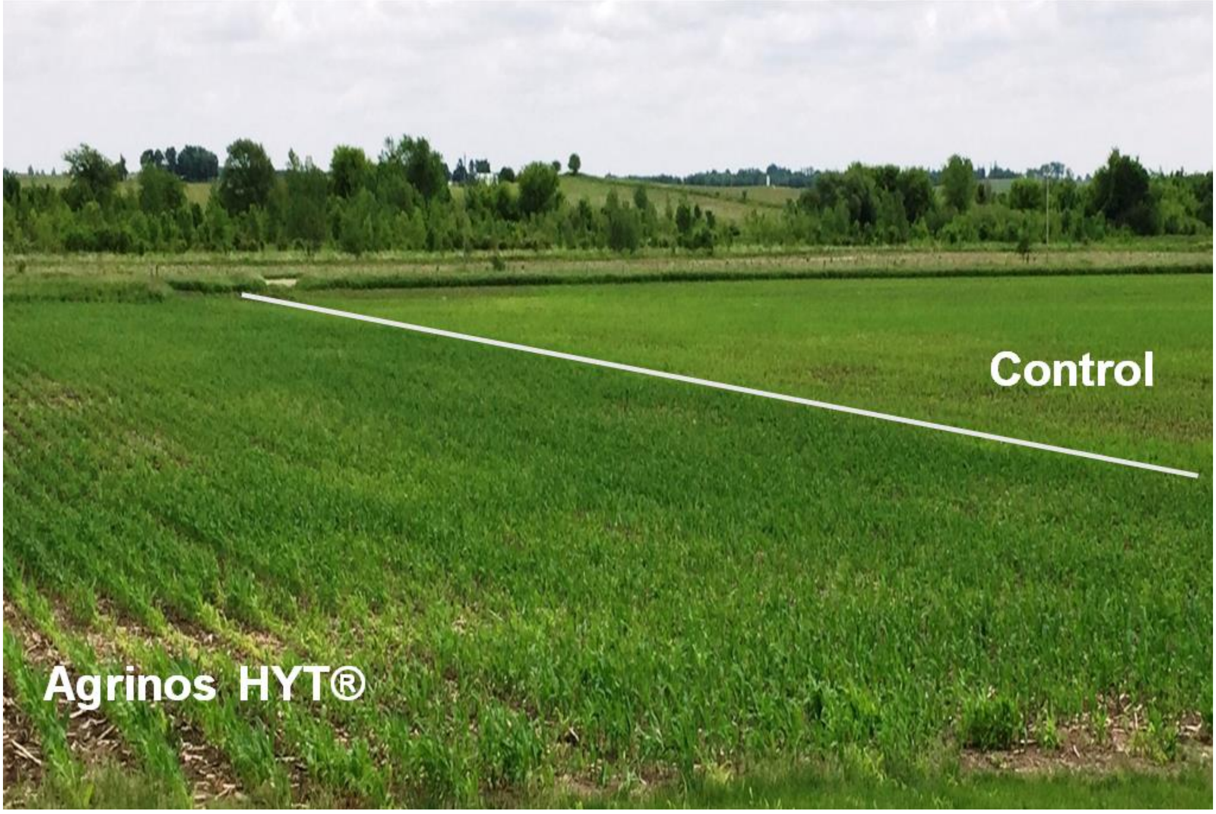
Annual Report 2014

Spraying Agrinos HYT® Product on Peanuts Florida

Agrinos®
innovative®
by nature



Agrinos HYT® Results Following Application to Corn in Iowa 2015

Agrinos Chief Product Development Officer, Harry Yoon, and Data Analyst, Paul Ahearn, with Agrinos Wheat Trials in Kentucky 2014

Agrinos Spain Managing Director, Miguel Devesa. Harvesting tomato trials in Almeria

Content

Board of Directors' report

Agrinos is a leading provider of biological crop inputs that develops, produces and markets bio stimulants. The Company's proprietary liquid and micronized products improve crop yield and quality, the efficiency of conventional inputs and grower productivity. Agrinos' integrated value chain includes research and development activities in the US, feedstock sourcing and production in Mexico, and sales and marketing activities in the Americas, Europe and Asia.

The Parent Company is located in Bærum, Norway. The Company also has activities in US, Brazil, China, Spain, India, Indonesia, Malaysia, and Mexico.

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.

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 seen deployment of products at an end-user level, as well as cash inflow grow, the Company still reports a negative cash flow in its sixth year of operations. To improve the cash flow the Company has implemented measures to adjust its business portfolio cost base and working capital. In addition the Company has increased investments, specifically R&D. An improved cash flow will enable the Company to invest in its technology platform, research and development and marketing to strengthen its competitiveness. The Board is of the opinion that the Company is able to raise new capital should that be required. To the best of the Directors’ knowledge, no subsequent events that would impact the accounts for 2014 and which are not described in this report have occurred since 31 December 2014.

Key developments in 2014

- **Company restructuring**: in July the Board of Directors elevated Dr. Douglas Ry Wagner to CEO of Agrinos, replacing interim CEO Kjetil Bøhn. In addition, and in conjunction stepping up U.S. presence John Janczak was hired as CFO and is based in Dallas Texas.
- **Distribution Agreements**: Consistent with Agrinos new business strategy several new distribution agreements were signed this year. In the US Windcrofte Holdings/Ameropa license and research agreement was announced, in addition a distribution agreement with Helena for the Rio Grande region was also completed. In China a cooperation agreement was signed with Kingenta Ecological Engineering Group Co, Ltd.
- **Technology and R&D**: In November 2014 a new R&D facility, located in Davis, California was opened. In addition several key leadership positions were announced including: Dr. Kathy Swords, Vice President of Research and Development Strategy. Dr. Mylavarapu Venkatramesh, Vice President of Research and Development Operations and Strategic Alliances. Dr Harrison Yoon, Chief Product Development Officer. Additional senior staff have been recruited during the course of 2014.
- **Balance sheet**: In Q4 of 2014 the Board of Directors strengthened the Company’s balance sheet with a NOK 115.8 million bond issuance.
- **Product Development:** Agrinos has continued to develop its product portfolio to fit with the growing needs of agricultural production practices around the world. In 2014 Agrinos launched its foliar nutrition product, HYTB, with excellent response in both the US and India, and will continue to develop the market opportunities for this product in those and other geographies in 2015.
- **Profit and Loss Statement**: Agrinos sales increased to NOK 39.4 million in 2014 from NOK 25.8 million a 53% growth.

The market for biological crop inputs - "biologicals"

Biological crop inputs or agricultural biologicals is an umbrella term for organic agents such as microbes, plant extracts, insects and other material used by growers to improve and protect crop yields and health. These technologies and offer growers a toolbox for increased productivity and improved sustainability.

Microbial-based products are derived from naturally-occurring microorganisms such as bacteria, fungi and other microorganisms. They are normally applied to seeds before planting or in-furrow or sprayed on crops, and they enhance plant productivity and fertility, but can also protect crops from pests and diseases.

Based on statements from the global agricultural companies and other reputable industry sources, biologicals today represent a growing industry currently representing more than USD 2 billion in annual sales.

Agrinos is positioned within the biologicals market as a provider of bio stimulants focused on crop yield, quality and health.

Strategy

Agrinos was established to take its technology based proprietary High Yield Technology HYT® product development platform to agricultural crop input and nutrition markets. The development and commercialization of this technology will develop a profitable business for its investors.

On the basis of excellent results demonstrated by the HYT® products in both third-party trials and commercial applications, and an ability to scale up production capacity, Agrinos is continuing to pursue a distribution commercialization strategy within targeted markets in several countries in the Americas, Europe, and Asia.

Operational review

Business model

Agrinos develops, produces, and markets biological crop inputs, also described as agricultural biologicals. The company has commercial market activities in the US, Brazil, Spain, China, India, Indonesia, Malaysia and Mexico.

As part of the Agrinos growth strategy the company is focused on commercial development for these core geographies. In the second half of 2014 the company moved from a corporate headquartered operating model to a corporate hub based model with corporate support functions, R&D and Americas sales and marketing leadership placed in the US, production located in Mexico, and EMEA and Asia sales and marketing led from Norway.

Agrinos is in an early growth stage and has adapted the business model as the Company and the market has evolved. During 2014, the Company sharpened focus on marketing 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.

Sourcing and production takes place in Mexico.

Competition is intensifying in the biologicals market. Large agro-chemical companies and specialized independents invest in research and development, as well as in marketing platforms. For an integrated, independent Company research and development is necessary to drive the efficacy, cost and competitiveness of existing and new products.

The business model's key value drivers are;

1) Product unit cost driven by research and development costs and production costs

2) Ensure products are efficiently distributed and applied to deliver benefits for the grower

3) Deliver value for the grower by increasing crop productivity with products designed to sustainably improve soil health

4) Improve existing and expedite development of new technologies and products

Production
Agrinos has its production facility in Sonora, Mexico and is sourcing feedstock locally. Agrinos produces both liquid and dry products and uses fermentation and micronization as part of its production process.

The Company continued to develop the quality assurance and product compliance processes for the production facility, and strengthened the technical, process and management expertise during 2014.

Research and development

Research and development is a key part of Agrinos' foundation a critical enabler of Agrinos' future growth potential. The Company is committed to improve its product portfolio and develop a pipeline of new products to remain competitive in the marketplace.

In 2014 Agrinos stepped up its investments in technical capabilities, expertise and infrastructure to maintain and develop a technology-driven product portfolio and efficient production processes. In February 2015 a new R&D facility was opened in Davis California. In the short term focus will be on line extensions based on improvement of current products and new patent filings to further secure the company's proprietary position in the marketplace.

Financial review

Financial and Operational performance in 2014 is highlighted by sales increases In the US, India, China and Brazil as well as as additional cost controls which resulted in a reduced overall spend rate during the year.

Operating revenue
Improved sales activity in our target markets was not enough to prevent a decrease in overall operating revenue of 18 per cent to NOK 44.9 million down from NOK 54.8 million in 2013. The decrease was primarily due to other operating revenue that decreased to NOK 5.5 million from NOK 29.0 million in 2013. A majority of that decline includes services no longer being provided to the distributors in Mexico based on a new agreement reached at the end of 2013.

Sales revenues increased from NOK 25.8 million to NOK 39.4 million. The primary drivers of this Increase were US, India, China, and Brazil. No sales revenues were recognized in Mexico in 2014

See note 2 for further information on Agrinos' revenue recognition principles.

Operating expenses and EBITDA
Cost of goods sold (COGS) was NOK 13.8 million in 2014 versus NOK 5.3 million in 2013. COGS comprise raw materials, production costs, overheads as well as shipping and transportation.

Salaries and personnel costs amounted to NOK 73.1 million in 2014, compared with NOK 82.9 million in 2013. Agrinos had 137 employees (FTE) at 31 December 2014, down from 211 at the beginning of the year. Due to the movement of some corporate functions to the U.S., Agrinos decided to take down the manning during 2014. As a result this cost item for 2014 includes redundancy costs related that move in the amount of NOK 6.5 million.

Other operating expenses amounted to NOK 161.6 million in 2014, versus NOK 443.3 million in 2013. In 2013 a significant write down and provision of NOK 231.5 million was made to cater for risk related to the Mexican distributors' ability to repay their debt to Agrinos. In 2014 this amount was NOK 85.2 million. Other operational Improvements also contributed to the overall decline.

Total operating expenses in 2014 amounted to NOK 248.6 million before depreciation and amortisation and earn-out, versus NOK 531.5 million in 2013.

Pre earn-out, the earnings before interest, taxes, depreciation and amortization (EBITDA) was negative at NOK 203.7 million in 2014, down from a negative NOK 476.7 million in 2013.

Earn-out

Agrinos entered into an earn-out agreement in relation to the acquisition of Bioderpac. The agreement covers the sales of HYT B and HYT C outside Mexico and Columbia for three years 2011 - 2013 and is calculated based on a fixed fee per liter/kilogram sold in the period. After the period end the total amount to be paid was agreed to at USD 2 million. At year end 2014 USD 1 million has been settled in cash and USD 0.2 million has been settled by equity issuance of Agrinos AS shares. The remaining USD 0.8 million is scheduled to be settled in cash in 2015

Agrinos also entered into an earn0out agreement with Karl Co, effective for the years of 2011 - 2014, with earn0out to be paid as a percentage of net profits made on sales in the markets of Mexico and Colombia. Under the terms of the earn-out agreement Agrinos AS and Karl Co settled the 2011 earn-out of USD 4,980,000 with an exchange of accounts receivables towards Mexican customer. For the years of 2012 - 2014 there have been no further earn-out payments. As of today the earn-out agreement is not formally settled, but the total amount for the full earn-out period is not expected to exceed the minimum payment of USD 4,980,000 already made based on the 2011 earn-out

Net loss

Agrinos reported an after-tax loss for the year of NOK 186.6 million, down from NOK 404.7 million in 2013.

Transfers

The Board proposes that the result in Agrinos AS of negative NOK 249.7 million shall be settled against retained earnings and the result in the Group of negative NOK 186.6 million shall be settled against retained earnings with NOK 185.3 million and minority interests with NOK 1.3 million.

Balance sheet and cash flow

Write downs and provisions in 2014 impacted the operating income but not the cash flow. Hence, the net cash flow from operations showed a positive deviation of approx. NOK 237.7 million vs the operating income.

Net cash flow from operating activities was negative at NOK 125.5 million in 2014, compared to negative NOK 191.2 million in 2013. The net cash flow was driven by low cash collection compared to the expense level during the year.

Agrinos strengthened its balance sheet with NOK 115.8 million in new equity from a bond issue In December of 2014,

Cash collection for the year was NOK 46.3 million.

Net change in cash and cash equivalents was positive NOK 428.6 thousand in 2014. The gross proceeds from the bond Issued in the fourth quarter of NOK 115.8 million covered the bulk of the negative net cash flow during 2014. Cash and cash equivalents hence stood at NOK 152.8 million at end of 2014.

Total non-current assets amounted to NOK 115.7 million at the end of 2014, down from NOK 125.9 million at the beginning of the year.

Inventories ended at NOK 76.3 million at the end of the year, up from NOK 75.0 million at the start of the year.

Account receivables were decreased by NOK 31.4 million to NOK 102.7 million during the year.

Other receivables were reduced by NOK 12.1 million to NOK 65.8 million during the year.

Total receivables were decreased by NOK 43.5 million to NOK 168.6 million during the year.

Total assets were decreased by NOK 52.0 million to NOK 513.4 million during the year.

Accounts payable decreased by NOK 8.6 million to NOK 30.6 million during the year.

‘Other current liabilities’ increased by NOK 31.0 million to NOK 176.7 million during the year.

Total current liabilities increased by NOK 22.4 million to NOK 207.3 million during the year.

Financing

The Company’s financing strategy is to have a sound capital structure ensuring financial flexibility. The Company has taken actions to match its cash outflow with cash inflow to ensure financial flexibility. These actions include closing of business units, implementation of cost cutting programs and manning reductions across the organization.

In December 2014 Agrinos issued 10% interest bearing convertible bonds. See note 23.

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

Shareholders

Agrinos had 270 shareholders as of 31 December 2014. The total number of shares outstanding was 72 667 307 at year-end and the 20 largest shareholders held 62 898 799 shares, equal to 86.6 per cent of the total shares.

The Company's shares have been tradable in the over the counter (OTC) market since December 2010 following an inclusion in The Norwegian Securities Dealers Association's information system for unlisted shares (the NOTC system). The share price was NOK 6.9 at 1 January and NOK 2.3 at 31 December 2014.

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.

Market risk
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 commercialisation 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 activation and application methods to minimise 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 the USD, but the Company also operates in several other currencies. The majority of sales revenues for 2014 (approximately 47.5 per cent) 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 USD and the net proceeds have been converted to NOK deposits. Hence, the Company is primarily exposed to the development of USD/NOK and MXN/NOK.

Interest rate risk
Agrinos is directly exposed to fluctuations in the level of interest rates. The company issued convertible bonds that have a floating interest rate of 3 months NIBOR + 10%. See note 23.

Liquidity risk
The industry in which Agrinos operates is characterised by seasonal demand fluctuations, unpredictable weather affecting customer behaviour and crops and long credit periods. This may limit Agrinos' ability to obtain sales and collect payment from customers. The distributors in Mexico have been financially dependent upon Agrinos, hence the Mexican distributors' collection from end-users affects Agrinos inflow from its distributors and therefore its liquidity risk. Due to this, Agrinos has strengthened control and follow up of the distributors.

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

Operational risk
Agrinos' product portfolio is based primarily on water, microorganisms and shrimp waste. Feedstock shortage will reduce production capacity and ultimately sales and collection as the Company is

dependent upon one production facility in Mexico. 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.

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's 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 bio-stimulant 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.

In the second quarter of 2014 Kjetil Bøhn stepped down from the position of interim CEO of the group. As a consequence Douglas Ry Wagner was appointed CEO of the group effective July 1, 2014.

Nick Adamchak, General Manager of Ameropa North America, joined the Board of Directors.

At the end of the year the board consisted of Kristian Johansen, acting Chairman of the Board, Morten Bergesen, Gerardo Esquer, Nick Adamchak, and Jean Baptiste Oldenhove.

Organization, working environment and equal opportunity

As a part of the 2014 strategy, Agrinos stepped up its presence in the Americas. The company moved from a corporate headquartered operating model to a corporate hub based model with corporate functions, R&D, and Americas sales and marketing leadership placed in the US. To that end John Janczak was hired as CFO and is located at the Dallas TX corporate offices. Corporate functions in the office will include Investor Relations, Global HR, Global Accounting, and finance support for the North America sales on and R&D organization.

During 2014, Agrinos implemented several changes to its technology organization and accelerated the build-up of its agronomy and research and development functions. This resulted in several key hires and expansion of the R&D leadership team. These hires included: Dr. Kathy Swords, Vice President of Research and Development Strategy. Dr. Mylavarapu Venkatramesh, Vice President of Research and Development Operations and Strategic Alliances and Dr. Harrison Yoon, Chief Product Development Officer. In addition Agrinos R&D facility located in Davis, CA and officially opened in February 2015.

Agrinos had 137 (FTE) employees per 31 December 2014.

Agrinos seeks to be an attractive employer for people with different backgrounds, regardless of their ethnicity, gender, religion, age or disabilities. The groups' 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. In addition the group is actively promoting a workplace that promotes gender equality

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 Focus on key crops, geographies and segments accidents and injuries to its own as well as third-party personnel and equipment.

Agrinos interacts with the external environment through its production of liquid microbial and amino acid products and micronized chitin products - all biological. The production itself and the use of the products are not regarded as having negative impact on the environment.

During 2014 there were no reported accidents, however there were 701 absences due to sickness.

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

Outlook

The biologicals market continues to evolve with increased market activity and public awareness. Both established large agricultural companies, independent agricultural crop input providers as well as new ventures, some backed by private equity, are investing resources into biologicals. Other industry forces, like governmental institutions and the academic community are also emphasizing the importance of biological solutions within agriculture. On top of this comes consumers' increasing concern with food safety.

Agrinos is pursuing growth through commercial activities as well as research and development. The company’s novel technology, strong field trial results and established routes to large agricultural inputs markets is believed to provide attractive opportunities where the company can create value for its customers and capture a margin.

Commercially, the company is experiencing positive development within the US and selected other markets, driven by the in-the-field results, maturing distributor relationships and end-user technology adoption. The company expects this progress to continue throughout the year and will continue to pursue growth in the US and other core geographies moving into 2015.

To protect and strengthen competitiveness, Agrinos will invest in further development of existing and new products and other research and development activities targeted at supporting commercial progress.

The company continues to carefully monitor its financial position in Mexico. While the Mexican distributors continue to deploy substantial amounts of Agrinos products, limited cash has been returned to Agrinos in 2014. Hence, the company continues to explore strategic options for its commercial operations in Mexico.

Agrinos strategy targets commercial growth in the US and selected geographies based on continued development of the company's research and development operations. This strategy requires a strong balance sheet. The company's goal in 2015 is for all business units to become cash flow positive. For investments beyond the cash flow generated from sales, such as corporate and transitions charges, global research and development expenditures and capital expenditures, the company will use its current balance sheet.

To ensure that Agrinos has the financial platform necessary to implement its strategy through 2015 and to achieve both short term and long term goals as a leading company in the biologicals segment for enhanced agricultural productivity, in Q4 2014 the board issued a convertible bond generating NOK 115.8 million.

As part of its long term growth strategy, Agrinos will continue to consider a stock exchange listing and IPO. However, Agrinos will not prioritize IPO preparations in the short to medium term, but rather focus resources on commercial progress in key geographies. The company will also focus on new product development and the integration of new production facilities

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

Lysaker, 29 June 2015

The board of directors of Agrinos

Kristian Johansen Chairman of the Board	Morten Bergesen Board member
Jean Baptiste Oldenhove Board member	Gerardo Enrique Esquer Board member
Douglas Ry Wagner Chief Executive Officer	Nick Adamchak Board member

Content financial statements and notes

Profit and loss statement

Agrinos AS			Notes	Agrinos Group	
2014	2013	NOK		2014	2013
29,545,662	14,954,663	Sales revenue	3	39,415,912	25,784,103
1,147,100	11,052,384	Other operating revenue	3	5,495,739	29,014,550
30,692,762	26,007,047	Operating revenue		44,911,651	54,798,653
-13,631,097	-4,970,482	Cost of goods sold		-13,832,494	-5,322,190
-20,512,137	-23,544,006	Salaries and personnel costs	4	-73,129,680	-82,933,662
-787,036	-5,945,706	Depreciation and amortisation	7;8;17	-16,489,978	-21,668,098
-324,379,367	-589,262,829	Other operating expenses	2;3;4;11	-161,588,991	-443,269,533
-1,128,434	39,389,252	Earn-out expenses	11	-1,128,434	39,389,252
-360,438,071	-584,333,771	Total operating expenses		-266,169,577	-513,804,231
-329,745,309	-558,326,724	**Operating income**		-221,257,926	-459,005,578
80,034,146	53,275,654	Net financial income / expense (-)	5	47,660,742	48,967,065
-249,711,163	-505,051,070	Net income / loss (-) before taxes		-173,597,184	-410,038,513
-	8,715,000	Tax expense	6	-13,049,890	5,316,478
-249,711,163	-496,336,070	**Net income / loss (-)**		-186,647,074	-404,722,035
		Net loss attributable to minority interests	15	-1,299,926	-2,615,086
		Net loss attributable to Agrino's shareholders		-185,347,148	-402,106,949

Balance sheet assets at 31 December 2014

Agrinos AS			Notes	Agrinos Group	
2014	2013	NOK		2014	2013
		Assets			
-	-	Goodwill	7;17	45,020,739	52,646,053
5,622,635	6,284,758	Other intangible assets	2;7	10,778,605	11,521,033
-	-	Deferred tax asset	6	2,074,774	6,205,349
5,622,635	6,284,758	Total intangible assets		57,874,118	70,372,435
367,808	492,792	Property, plant and equipment	8;11	57,873,737	55,482,608
7,126,207	26,744,314	Investments in subsidiaries	2;9	-	-
102,695,189	156,704,640	Other non-current receivables	2;10;11	-	-
109,821,396	183,448,954	Total financial non-current assets		-	-
115,811,839	190,226,504	**Total non-current assets**		115,747,855	125,855,043
3,174	2,171,901	Inventories	12	76,288,413	75,027,012
193,042,773	127,914,663	Accounts receivable	2;10;18	102,733,242	134,114,338
847,323	35,434,129	Other receivables	10;18	65,834,969	77,961,544
193,890,096	163,348,792	Total receivables		168,568,211	212,075,882
120,607,644	141,300,199	Bank deposits, cash etc.	13	152,833,936	152,405,345
314,500,914	306,820,892	**Total current assets**		397,690,560	439,508,239
430,312,753	497,047,396	**Total assets**		513,438,415	565,363,282

Balance sheet equity and liabilites at 31 December 2014

Agrinos AS			Notes	Agrinos Group	
2014	2013	NOK		2014	2013
		Equity			
726,673	648,913	Share capital	14;15	726,673	648,913
974,639,910	960,577,229	Premium reserve	15	974,639,910	960,577,229
-	-2,250,000	Other Equity	4;15	-	-2,250,000
-825,941,088	-576,229,428	Retained earnings	15	-780,566,114	-579,189,851
149,425,495	382,746,714	Total equity to shareholders of Agrinos		194,800,469	379,786,291
-	-	Minority interests	15	-4,639,215	-3,122,096
149,425,495	382,746,714	**Total equity**		190,161,254	376,664,195
		Liabilities			
-	-	Deferred tax	6	-	-
115,796,500	-	Convertible Bond	11;23	115,796,500	-
-	-	Loans to financial institutions	11	211,310	1,562,801
-	-	Other non-current liabilities	2;11	-	2,269,016
115,796,500	-	Total non-current liabilities		116,007,810	3,831,817
142,889,110	70,612,031	Accounts payable	10	30,572,033	39,218,809
22,201,648	43,688,651	Other current liabilities	10;11;22;23	176,697,318	145,648,461
165,090,758	114,300,682	Total current liabilities		207,269,351	184,867,270
280,887,258	114,300,682	**Total liabilities**		323,277,161	188,699,087
430,312,753	497,047,396	**Total equity and liabilities**		513,438,415	565,363,282

Lysaker, 29 June 2015

The board of directors of Agrinos

Kristian Johansen
Chairman of the Board

Morten Bergesen
Board member

Jean Baptiste Oldenhove
Board member

Gerardo Enrique Esquer
Board member

Douglas Ry Wagner
Chief Executive Officer

Nick Adamchak
Board member

Cash flow statement

Agrinos AS			Notes	Agrinos Group	
2014	2013	NOK		2014	2013
		Cash flow from operating activities			
-249,711,163	-505,051,070	Net income/loss (-) before tax		-173,597,184	-410,038,513
787,036	5,945,706	Depreciation and amortisation		16,489,978	21,668,098
97,077,107	421,630,404	Changes in inventories, receivables and payables	13	-11,566,822	383,635,510
13,099,803	-106,812,267	Changes in other accruals		43,175,432	-186,452,112
-138,747,217	-184,287,227	**Net cash flow from operating activities**		-125,498,596	-191,187,017
		Cash flow from investment activities			
-10,577,625	-13,785,962	Investments in subsidiaries		-	-
-	-564,412	Net investments in tangible fixed assets		-4,665,646	-9,949,269
-	-	Investments in intangibles		-	-
-10,577,625	-14,350,374	**Net cash flow from investment activities**		-4,665,646	-9,949,269
		Cash flow from financing activities			
115,796,500	-	Net proceeds from borrowings		117,757,047	1,042,030
-	-	Proceeds from minority interest shareholders	15	-	-
12,835,787	162,013,465	Proceeds from issuance of shares	15	12,835,787	162,013,465
128,632,287	162,013,465	**Net cash flow from financing activities**		130,592,834	163,055,495
-20,692,555	-36,624,136	**Net change in cash and cash equivalents**		428,591	-38,080,792
141,300,199	177,924,335	Cash and cash equivalents at beginning of period		152,405,345	190,486,137
120,607,644	141,300,199	Cash and cash equivalents at end of period	13	152,833,936	152,405,345

Changes in inventories, receivables and payables include impairments of accounts receivable and loan receivables

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 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.

A final allocation of these define amounts has been determined and is presented in note 17. Any excess values that cannot be attributed to identifiable assets and liabilities are recorded in the balance sheet under goodwill. Goodwill is treated as a residual value and is recorded on the balance sheet at the amount observed at the time the acquisition. Excess values in the Group financial statements are amortized over the purchased assets' expected useful economic life.

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.

Consideration resulting from a contingent consideration arrangement (earn-out) in a business combination is recognized when incurred and registered as a correlated to the relevant transaction that form the basis for the earn-out. For 2010 accounts the company calculated a capitalized value of the earn-out obligations on the business plan for the company and included this theoretical value as an addition to the acquisition costs as well as a liabilities and tax liability. The current method incurs the costs of the earn-out in the reporting periods as the company develops. The earn-out obligations are described in note 11.

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

The individual financial statements of a subsidiary company are prepared in the company's functional currency, normally the local currency where the company is located. In preparing the consolidated financial statements, the balance sheets are translated using the exchange rates prevailing at year-end, and the income statements are translated using the yearly average exchange rates. Any material transactions are translated at the prevailing exchange rate on the date of the transaction. All translation adjustments are recognized directly in equity.

General rules for the valuation and classification of assets and liabilities

<u>Current / non-current classification</u>

An asset is classified as current when it is expected to be realised 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.

<u>Revenue recognition</u>

Revenues from the sale of goods are recognised 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.

<u>Intangible assets</u>

Separately acquired intangible assets or assets acquired as a result of contracts or legal rights are recognized at cos at the time of acquisition. Intangible assets are amortised 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.

<u>Tangible fixed assets</u>

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.

<u>Leases</u>

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

<u>Inventory</u>

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, band 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 are expensed directly to equity while related social taxes are expensed in the income statement. Liabilities related to share option program are classified as other current liabilities.

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 recognised 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 and deferred tax assets are not recognized. 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.

Cash flow statement

The Cash flow statement has been prepared using 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 2014 Agrinos Mexico invoiced MXN 24 401 556 (NOK 11 517 536) of Interest on the loans. The related loans are written down (ref note) and the collection of interest is not likely within the next year. The interest income are recorded as deferred revenue.

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.

Impairments in Agrinos AS	Entity	2014	2013
Investment in Colombia	Book value before Impairment	14,550,438	14,550,438
	Impairment Allowance	-14,550,438	-14,546,000
	Book value after Impairment	-	4,438
Investment in Peru (Discontinued)	Book value before Impairment	-	10,490
	Impairment Allowance	-	-10,000
	Book value after Impairment	-	490
Investment in Ghana (Discontinued)	Book value before Impairment	-	337,734
	Impairment Allowance	-	-330,000
	Book value after Impairment	-	7,734
Investment in Agrinos BioTech Beijing	Book value before Impairment	2,874,631	2,874,631
	Impairment Allowance	-2,800,000	-2,803,999
	Book value after Impairment	74,631	70,632
Investment in Bioderpac	Book value before Impairment	101,587,357	101,587,357
	Impairment Allowance	-101,587,357	-95,500,000
	Book value after Impairment	-	6,087,357
Investment in Agrinos Mexico	Book value before Impairment	15,036,762	15,036,762
	Impairment Allowance	-15,036,762	-15,036,762
	Book value after Impairment	-	-
Investment in Agrinos Corporate Services	Book value before Impairment	94,443,246	21,210
	Impairment Allowance	-94,443,246	-21,210
	Book value after Impairment	-	-
Investment in Agrinos Brasil	Book value before Impairment	26,481,555	15,903,930
	Impairment Allowance	-24,100,000	-
	Book value after Impairment	2,381,555	15,903,930
Impairment of Investment		-252,517,803	-128,247,971

		2014	2013	2014	2013
		Loan in USD	Loan in USD	Loan in local curr	Loan in local curr
Receivable Agrinos Peru (Discontinued)	Book value before Impairment	-	2,694,527	-	-
	Currency Adjustment	-	-73,120	-	-
	Impairment Allowance	-	-2,826,055	-	-
	Book value after Impairment	-	-204,648	-	-
Receivable Agrinos Ghana (Discontinued)	Book value before Impairment	-	307,360	-	-
	Currency Adjustment	-	-3,360	-	-
	Impairment Allowance	-	-304,000	-	-
	Book value after Impairment	-	-	-	-
Receivable Agrinos Mexico	Book value before Impairment	-	-	50,923,371	37,417,600
	Currency Adjustment	-	-	4,154,448	-247,831
	Impairment Allowance	-	-	-55,077,819	-37,169,769
	Book value after Impairment	-	-	-	-
Receivable Agrinos Corporate Services	Book value before Impairment	-	15,694,303	65,354,583	138,487,195
	Currency Adjustment	-	436,545	8,531,293	6,360,250
	Impairment Allowance	-	-16,130,848	-73,885,876	-144,847,445
	Book value after Impairment	-	-	-	-
Receivable Bioderpac	Book value before Impairment	54,084,614	54,084,614	40,278,428	40,278,428
	Currency Adjustment	13,939,679	1,579,949	5,575,067	1,943,107
	Impairment Allowance	-68,024,293	-	-45,853,495	-
	Book value after Impairment	-	55,664,562	-	42,221,535
Allowance for impairments for intercompany loans		-68,024,293	-19,260,903	-174,817,190	-182,017,214
Total Allowance on group loans in USD or local currencies (MXN)				-242,841,483	-201,278,117

All figures are stated in NOK. The principal amount of the loans are either in USD or Local Currencies (MXN)

Impairments in Agrinos Group	Entity	2014	2013
Other receivables	Malaysia	-270,000	-229,338
Machinery	Malaysia	-	-139,597
Finished products	Agrinos BioTech Beijing	-	-3,808,998
Impairment Allowance in Group		-270,000	-4,177,932

Note 3 Revenue and Other Income

Geographical distribution:

	Agrinos AS		Agrinos Group	
NOK	2014	2013	2014	2013
Revenues:				
USA	14,666,887	9,277,331	14,040,837	12,145,928
Peoples Republic of China	8,122,840	0	8,989,135	546,051
India	4,491,661	2,823,416	6,603,650	3,889,936
EMEA	2,014,274	2,455,557	4,869,126	3,766,134
South East Asia	0	389,639	2,985,184	2,629,626
South America	0	0	1,521,125	2,719,613
Mexico	250,000	8,720	406,856	86,816
Total	29,545,662	14,954,663	39,415,912	25,784,103
Other Income:				
Mexico	0	9,611,243	4,319,401	27,435,980
Rest of the world	1,147,100	1,441,141	1,176,338	1,578,570
Total	1,147,100	11,052,384	5,495,739	29,014,550

Agrinos AS other income of NOK 1,147,100 is related to public grant SkatteFUNN received in 2014 based on 2013 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 2014 are expensed mainly in USA, UK, Brazil, India and Norway. Total research and development expense directly related to internally defined projects in 2014 was NOK 26,131,810.

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	2014	2013	2014	2013
Salaries	16,214,569	17,992,744	57,898,678	68,024,123
Payroll tax	2,322,358	2,724,394	7,557,547	7,790,193
Payroll tax - stock rights	(317,250)	(6,266,750)	(317,250)	(6,266,750)
Pension costs	207,940	292,410	1,028,854	1,374,027
Other benefits	2,084,520	8,801,208	6,961,851	12,012,069
Total	20,512,137	23,544,006	73,129,680	82,933,662
Annual full-time equivalent employees	7	12	137	211

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 (July to December 2014))

Chief Executive Officer (July to December 2014) :

NOK	2014	2013
Salary	942,000	1,919,040
Pension costs	42,390	18,547
Other benefits	0	202,520
Total	984,390	2,140,107

Douglas Ry Wagner was appointed CEO replacing interim CEO Kjetil Bohn starting July 1, 2014. The CEO also participates in the same insurance benefits as other Agrinos Inc. employees. The interim CEO was engaged as a consultant through KB Management AS, a company which he owns 100%. KB Management is also a shareholder in Agrinos AS (ref note 14). KB Management charged a fixed monthly consultant fee of NOK 125,000 in January and February, and NOK 133,000 per month from March to June. KB Management AS' total consultancy fee in 2014 was NOK 2,573,366. The Board of Directors have received total personal remuneration of NOK 275,000 In 2014 (NOK 275,000 in 2013). Board Member Gerardo Esquer has in addition to board remuneration served as a consultant for reorganizing Mexico entities being paid consultancy fees of NOK 860,500 in 2014.

Options

NOK	Opening balance Granted Options	Granted options	Returned options	Ending balance Granted Options	Total vested options	Exercised options	Average exercise price (A)
Board Member	60,000	-	-	60,000	60,000	-	7
Employees and previous employees	3,161,667	-	-80,000	3,081,667	3,002,327	-	18
Total	3,221,667	-	-80,000	3,141,667	3,062,327	-	

No options were exercised during the year 2014. Exercise value of vested options calculated at NOK 0.00 at December 31, 2014 vs NOK 2.3 million at December 31, 2013 accrued as a current liability. Exercise of options will result in social security tax payable for the company. Gross value of these liabilities has been calculated to be NOL -0- at December 31st 2014 using the intrinsic value versus NOK 0.3 million at December 31st 2013. The option holders are eligible to get the exercised options settled in shares. The CEO and other key employees will participate in a new warrant program to be established in 2015.

Bonus scheme for employees

The company has a performance based bonus scheme for some of its employees. A bonus of NOK 0.0 million is estimated and accrued at year-end.

Specification of auditor's fee

	Agrinos AS		Agrinos Group	
NOK	**2014**	**2013**	**2014**	**2013**
Statutory audit fees	413,233	373,345	995,411	850,466
Other assurance services	22,625	0	22,625	0
Tax advisory fees	3,200	0	3,200	0
Other services	14,976	126,237	171,976	272,987
Total fee to auditor	454,034	499,582	1,193,212	1,123,453

VAT is not included in the fees specified above.

Note 5 Finance income and expenses

Finance income

	Agrinos AS		Agrinos Group	
NOK	**2014**	**2013**	**2014**	**2013**
Interest income from group companies	14,103,843	13,434,786	-	-
Other interest income	1,917,014	1,766,787	1,933,332	12,866,366
Other financial income (agio)	69,395,054	43,214,268	51,381,530	41,759,700
Total financial income	85,415,911	58,415,841	53,314,862	54,626,066

Finance expenses

	Agrinos AS		Agrinos Group	
NOK	**2014**	**2013**	**2014**	**2013**
Interest expenses from group companies	-	-	-	-
Other interest expenses	-746,969	-5,140,187	-847,099	-5,659,000
Other financial expenses	-4,634,796	-	-4,807,021	-
Total financial expenses	-5,381,765	-5,140,187	-5,654,120	-5,659,000

Agrinos Mexico has given loans to their Mexican distributors for a total of MXN 344 643 726 (NOK 174 045 081). In 2014 Agrinos Mexico invoiced MXN 24 401 559 (NOK 11 517 536) of Interest on these loans. The related loans are written down (ref note) and the collection of Interest is not likely within the next year. The interest income are recorded as deferred revenue.

The Group has significant net currency exchange gain in the year 2014. The main effect of this gain relates to the weakening of the reporting currency NOK against the currencies USD 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

Income tax expense

	Agrinos AS		Agrinos Group	
NOK	2014	2013	2014	2013
Tax payable	-	-	8,006,650	5,316,478
Changes in deferred tax	-	-8,715,000	5,043,238	-10,697,102
Total income tax expense	-	-8,715,000	13,049,888	-5,380,624

Tax base calculation	Agrinos AS		Agrinos Group	
NOK	2014	2013	2014	2013
Profit before income tax	-249,711,163	-505,051,568	-173,597,184	-410,038,513
Permanent differences	2,815,259	-6,703,824	11,490,001	28,123,159
Temporary differences - Change	125,486,652	436,699,672	59,492,322	165,928,114
Tax base	-121,409,252	-75,055,720	-102,614,861	-215,987,240

Temporary differences:	Agrinos AS		Agrinos Group	
NOK	2014	2013	2014	2013
Receivables	174,745,514	141,977,301	9,591,518	86,052,185
Fixed and intangible assets	-6,135	35,921,257	-6,135	35,921,257
Non current assets	193,908,653	188,848,154	174,045,082	202,770,242
Provisions	2,200,000	2,884,500	91,547,015	12,947,600
Foreign exchange rate gains (losses)	-	-	51,381,530	41,759,700
Losses carried forward	251,583,233	130,173,981	331,638,794	177,601,614
Total	622,431,265	499,805,193	658,197,804	557,052,598
Deferred tax liability (asset)	-168,056,442	-134,947,402	-99,491,638	-44,800,591
Deferred tax asset not recognized	168,056,442	134,947,402	97,416,864	38,595,242
Deferred tax liability (asset)	-	-	-2,074,774	-6,205,349

Effective tax rate	Agrinos AS		Agrinos Group	
NOK	2014	2013	2014	2013
Expected income taxes at statutory tax rate	-32,780,498	-20,265,044	-30,784,458	-60,476,427
Permanent differences	760,120	-1,810,032	3,447,000	7,874,485
Change in allowance for taxes carried forward not recognized	32,020,378	22,075,077	40,387,346	47,221,319
Income tax expense	0	0	13,049,888	-5,380,623
Effective tax rate in %	0.0 %	0.0%	0.0 %	0.0 %

Differences of taxable income and net income before tax as reported in the income statement are due to items of income or expense that are taxable or deductible in future years (temporary differences), and excluded items that are not taxable or deductible (permanent differences). The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is more likely than not that future tax advantages will not be available to allow all of the asset to be recovered.

In 2014 Agrinos AS tax rate is set at 27%. Group estimated tax rate is set at 30%. Agrinos AS and Agrinos group 2014 numbers are estimates as tax return in Agrinos AS and in all Mexican subsidiaries are not yet filed. Agrinos AS 2013 numbers are restated to actual filed taxes. This also have some effect on group 2013 numbers.

Note 7 Intangible assets

Amounts in NOK

Agrinos AS

NOK	Acquired rights/Patents	Total
Acquisition cost 01.01.	8,456,100	8,456,100
Additions	-	-
Disposals	-	-
Acquisition cost 31.12.	8,456,100	8,456,100
Accumulated amortisation at 31.12.	-2,833,465	-2,833,465
Accumulated impairment loss 31.12.	-	-
Reversed impairments 31.12.	-	-
Net carrying value at 31.12.	5,622,635	5,622,635
Amortisation for the year	662,124	662,124
Impairment loss for the year	-	-

Beginning balance is restated due to write down of aquired rights.	Aquistion cost	Accumulated depr.	Net values
Ending balance reported annual report 31.12.2013	59,756,100	-17,561,342	42,194,758
Write down of distribution rights	-42,000,000	12,600,000	-29,400,000
Write down distribution rights Mexico/Colombia	-9,300,000	2,790,000	-6,510,000
Restated beginning balance 01.01.2014	8,456,100	-2,171,342	6,284,758

Agrinos Group

NOK	Goodwill	Research and development cost	Other intangibles	Aquired Rights/Patents	Total
Acquisition cost 01.01.	76,253,142	869,638	4,937,173	6,901,512	88,961,465
Additions	-	-	718,831	3,183,619	3,902,450
Disposals	-	-	-1,017,515	-	-1,017,515
Translation adjustments	-	-	-	-	-
Acquisition cost 31.12.	76,253,142	869,638	4,638,489	10,085,131	91,846,400
Accumulated amortisation at 31.12.	-31,232,403	-604,518	-1,190,335	-3,019,800	-36,047,056
Accumulated impairment loss 31.12.	-	-	-	-	-
Reversed impairments 31.12.	-	-	-	-	-
	-	-	-	-	-
Net carrying value at 31.12.	45,020,739	265,120	3,448,154	7,065,331	55,799,344
Amortisation for the year	-7,853,349	-204,408	-295,408	-728,359	-9,081,524
Impairment for the year	-	-	-	-	-

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. Good will was acquired with the purchase of operations in Malaysia in 2009 and Mexico (Bioderpac) in 2010. The purchase of Mexico included a factory planned to be in use for 10 years or more. Other intangibles include deferred tax assets relating to Mexico legal entity.

Beginning balance acquired rights/patents is restated due to write down of acquired rights of NOK 51 300 000 and related accumulated depreciation NOK 15 390 000 (net NOK 35 910 000). Refer to Agrinos AS detail.

Note 8 Tangible assets

Amounts in NOK

Agrinos Group

NOK	Vehicles	Property and plant	Machinery and equipment	Total
Acquisition cost at 01.01.	7,070,976	19,281,151	44,781,757	**71,133,884**
Additions	544,815	999,946	8,502,510	**10,047,271**
Disposals	-3,116,071	-	-3,621,072	**-6,737,143**
Translation adjustments	1,027,991	3,701,337	1,379,389	**6,108,717**
Acquisition cost 31.12.	**5,527,711**	**23,982,434**	**51,042,584**	**80,552,729**
Accumulated depreciation 31.12.	-5,021,743	-4,039,550	-14,790,486	**-23,851,779**
Accumulated impairment loss 31.12.	-23,859	-	-12,001	**-35,860**
Reversed impairment loss 31.12.	479,715	-	728,932	**1,208,647**
				-
Net carrying value at 31.12.	**961,824**	**19,942,884**	**36,969,029**	**57,873,737**
				-
Depreciation for the year	-1,361,757	-1,227,763	-4,596,178	**-7,185,698**
Impairment loss for the year (incl. reversals)	-177,546	-	-45,210	**-222,756**

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

Amounts in NOK

Company	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' retained earnings in local currency	Booked value investment in subsidiaries in NOK*
Agrinos China AS, (Norge)	-100,000	100,000	NOK 1	100.0%	3,672	-96,328	125,000
Agrinos Corporate Services SA de CV, (Mexico) **	-200,050,000	200,049,999	MXN 1	100.0%	195,721,503	-2,712,875	94,443,246
Bioderpac SA de CV, (Mexico) ***	-74,500,000	74,499	MXN 1000	100.0%	71,641,245	-2,858,755	101,587,357
Agrinos Mexico SA de CV, ****	-35,050,000	35,049,999	MXN 1	100.0%	-154,957,694	-190,007,694	15,036,762
Agrinos Colombia SAS *****	-881,649,896	440,824,948	COP 2	100.0%	158,716,177	-722,933,719	14,550,438
Agrinos do Brasil Ltda******	-9,415,962	2,942,488	BRL 3.20	100.0%	-497,854	-9,913,817	26,481,555
Agrinos Inc, (USA)	-50	5,000	USD 0.01	100.0%	-10,859,721	-10,859,771	288
Agrinos Peru S.A. (Discontinued April 30th 2014)	NA	NA	1 PEN	0.0%	NA	NA	NA
Agrinos Sdn Bhd, (Malaysia)	-295,000	295,000	MYR 1	84.7%	-2,993,930	-3,545,430	1,572,789
Agrinos Indonesia	-5,500,000,000	55,000	100 000 IDR	55.0%	-1,148,375,831	-6,576,721,224	1,871,902
Agrinos Beijing BioTech (China) *******	-5,250,000	N/A	RMB	60.0%	-4,784,860	-8,923,682	2,874,631
Agrinorway Iberica S.L., (Spania)	-3,000	300	EUR 10	100.0%	-93,091	-96,091	23,288
Agrinos Uk (United Kingdom)	-1	1	1 GBP	100.0%	7,354	7,353	9
Agrinos Ghana Limited (Discontinued April 30th 2014)	NA	NA	1 GHC	0.0 %	NA	NA	NA
Agrinos India	-461,950	46,194	1 INR	100.0%	15,031,956	5,050,724	1,076,744
Total before impairment							**259,644,010**
Impairment Allowance (See also note 2)							-252,517,803
Net book value after impairment							**7,126,207**

*Booked value is before impairments. For net investment value per company after 2014 impairments refer to note 2.

**Agrinos Corporate Services has a subsidiary Agricultura Espezilalizada Pacifico (AEP) of which Agrinos Corporate Services owns 99 of 100 shares and Agrinos Mexico 1 of 100 shares. The value of booked investment in Agrinos Corporate Services has been impaired in 2014 - see also note 2.

***Bioderpac has two classes of shares. One class of which Agrinos AS owns 99 of 100 shares, and one class of which Agrinos AS owns 19 400 out of 19 400 shares.

****The value of booked investment in Agrinos Mexico has been Impaired in 2014 - see also note 2.

*****The value of booked investment in Agrinos Colombia has been impaired in 2014 - see also note 2.

******The value of booked investment in Agrinos Brazil has been impaired in 2014 - see also note 2.

*******The value of booked investment in Agrinos Beijing Bio Tech has been impaired in 204 - see also note 2.

Note 10 Intercompany balances with group companies and associates

Agrinos AS

Receivables:

NOK	2014	2013
Loans to group companies	345,536,671	357,982,757
Allowance of loans to group companies	-242,841,482	-201,278,117
Net value of loans to group companies	102,695,189	156,704,640
Accounts receivable	368,264,702	269,715,013
Allowance for accounts receivable group companies	-174,740,513	-141,886,800
Net value of accounts receivable	193,524,189	127,828,213
Other receivables	-	29,062,500
Total	296,219,378	313,595,353

Payables:

NOK	2014	2013
Accounts payable	131,618,023	68,507,858
Other short term payables	-	9,588,755
Total	131,618,023	78,096,613

Agrinos has an "Order manufacturing agreement" with Mexican subsidiaries. The agreement ensures that the production entity maintains a profit comparable to market. To maintain a profit in 2014 Bioderpac invoiced Agrinos AS NOK 34,042,500 (MXN 75,630,000). This amount is included in intercompany accounts payable. Agrinos Mexico invoiced Agrinos AS NOK 17,978,000 (MXN 35,600,000). The charges estimates and are subject to adjustment based on final audited numbers and entities. In total "Order Manufacturing Charges" as part of intercompany payable are NOK 98,119,500 (MXN 203,800,000) payable to Bioderpac and NOK 17,978,000 (MXN 35,600,000) payable to Agrinos Mexico.

Note 11 Liabilities and receivables

Amounts in NOK

Non - current receivables	Agrinos AS		Agrinos Group	
NOK	2014	2013	2014	2013
Other non-current receivables	345,536,669	357,982,757	174,045,081	169,209,318
Allowance of non-current receivables	-242,841,482	-201,278,117	-174,045,081	-169,209,318
Net non-current receivables	102,695,187	156,704,640	-	-

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 December 15th 2013. Before refinancing the loans were reclassified as current receivables. After refinancing the loans are classified as non-current receivables.

Non- current liabilities	Agrinos AS			Agrinos Group	
NOK	2014	2013		2014	2013
Liabilities to financial institutions	-	-		12,848	188,534
Convertible Bond	115,796,500	-		115,796,500	-
Other non-current liabilities	-	-		193,787	1,374,266
Total	115,796,500	-	-	116,003,135	1,562,800

NOK 193,797 of other non-current liabilities (2013: 1,042,030) are loan from Karl Co, a shareholder in Agrinos AS, to Agricultura Espezializada Pacifico (AEP)

Secured debts:

Pledged assets:				
Property and plant	-	-	-	24,186,402
Shares in Agrinos Inc	115,796,500	-	115,796,500	-
Total	115,796,500	-	115,796,500	24,186,402

Current liabilities	Agrinos AS			Agrinos Group	
NOK	2014	2013		2014	2013
Taxes payable	-	-		8,006,650	5,316,478
Accrued commissions	-	-		2,009,641	978,055
VAT and Fees payable	1,117,369	1,957,920		48,917,695	42,383,724
Accrued earn-out payments	5,918,000	11,100,000		5,918,000	11,100,000
Accrued stock options	-	2,250,000		-	2,250,000
Current intercompany liabilities	131,618,023	9,588,755		-	-
Group provisions	-	-		-	-
Unearned revenue	-	-		89,537,374	59,415,973
Other current liabilities	15,166,279	18,791,976		22,307,958	24,204,231
Total	153,819,671	43,688,651	-	176,697,318	145,648,461

Accrued earn-out payments:

Agrinos has an earn-out liability to Karl Co SA de CV related to the purchase of the distribution rights in Mexico and Columbia. The earn-out is calculated as 40% of a modified earnings before interest, taxes depreciation and amortization (EBITDA) for sale of products supplied to Mexico and Columbia and are effective in the period 2011-2014.

At October 2013, the company entered into an agreement to amend Karl Co's earn-out relation to sales in Mexico and Columbia In the period 2011-2014. The parties agreed to recalculate the earn-out based on the analytical restated number derived from deployment activity. The amended agreement will better reflect the underlying profitability earn-out period.

As a result of the above-mentioned amendment, the earn-out provision of approx. NOK 50.5 million in 2012 was reversed in the third quarter of 2013. No earn-out related to sales in Mexico and Columbia Is booked in the years 2013 and 2014.

In addition to the purchase price of Bioderpac, Agrinos has agreed to pay as additional compensation an 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 2014 is NOK 5.9 million.

Unearned revenue:

A deferred revenue accrual of NOK 85.2 million (2013: NOK 59.4 million) related to Mexico sales revenues is provisioned for as a current liability:

Total Deferred Revenues related to Agrinos Mexico sales per December 31st	2014	2013
Products sold in 2012 and earlier	21,547,000	17,632,000
Products sold in 2013	42,873,990	41,783,973
Net of products sold in 2014 and credit notes issued in 2014 related to previous years	-1,905,565	-
Interest on long-term receivables to Mexican distributors 2014 (Note 2)	11,517,536	-
Sales of services to Mexican distributors in 2014	11,151,824	-
Total deferred revenues related to Agrinos Mexico	85,184,785	59,415,973

Note 12 Inventories

Amounts in NOK

	Agrinos AS		Agrinos Group	
NOK	2014	2013	2014	2013
Raw materials	-	-	1,847,085	2,926,346
Work in progress	-	-	43,169,357	41,622,997
Finished goods	3,174	2,171,901	29,414,223	25,079,511
Packing material	-	-	1,857,748	2,048,352
Other type of materials	-	-	-	3,349,806
Total	**3,174**	**2,171,901**	**76,288,413**	**75,027,012**

Note 13 Bank deposits - restricted funds

Amounts in NOK

	Agrinos AS		Agrinos Group	
NOK	2014	2013	2014	2013
Employees salary taxes, deposited in a separate bank account	657,483	1,026,020	1,157,494	1,026,020
Security deposit rent / other designated funds	809,344	794,861	809,344	794,861
Total	**1,466,827**	**1,820,881**	**1,966,838**	**1,820,881**

With regards to Cash Flow Statement: Net non-cash effects of currency exchange gains and losses, impairment allowances of financial assets, and impairment allowances of accounts receivable are classified in reporting line "Changes in inventories, receivables and payables" (Agrinos AS NOK 33 million and Agrinos Group NOK 88 million)

Note 14 Share capital and shareholder information

Amounts in NOK

Agrinos AS

	Number of shares	Face value	Book value in NOK
Share Capital	72,667,307	0.01	726,673

At 31.12.2014 Agrinos AS had 270 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 2014 were:

Name	Related party	No of shares	Ownership
DEUTSCHE BANK AG	Board Member	23,220,760	31.95%
UBS AG		8,169,027	11.24%
HAVFONN AS	Board Member	6,293,577	8.66%
STATE STREET BANK & TRUST COMPANY		4,006,055	5.51%
KB MANAGEMENT AS		3,507,460	4.83%
KORRIGAN INVESTMENT AS		3,264,769	4.49%
THOENG AS		2,043,025	2.81%
SYNGENTA VENTURES PTE LTD		1,878,237	2.58%
ANFAR INVEST AS		1,640,548	2.26%
OP-EUROPE EQUITY FUND		1,405,000	1.93%
SNEFONN AS		1,282,415	1.76%
GOLDMAN SACHS & CO EQUITY SEGREGAT		922,423	1.27%
CITIBANK, N.A.		846,680	1.17%
SKAGEN VEKST		817,242	1.12%
PENSIONDANMARK PENSIONSFORSIKRINGS		745,390	1.03%
JP MORGAN CHASE BANK, NA		698,000	0.96%
ESQUER AGUIRRE	Board Member	610,646	0.84%
INVESCO PERP EUR SMALL COMP FD		588,285	0.81%
THE BANK OF NEW YORK MELLON (LUXEM		495,000	0.68%
INVESCO FUNDS		464,260	0.64%
Other		9,768,508	13.44%
Total number of shares issued and outstanding		72,667,307	100.0 %

Subscrubtion rights - expiration date: Jun 25th 2015	Refer to note 4	390,000
Exercised rights with expiration date: Jun 25th 2015		-
Subscrubtion rights - expiration date: Jul 7th 2015*		9,817,567
Exercised rights with expiration date: Jul 7th 2015		-7,550,463
Subscrubtion rights - expiration date: Dec 10th 2015	Refer to note 4	1,350,000
Exercised rights with expiration date: Dec 10th 2015		-
Subscrubtion rights - expiration date: Jul 7th 2016	Refer to note 4	350,000
Exercised rights with expiration date: Jul 7th 2016		-
Convertible Bond - Conversion date: Jun 6th 2017	Refer to note 23	11,579,650,000
Subscrubtion rights - expiration date: Jun 29th 2017	Refer to note 4	1,500,000
Exercised rights with expiration date: Jun 29th 2017		-
Total number of shares authorized, but not issued		11,585,507,104
Total number of shares issued and authorized		11,658,174,411

Subscription rights - expiration date: July 7th 2015 relates to an increase in equity of NOK 162 million in the fourth quarter of 2013. The new financing consisted of three separate transactions, all carried out at a price of NOK 8 per share: A strategic investment of USD 15 million by Manor Investment S.A. (Manor), a USD 6.8 million bridge loan contribution into equity and a USD 4.2 million private placement directed towards existing shareholders.

In addition to shares, Manor and the bridge loan holders received independent subscription rights for 15.1% of Agrinos' share capital immediately following completion of the latest transactions. The subscription price for new shares issued under the subscription rights shall be equal to 15% below the volume weighted average price per share over the last 60 trading days prior to Agrinos receipt of the notification of such exercise. The subscription rights may not be exercised prior to 1 April 2014. The subscription rights may be used to subscribe for new shares, in full or in part, on one or several occasions, on or before 5 weeks following the annual general meeting in Agrinos approving the annual accounts of 2014, but not later than 15 July 2015.

Manor which is represented by several nominee accounts, has a representative serving as board member

Note 15 Equity

Amounts in NOK

Agrinos AS

NOK	Issued capital	Share premium	Retained earnings	Total
Equity 01.01.2013	446,396	781,262,790	-103,224,232	678,484,954
Capital increase item 3, Dec. 20. 2013	112,500	89,887,500	-	90,000,000
Capital increase item 4, Dec. 20. 2013	57,704	46,105,760	-	46,163,464
Capital increase item 6, Dec. 20. 2013	32,313	25,817,688	-	25,850,001
Transactions costs	-	-5,860,635	-	-5,860,635
Net loss in 2009 and 2010 reclassified to earned equity	-	23,364,126	-23,364,126	-
Net profit for the year	-	-	-496,336,070	-496,336,070
Adjustment change in employee stock rights	-	-	44,445,000	44,445,000
Equity 31.12.2013	648,913	960,577,229	-578,479,428	382,746,714
Equity 01.01.2014	648,913	960,577,229	-578,479,428	382,746,714
Capital increase, 01.12.2014	75,505	12,760,282	-	12,835,787
Capital increase, 31.12.2014	2,255	1,351,080	-	1,353,335
Transactions costs	-	-48,681	-497	-49,178
Net profit for the year	-	-	-249,711,163	-249,711,163
Adjustment change in employee stock rights	-	-	2,250,000	2,250,000
Equity 31.12.2014	726,673	974,639,910	-825,941,088	149,425,495

Agrinos Group

NOK	Issued capital	Share premium	Retained earnings	Currency translation differences	Total shareholders' equity	Minority interests	Total equity
Equity 01.01.2013	446,396	781,262,790	-201,292,875	-1,183,342	579,232,970	-603,216	578,629,755
Capital increase item 3, Dec. 20. 2013	112,500	89,887,500	-	-	90,000,000	-	90,000,000
Capital increase item 4, Dec. 20. 2013	57,704	46,105,760	-	-	46,163,464	-	46,163,464
Capital increase item 6, Dec. 20. 2013	32,313	25,817,688	-	-	25,850,001		25,850,001
Transactions costs	-	-5,860,635	-	-	-5,860,635		-5,860,635
Net loss in 2009 and 2010 recl. to earned equity	-	23,364,126	-23,364,126	-	-	-	-
Net loss for the year	-	-	-402,106,949	-	-402,106,949	-2,615,086	-404,722,035
Currency translation differences	-	-	2,449,042	-386,602	2,062,440	96,206	2,158,646
Adjustment change in employee stock rights	-	-	44,445,000	-	44,445,000	-	44,445,000
Equity 31.12.2013	648,913	960,577,229	-579,869,908	-1,569,944	379,786,291	-3,122,096	376,664,195
Equity 01.01.2014	648,913	960,577,229	-579,869,908	-1,569,944	379,786,291	-3,122,096	376,664,195
Capital increase, 01.12.2014	75,505	12,760,282	-	-	12,835,787	-	12,835,787
Capital increase, 31.12.2014	2,255	1,351,080	-	-	1,353,335	-	1,353,335
Transactions costs	-	-48,681	-497	-	-49,178		-49,178
Net loss for the year	-	-	-186,647,074	-9,505,679	-196,152,753	-1,299,926	-197,452,679
Currency translation differences equity	-	-	-4,534,292	-688,721	-5,223,013	-217,193	-5,440,206
Adjustment change in employee stock rights	-	-	2,250,000	-	2,250,000	-	2,250,000
Equity 31.12.2014	726,673	974,639,910	-768,801,771	-11,764,344	194,800,469	-4,639,215	190,161,254

Note 16 Transactions with related parties

Transactions with shareholder Karl Reiner Fick Rochin his company Karl Co SA De CV relates to earn-out agreement renegotiated in 2013 (see note 11). Due to the level of sales in Columbia and Mexico in 2014 no earn-out has been recorded in 2014. See also note 11.

Earn-out of NOK 11.2 million relating to 2011-2013 external sales volume of HYT B and HYT C was paid to the company partly owned by the following related shareholders: Karl Reiner Fick Rochin, Angel Fransisco Castanon (Former Managing Director of Mexico), and Gerardo Enrique Esquer Aguirre (Board member). See also note 11 for future liabilities related to external sales volume earn-out.

The transaction with former board member, interim CEO, and shareholder Kjetil Bohn relates to his company KB Management. Bohn has served as interim management for hire in the position of Executive director, business area EMEA and Southeast Asia after his interim CEO ended. KB management received a total remuneration of NOK 2,573,366 for its services in 2014 including both the period as interim CEO and Strategy director.

Board Member Gerardo Esquer have served as a part-time consultant for reorganizing the Mexican companies. In 2014 he received consultant fees of NOK 860,500.

The transaction with shareholder Aaron Powers relates to his company Korrigan Investment providing Powers' services as retained Executive Director, Strategy development. Korrigan Investment received a total remuneration of NOK 19,703 for its services in 2014.

Bioderpac, a subsidiary, rents the Algodonera warehouse which is partly owned (25%) by Board Member Gerardo Esquer. Rent expensed to Algodonera warehouse in 2014 was NOK 512,582 (MXN 1,086,000).

All the transactions have been carried out as part of the ordinary operations and at arms-length principles.

Note 17 Amortization of Goodwill

Business combinations

Allocation of excess values from the Bioderpac SA de CV (Mexico) and Agrinos Sdn Bhd (Malaysia) acquisitions:

NOK	Bioderpac SA acquired Dec. 22, 2010	Agrinos Sdn acquired July 31, 2009	Total
Net identified assets and liabilities	3,890,812	-578,808	3,312,004
Goodwill from acquisition	74,101,545	2,151,597	76,253,142
Purchase price	77,992,357	1,572,789	79,565,146
Capital increase	47,946,430		47,946,430
Cash	29,966,500	1,572,789	31,539,289
Direct expense	79,427		79,427
Purchase price	77,992,357	1,572,789	79,565,146
Goodwill Amortisation 2009	-	-89,650	-89,650
Goodwill Amortisation 2010	-426,338	-215,160	-641,497
Goodwill Amortisation 2011	-7,410,154	-215,160	-7,625,314
Goodwill Amortisation 2012	-7,410,154	-215,160	-7,625,314
Goodwill Amortisation 2013	-7,410,154	-215,160	-7,625,314
Goodwill Amortisation 2014	-7,410,154	-215,160	-7,625,314
Accumulated amortisation at year end	-30,066,955	-1,165,449	-31,232,403
Value net of accumulated amortisation at year end	44,034,590	986,149	45,020,739

Note 18 Receivables

	Agrinos AS			Agrinos Group	
NOK	**2014**	**2013**		**2014**	**2013**
Accounts receivables	367,788,287	269,891,463		112,324,760	220,166,523
Allowance for uncollectible accounts	-174,745,513	-141,976,800		-9,591,518	-86,052,185
Net accounts receivable	193,042,774	127,914,663		102,733,242	134,114,338
Value added tax receivable	365,595	543,367		59,813,881	65,154,691
Prepaid expenses	252,720	4,357,067		4,452,478	9,500,645
Short term loans to external distributors	-	-		-	-
Allowance for short term loans external distributors	-	-		-	-
Other current receivables	229,007	30,533,695		1,568,612	3,306,208
Total Other Current Receivables	847,322	35,434,129		65,834,971	77,961,544
Total	193,890,096	163,348,792	-	168,568,213	212,075,882

Note 19 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 cash flows in local currency and capital funded in NOK. No currency hedges have been executed that may mitigate this exposure.

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

Note 20 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	2014	2013	2014	2013
Offices rental	1,199,851	1,095,990	4,253,537	2,604,584
Warehouse lease	530,177	485,160	8,313,163	1,227,586
Vehicle cost (leasing)	-	-	692,819	795,101
Total annual lease cost	1,581,150	1,581,150	13,259,519	4,627,271

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

	Agrinos AS		Agrinos Group	
NOK	2014	2013	2014	2013
Within one year	1,400,000	1,400,000	2,346,179	3,601,867
Later than one year but within five years	2,800,000	4,200,000	4,291,636	5,714,760
Later than five years	-	-	-	-
Total annual commitment	4,200,000	5,600,000	6,637,815	9,316,627

Agrinos Mexico leases cars for salespersons, technical support, and management. At year end 2014 the company leased 110 cars with monthly costs averaging NOK 4,500 per car. Leases for the cars are covered by a parent company guarantee.

Note 21 Events after the end of the Reporting Period
In April 2015 Agrinos Columbia filed for liquidation of the company.

Note 22 Contingent Liabilities
The company has provisioned an amount of NOK 2.2 million related to various ongoing legal disputes.

Note 23 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 absense of a prior conversion, the loan will mature on 12 December 2017. There are no installments.

The bonds are convertible into common shares of the Company at NOK 6 per share between 1 April 2016 and 31 March 2017, NOK 8 per share between 1 April 2017 and maturity, within 30 business days following completion of a qualified issueance of equity by issuer at 25% below the relevant issuance price, or at NOK 1 per share within 30 business days afte the occurrence of an event of default or at NOK 1 per share within 60 business days after the occurance of a Change of Control event.

Agrinos has the right to call the bonds from April 1, 2016 at a price equal to the nominal value plus accrured interest. After receiving notic of such call, bonholders may elect to exercise their conversion rights.

The bonds are subject to a loan agrement with Nordic Trustee as a bond trustee. The conversion price is subject to standard adjustment mechanisms for convertible bonds.

NOK	Amount
Convertible Bond - Face Value	115,796,500
Accrued bond interest at end of year	745,600

Conversion price scenarios:
a. By notice from the Bondholder prior to 1 April 2017, NOK 6.00. Such scenario will give 19 299 417 new shares issued.
b. By notice from the Bondholder prior on 1 April 2017 or at any time thereafter, NOK 8.00. Such scenario will give 14 474 563 new shares issued.
Accrued interest shall be payable and will be converted into new bonds quarterly in arrears.

Profit and loss statement

	Agrinos Group	
USD	2014	2013
Sales revenue	6,276,419	4,392,522
Other operating revenue	875,118	4,942,853
Operating revenue	7,151,537	9,335,375
Cost of goods sold	-2,202,626	-906,676
Salaries and personnel costs	-11,644,854	-14,128,392
Depreciation and amortisation	-2,625,793	-3,691,328
Other operating expenses	-25,730,731	-75,514,401
Earn-out expenses	-179,687	6,710,264
Total operating expenses	-42,383,691	-87,530,533
Operating income	**-35,232,154**	**-78,195,158**
Net financial income / expense (-)	7,589,290	8,341,919
Net income / loss (-) before taxes	-27,642,864	-69,853,239
Tax expense	-2,078,008	905,703
Net income / loss (-)	**-29,720,872**	**-68,947,536**
Net loss attributable to minority interests	-206,995	-445,500
Net loss attributable to Agrino's shareholders	-29,513,877	-68,502,036

Balance sheet assets at 31 December 2014

	Agrinos Group	
USD	2014	2013
Assets		
Goodwill	6,059,319	8,658,890
Other intangible assets	1,450,687	1,894,907
Deferred tax asset	279,243	1,020,617
Total intangible assets	7,789,249	11,574,414
Property, plant and equipment	7,789,197	9,125,429
Investments in subsidiaries	-	-
Other non-current receivables	-	-
Total financial non-current assets	-	-
Total non-current assets	15,578,446	20,699,843
Inventories	10,267,620	12,339,969
Accounts receivable	13,826,816	22,058,279
Other receivables	8,860,696	12,822,622
Total receivables	22,687,512	34,880,902
Bank deposits, cash etc.	20,569,843	25,066,669
Total current assets	53,524,974	72,287,539
Total assets	69,103,421	92,987,382

Balance sheet equity and liabilites at 31 December 2014

	Agrinos Group	
USD	2014	2013
Equity		
Share capital	97,803	106,729
Premium reserve	131,176,300	157,989,676
Other Equity	-	-370,066
Retained earnings	-105,056,005	-95,261,489
Total equity to shareholders of Agrinos	26,218,098	62,464,850
Minority interests	-624,390	-513,503
Total equity	25,593,708	61,951,348
Liabilities		
Deferred tax	-	-
Convertible Bond	15,584,993	-
Loans to financial institutions	28,440	257,040
Other non-current liabilities	-	373,193
Total non-current liabilities	15,613,433	630,233
Accounts payable	4,114,675	6,450,462
Other current liabilities	23,781,604	23,955,339
Total current liabilities	27,896,279	30,405,801
Total liabilities	43,509,712	31,036,034
Total equity and liabilities	69,103,421	92,987,382

Cash flow statement

	Agrinos Group	
USD	2014	2013
Cash flow from operating activities		
Net income/loss (-) before tax	-27,642,864	-69,853,239
Depreciation and amortisation	2,625,793	3,691,328
Changes in inventories, receivables and payables	-1,556,773	63,097,946
Changes in other accruals	5,810,960	-30,666,466
Net cash flow from operating activities	**-16,890,794**	**-31,445,233**
Cash flow from investment activities		
Investments in subsidiaries		
Net investments in tangible fixed assets	-627,947	-1,636,393
Investments in intangibles	-	-
Net cash flow from investment activities	**-627,947**	**-1,636,393**
Cash flow from financing activities		
Net proceeds from borrowings	15,848,862	171,386
Proceeds from minority interest shareholders	-	-
Proceeds from issuance of shares	1,727,562	26,646,951
Translation effects to USD on issuance of shares		
Net cash flow from financing activities	**17,576,424**	**26,818,338**
Net change in cash and cash equivalents	**57,684**	**-6,263,288**
Cash and cash equivalents at beginning of period	25,066,669	34,198,588
Translation effects to USD on cash and cash equivalents	-4,554,509	-2,868,632
Cash and cash equivalents at end of period	20,569,843	25,066,669

RSM
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To the shareholders' meeting of
Agrinos AS

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AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Agrinos AS, which comprise the financial statements for the parent company, showing a loss of NOK 249 711 163, and the financial statements for the group, showing a loss of NOK 186 647 074. The financial statements of the parent company and the financial statements of the of the group comprise the balance sheet as at December 31, 2014, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with Norwegian accounting act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine 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 these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require 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 misstatement 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 and fair presentation of the financial statements 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 evaluating 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.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the parent company and the Agrinos Group as at December 31, 2014, and of 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.

RSM Hasner Kjelstrup & Wiggen er et frittstående medlem av RSM International, en sammenslutning av uavhengige revisjons- og konsulentfirmaer. RSM International er navnet til et nettverk av uavhengige revisjons- og konsulentfirmaer, hvor hvert firma praktiserer selvstendig. RSM International eksisterer ikke i noen jurisdiksjon som en separat juridisk enhet.

Medlemmer av Den Norske Revisorforening

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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 the company's 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.

Oslo, 29th of June 2015
RSM Hasner Kjelstrup & Wiggen AS

Lars Løyning
State Authorised Public Accountant (Norway)

Agrinos AS

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