded patents relate to a set of registered patents relating to HYT products. Goodwill was acquired with the purchase of operations in Malaysia in 2009 and Mexico (Bioderpac) in 2010. The purchase of Mexican operations included a factory planned to be in use for 10 years or more. Other intangibles include deferred tax assets relating to Mexico legal entity.

Note 8 Tangible assets

Agrinos Group

NOK	Vehicles	Property and plant	Machinery and equipment	Total
Acquisition cost as of 12/31/2015	4,676,774	40,130,763	46,009,770	90,817,307
Additions	1,825,242	21,197,785	11,253,804	34,276,830
Disposals	-	-	-1,434,106	-1,434,106
Fx Adjustment	-701,044	-5,078,960	-7,593,739	-13,373,743
Acquisition cost as of 12/31/2016	5,800,972	56,249,588	48,235,729	110,286,288
Accumulated depreciation 12/31/2015	-4,253,427	-8,082,118	-19,106,632	-31,442,177
Additions	-293,737	-1,845,701	-7,571,783	-9,711,220
Disposals	222,658	-	382,811	605,469
Fx Adjustment	571,420	863,709	3,501,124	4,936,254
Accumulated impairment loss 31.12.16	-	-	-	-
Reversed impairment loss 31.12.16	-	-	-	-
Total Accumulated Depreciation	**-3,753,086**	**-9,064,110**	**-22,794,479**	**-35,611,675**
Net carrying value as of 12/31/2016	2,047,886	47,185,478	25,441,249	74,674,613
Depreciation for the year 2016	-625,867	-1,468,077	-7,617,276	-9,711,220
Impairment loss for the year 2016	-	-	-	-

Both the parent company and the group use linear depreciation for all tangible assets.

The useful economic life is estimated to be:

	Years
*Buildings and other real estate	20-50
*Machinery and equipment	3-15
*Land	No depreciation

Note 9 Investment in subsidiaries and associates

NOK	Subsidiaries' share capital in local currency	Number of shares owned directly by Agrinos	Nominal value pr. share	Share ownership and voting rights in %	Subsidiaries' equity in local currency	Subsidiaries ' current year earnings in local	Booked value investment in subsidiaries in NOK*
Agrinos China AS, (Norge)	-100,000	100,000	NOK 1	100.0%	45,520	24,899	125,000
Agrinos Corporate Services SA de CV, (Mexico)	-346,350,000	346,349,999	MXN 1	100.0%	187,741,030	3,929,576	168,329,125
Bioderpac SA de CV, (Mexico)	-300,200,000	300,199	MXN 1000	100.0%	-284,075,653	-3,763,016	215,465,144
Agrinos Mexico SA de CV.	-369,850,000	145,449,999	MXN 1	100.0%	470,678,156	7,130,752	70,114,580
Agrinos do Brasil Ltda	-14,404,747	4,501,482	BRL 3.20	100.0%	1,163,273	2,195,774	39,244,054
Agrinos Inc, (USA)	-3,500,050	350,005,000	USD 0.01	100.0%	13,104,530	3,377,568	30,244,488
Agrinos Sdn Bhd, (Malaysia)	-551,500	295,000	MYR 1	84.7%	5,386,123	622,606	1,572,789
Agrinos Indonesia	-5,500,000,000	55,000	100 000 IDI	55.0%	2,379,028,981	8,065,388	1,871,903
Agrinos Beijing BioTech (China)	-5,262,270	N/A	RMB	60.0%	15,321,241	8,290,259	2,874,631
Agrinorway Iberica S.L., (Spain)	-3,000	300	EUR 10	100.0%	543,424	113,956	23,288
Agrinos Uk (United Kingdom)	-1	1	1 GBP	100.0%	-15,304	-3,353	9
Agrinos India	-1,159,310	115,931	10 INR	100.0%	-80,011,814	-9,499,825	9,195,444
Agrinos Ukraine	-3,723,192	3,723,192	1 UAH	100.0%	-442,771	1,308,752	587,974
Total before impairment							**539,648,429**
Impairment (See also note 2)							-530,452,976
Net book value after impairment							**9,195,454**

* Booked value is before impairments. For net investment value per company after 2016 impairments refer to note 2.

** Agrinos Corporate Services have two subsidiaries Agricultura Especializada del Pacifico (AEP) of which Agrinos Corporate Services owns 23,676 out of 23,677 shares and Agrinos Mexico 1 out of 23,677 shares, as well as Agrinos Mexico (AMX) of which Agrinos Corporate Services owns 224,400,000, Agrinos AS owns 145,449,999 and Agrinos China AS owns 1 out of 369,850,000 shares.

*** Bioderpac has two classes of shares. One class of which Agrinos AS owns 300,199 out of 300,200 shares and one class of which Agrinos China AS owns 1 out of 300,200 shares.

Note 10 Intercompany balances with group companies and associates

Agrinos AS

Receivables:

NOK	2016	2015
Loans to group companies	122,721,582	122,249,169
Allowance of loans to group companies	-122,721,582	-121,565,583
Net value of loans to group companies	-	683,586
Accounts receivable group companies	380,679,623	410,451,005
Allowance for accounts receivable group companies	-366,494,288	-397,061,152
Net value of accounts receivable	14,185,335	13,389,854
Total	14,185,335	14,073,440

Agrinos AS

Payables:

NOK	2016	2015
Accounts payable group companies	140,993,916	169,547,248

Note 11 Liabilities and receivables

	Agrinos AS		Agrinos Group	
NOK	2016	2015	2016	2015
Liabilities to financial institutions	-	-	-	-
Convertible Bond	-	130,521,792	-	130,521,792
Other long-term liabilities	12,930,000	-	12,930,000	196,970
Long term liabilities	12,930,000	130,521,792	12,930,000	130,718,762

Payables	Agrinos AS		Agrinos Group	
NOK	2016	2015	2016	2015
External trade payables	2,389,257	3,151,097	24,094,102	10,712,246
Other current liabilities	1,852,642	4,664,322	13,605,355	19,258,843
Accrued commissions	-	-	3,425,196	4,189,291
Taxes payable	-	-	2,658,813	2,331,259
Taxes and fees payable/VAT	838,701	887,565	33,433,011	51,210,359
Accrued Earn Out	-	5,918,000	-	5,918,000
Deferred revenue	-	-	2,042,821	1,683,168
Intercompany liabilities	140,993,916	169,547,248	-	-
Current liabilities	146,074,516	184,168,232	79,259,298	95,303,166
Total long term and current liabilities:	**159,004,516**	**314,690,024**	**92,189,298**	**226,021,928**

Agrinos has an order manufacturing agreement with Mexican subsidiaries. This agreement ensures that the production entity maintains a profit comparable to market. To maintain a profit in 2015 Bioderpac invoiced Agrinos AS NOK 29,612,021 (MXN 57,690,000) and this amount is included in intercompany accounts payable.

Agrinos AS other non-current receivables are loans given to subsidiaries. Group other non-current receivables are loans Agrinos Mexico has given to distributors in Mexico and refinanced as of 15 December 2013.

Receivables	Agrinos AS		Agrinos Group	
NOK	2016	2015	2016	2015
Loans to group companies	122,721,582	122,249,169	-	-
Allowance of loans to group companies	(122,721,582)	(121,565,583)	-	-
Net non current receivables	-	683,586	-	-
Net group of companies accounts receivable	380,679,623	410,451,005	-	-
Allowance of receivables to group companies	(366,494,288)	(397,061,152)	-	-
External Trade Receivables	2,345,859	1,335,852	325,235,757	369,031,995
Allowance External Receivables	(5,000)	(5,000)	(292,453,776)	(354,418,928)
Net accounts receivable	16,526,193	14,720,706	32,781,981	14,613,067
Other receivables	899,099	167,054	3,125,721	2,415,346
Prepaid expenses	439,217	146,406	2,197,297	5,935,366
Taxes and fees receivable/VAT	(49,299)	910,122	38,675,215	58,644,781
Other receivables	1,289,017	1,223,582	43,998,234	66,995,493
Total Receivables:	**17,815,210**	**15,944,289**	**76,780,215**	**81,608,560**

In addition to the purchase price of Bioderpac, Agrinos has agreed to pay as an additional compensation and earn-out related to sales of the products HYT B and HYT C in certain markets for the years 2011, 2012, and 2013. The cumulative value of the earn-out shall not be less than USD 2,000,000 for these three years. The sellers have a right to convert the additional compensation into shares in Agrinos AS at a price of 3.5 multiplied by NOK 25 = 87.5 NOK per share. At the expiration of the earn-out period 2013 the liability was recorded at NOK 11.1 million. Due to delayed payouts the year-end balance in 2015 is NOK 5.9 million. And earn-out reserve was created by Agrinos AS in December 2014. The 2015 income statement impact was purely related to foreign currency adjustment, given that the payment was done in U.S. Dollars, and 2014 reserve was created in NOK.

Unearned Revenue

Agrinos Group			
NOK	2016	2015	2014
Products sold 2012 and earlier	-	-	21,547,000
Products sold in 2013	-	-	42,873,990
Net of products sold in 2014 and credit notes issued in 2014 related to previous years	-	-	-1,905,565
Interest in long term receivables to Mexican distributors 2014	-	-	11,517,536
Sales of services to mexican distributors in 2014	-	-	11,151,824
Total deferred revenues related to Agrinos Mexico	**-**	**-**	**85,184,785**

The Unearned revenue as well as the bad debt reserve related to Mexican distributors sales in prior years was reversed in its totality in 2015, generating a favorable impact in the consolidated income statement in the amount of NOK 154 M, offset by the impairment of full receivable balance as of 31 December 2015 from Mexican distributors in the amount of NOK 157.4 M.

Note 12 Inventories

	Agrinos AS		Agrinos Group	
NOK	2016	2015	2016	2015
Raw Material	-	-	551,380	448,481
Packing material	-	-	3,749,656	3,263,792
Work in process	-	-	32,069,602	38,588,541
Finished goods	-	-	29,872,439	28,404,577
Inventory obsolete reserve	-	-	(49,231,848)	(64,949,917)
Total:	**-**	**-**	**17,011,229**	**5,755,474**

Inventory reserve was booked in 2015 to account for obsolete inventories. This had an unfavorable consolidated impact in the amount of NOK 65.0 M.

Note 13 Bank deposits – restricted funds

	Agrinos AS		Agrinos Group	
NOK	**2016**	**2015**	**2016**	**2015**
Restricted funds				
Employees salary taxes, deposited in a separate bank account	281,752	161,532	702,604	1,012,307
Security deposit rent / other designated funds	166,114	165,783	166,114	165,783
Total	**447,866**	**327,315**	**868,718**	**1,178,090**
Unrestricted funds				
Cash and cash equivalent	3,283,325	6,753,321	12,667,772	14,973,976
Total	3,283,325	6,753,321	12,667,772	14,973,976
Total Cash and equivalents	3,731,191	7,080,636	13,536,490	16,152,066

Note 14 Share capital and shareholder information

Agrinos AS

	No of Shares	Face Value	Book value in NOK
Share Capital	153,238,657	0.01	1,532,387

At 31 December 2016 Agrinos AS had 259 shareholders. Issued capital consists of one class of shares and all issued shares have the same voting rights.

The 20 largest shareholders as of 31 December 2016 were:

Name	Related party	No of shares	Ownership
MANOR INVESTMENT SA	Board Member	71,343,748	46.56%
EUROCHEM GROUP AG	Board Member	22,250,000	14.52%
HAVFONN AS	Board Member	16,248,763	10.60%
STATE STREET BANK AND TRUST COMPA.		4,006,055	2.61%
TRAPESA AS		2,653,196	1.73%
THOENG AS		2,524,094	1.65%
EPSILON AS		2,393,193	1.56%
UBS SWITZERLAND AG		2,217,684	1.45%
KORRIGAN INVESTMENT AS		2,019,465	1.32%
ESQUER AGUIRRE		1,932,330	1.26%
SYNGENTA VENTURES PTE LTD		1,878,237	1.23%
CITIBANK, N.A.		1,729,200	1.13%
ANFAR INVEST AS		1,640,548	1.07%
SVENSK HYDRO AS		1,550,000	1.01%
OP-EUROPE EQUITY FUND		1,405,000	0.92%
SPECTER INVEST AS		1,300,000	0.85%
RUNNING RIGS AS		1,100,800	0.72%
LILLEBERG		1,000,000	0.65%
JOMANI AS		840,000	0.55%
THE BANK OF NEW YORK MELLON N.V.		745,390	0.49%
Other Shareholders		12,460,954	8.13%
Total number of shares issued and outstanding		153,238,657	100.00%

Manor which is represented by Deutsche Bank AG has two representatives serving as board members.

Note 15 Equity

Agrinos AS

NOK	Issued capital	Share premium	Retained earnings	Total
Equity 31.12.2014	726,673	974,639,910	-825,941,088	149,425,495
Equity 01.01.2015	**726,673**	**974,639,910**	**-825,941,088**	**149,425,495**
Capital increase	8,611	1,375,869	-	1,384,480
Capital increase not registered	-	1,350,000	-	1,350,000
Transactions costs	-	-	-	-
Net profit for the year	-	-	-415,482,686	-415,482,686
Adjustment change in employee stock rights	-	-	4,652,617	4,652,617
Equity 31.12.2015	**735,284**	**977,365,779**	**-1,236,771,157**	**-258,670,094**
Equity 01.01.2016	**735,284**	**977,365,779**	**-1,236,771,157**	**-258,670,094**
Capital increase	797,103	307,920,788	-	308,717,890
Capital increase not registered	-	-	-	-
Transactions costs	-	-	-	-
Net profit for the year	-	-	-169,359,454	-169,359,454
Adjustment change in employee stock rights	-	-	-4,652,616	-4,652,616
Equity 31.12.2016	**1,532,387**	**1,285,286,567**	**-1,410,783,227**	**-123,964,273**

Agrinos Group

NOK	Issued capital	Share premium	Retained earnings	Currency translation differences	Total shareholders' equity	Minority interests	Total equity
Equity 31.12.2014	726,673	974,639,910	-768,801,771	-11,764,344	194,800,469	-4,639,215	190,161,253
Equity 01.01.2015	**726,673**	**974,639,910**	**-768,801,771**	**-11,764,344**	**194,800,469**	**-4,639,215**	**190,161,253**
Currency translation differences	-		-16,548,296	11,764,344	-4,783,952	-	-4,783,952
Capital increase	8,611	1,375,869	-	-	1,384,480	-	1,384,480
Capital increase not registered	-	1,350,000	-	-	1,350,000	-	1,350,000
Net loss for the year	-	-	-243,523,558	-	-243,523,558	-1,703,794	-245,227,351
Adjustment change in employee stock rights	-	-	**4,652,617**	-	4,652,617	-	4,652,617
Equity 31.12.2015	**735,284**	**977,365,779**	**-1,024,221,008**	**-**	**-46,119,945**	**-6,343,009**	**-52,462,954**
Equity 01.01.2016	**735,284**	**977,365,779**	**-1,024,221,008**	**-**	**-46,119,945**	**-6,343,009**	**-52,462,954**
Currency translation differences	-		-	36,235,265	36,235,265	-	36,235,265
Capital increase	797,103	307,920,788	-	-	308,717,881	-	308,717,881
Capital increase not registered	-	-	-	-	-	-	-
Net loss for the year	-	-	-184,286,916	-	-184,286,916	-3,535,683	-187,822,599
Adjustment change in employee stock rights	-	-	**-4,654,293**	-	-4,654,293	-	-4,654,293
Equity 31.12.2016	**1,532,387**	**1,285,286,567**	**-1,213,162,216**	**36,235,265**	**109,891,993**	**-9,878,692**	**100,013,301**

Note 16 Transactions with related parties

Manor group extended a short term loan to Agrinos AS on December 2016 in the amount of NOK 12,930,000. The loan was fully paid during 2017 Q1.

Note 17 Financial risk

The company has included a description of risks related to the business in the Board of Directors report.

The company operates business units in several countries with currency risk mainly related to cashflows in local currency and capital funded in NOK. No currency hedges have been executed that may mitigate exposure.

Liquidity is deposited in bank accounts in NOK and USD with the exception of an amount dedicated to fund investments in MXN.

Note 18 Commitments under operating leases

The group rents several sales offices under operating leases, the leases are for an average period of three years, with fixed rentals over the same period.

	Agrinos AS		Agrinos Group	
NOK	2016	2015	2016	2015
Offices rental	499,292	2,113,716	1,822,018	2,113,716
Warehouse lease	-	-	5,671,388	-
Vehicle cost (leasing)	-	-	584,210	-
Total annual lease cost	**499,292**	**2,113,716**	**8,077,616**	**2,113,716**

At year end, the group has outstanding commitments under non-cancellable operating leases that fall due as follows:

	Agrinos AS		Agrinos Group	
NOK	2016	2015	2016	2015
Within one year	-	612,000	337,235	612,000
Later than one year but within five years	429,600	-	3,934,066	-
Later than five years	-	-	1,622,926	-
Total annual commitment	**429,600**	**612,000**	**5,894,228**	**612,000**

Note 19 Convertible Bond

In December 2014, Agrinos AS issued a convertible bond - PIK FRN Agrinos AS Convertible Bond Issue 2014/2017 - with a principal amount of NOK 115,796,500. The bonds have a floating interest rate of 3 months NIBOR + 10%, which on a quarterly basis is added to the principal by way of issuance of new bonds. In the absence of a prior conversion, the loan will mature on 12 December 2017. There are no installments.

On 9 February 2016 an amendment agreement to the bond was executed. The amendment was created in concurrence with the investment agreement with Eurochem. If all contingencies listed in the Investment agreement are met, the bonds are convertible into common shares at NOK 4 per share and must be completed by 15 August 2016. If the contingencies are not met, the bond agreement will be reinstated as it existed prior to the date of the Amendment Agreement.

On 17 August 17 2016 Agrinos announced the completion of the conversion of the bond at a share price of NOK 4 which increased the Company’s share capital to 1,532,387.

Note 20 Going Concern

All financial statements in this report are presented on the basis of an “Unqualified Opinion,” along with a “going concern” assumption in accordance with the Norwegian Accounting Act section 3-3a. The equity for the parent company is negative and the equity for the group is positive. The parent company and the group has operating losses and the operating cash flow is negative. To ensure that Agrinos has the financial platform necessary to implement its strategy and to achieve both short and long-term goals, the board issued shares generating NOK 178 million in February 2016, followed by conversion of debt as described in note 19. The management is continuously working on different financing alternatives both short term and long term, and in January 2017, the Company completed a loan agreement with Silicon Valley Bank in the U.S. to provide a loan facility for $11,500,000 USD. In addition, the board stresses that due to the recent financial commitment of major shareholders the Board continues to have great confidence that funding will be available in the short and long term time frame. For further information see the board of director’s report.

Profit and loss statement at 31 December 2016

Profit and loss statement

USD	2016	2015
Sales revenue	7,531,483	6,430,748
Other operating revenue	20,760	228,534
Operating revenue	7,552,242	6,659,282
Cost of goods sold	(1,103,242)	(1,352,274)
Salaries and personnel costs	(10,675,432)	(11,038,803)
Depreciation and amortization	(1,360,856)	(2,188,005)
Other operating expenses	(9,194,921)	(20,262,754)
Total operating expenses	(22,334,452)	(34,841,837)
Operating income	(14,782,209)	(28,182,555)
Net financial income / expense (-)	(7,189,914)	2,295,857
Net income / loss (-) before taxes	(21,972,123)	(25,886,698)
Tax expense	(551,176)	(563,500)
Minority Interest.	507,058	275,485
Net income / loss (-)	(22,016,241)	(26,174,713)

Balance sheet assets at 31 December 2016

USD	2016	2015
Assets		
Goodwill	-	-
Other intangible assets	1,884,655	1,103,570
Deferred Tax Asset	225,703	401,045
Total intangible assets	2,110,359	1,504,616
Land	48,227	57,973
Buildings	2,320,517	2,788,579
Improvements to leased premises	4,136,316	1,685,892
Vehicles	670,861	528,203
Machines, fixtures and fittings etc.	5,578,287	5,196,427
Accumulated depreciation	(4,901,681)	(3,551,137)
Property, plant and equipment	7,852,529	6,705,937
Investments in other shares and interests	-	-
Other non-current receivables	-	-
Total financial non-current assets	-	-
Total non-current assets	9,962,887	8,210,552
Inventories	1,982,846	775,764
Total goods	1,982,846	775,764
Accounts receivable	3,791,989	1,650,066
Other receivables	5,088,236	7,566,953
Total receivables	8,880,225	9,217,019
Bank deposits, cash etc.	1,565,446	1,824,305
Total current assets	12,428,518	11,817,089
Total assets	22,391,405	20,027,641

Balance sheet equity and liabilities at 31 December 2016

USD	2016	2015
Equity		
Share capital	192,789	97,803
Premium reserve	12,531,487	-
Total paid in capital	12,724,276	97,803
Minority interests	(1,142,570)	(716,391)
Accumulated P&L	-	(5,181,172)
Total equity	11,581,706	(5,799,760)
Liabilities		
Deferred tax	147,440	299,781
Total provisions for liabilities	147,440	299,781
Other non-current liabilities	1,495,308	14,763,614
Total non-current liabilities	1,495,308	14,763,614
Accounts payable	2,787,297	1,210,010
Current tax payable	307,482	263,297
Other current liabilities	6,072,173	9,290,700
Total current liabilities	9,166,952	10,764,007
Total liabilities	10,809,699	25,827,401
Total equity and liabilities	22,391,405	20,027,641

Cash flow statement at 31 December 2016

USD	2016	2015
Cash flow from operating activities		
Profit/Loss (-) before tax	(21,972,123)	(25,886,698)
Depreciation and amortization	1,360,856	2,188,005
Changes in inventories,receivables and payables	(2,444,342)	6,012,100
Changes in other accruals/currency effects	2,526,491	(5,506,770)
Net cash flow from operating activities	(20,529,118)	(23,193,364)
Cash flow from investment activities		
Investment in Subsidiaries	-	-
Investments/disposals of tangible fixed assets	(3,288,533)	5,301,691
Changes in other investments	-	-
Net cash flow from investments activities	(3,288,533)	5,301,691
Cash flow from financing activities		
Proceeds from borrowings (current and non-current)	(13,268,306)	(853,866)
Net proceeds from issuance of shares	36,827,099	0
Net cash flow from financing activities	23,558,793	(853,866)
Net change in cash and cash equivalents	(258,859)	(18,745,539)
Cash and cash equivalents at beginning of period	1,824,305	20,569,843
Cash and cash equivalents at end of period	1,565,446	1,824,305

AUDITOR'S REPORT

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To the General Meeting of Agrinos AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Agrinos AS showing a loss of NOK 169 359 453 in the financial statements of the parent company and loss of NOK 184 286 916 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2016, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2016, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to the Board of Director's report and note 20 in the financial statements which indicate that the Company is dependent on additional funding in order to realize the proposed operating plans. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 Company's or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Other Matters

The company has failed to deposit employees' tax deductions in accordance with the Norwegian Tax Payment Act § 5 12.

Oslo, 22 May 2017
RSM Norge AS

Lars Løyning
State Authorised Public Accountant