Norsk Gjenvinning

1st Quarter Interim Financial Report 2016

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DISCLAIMER

VV Holding AS is providing the following interim financial statements for Q1 2016 to holders of its NOK 2,235,000,000 Senior Secured Floating Rate Notes due 2019.

This report is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy the notes or any other security.

This report includes forward-looking statements that are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this notice, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, including our plans for future costs savings and synergies may be deemed to be forward-looking statements.

Words such as “believe,” “expect,” “anticipate,” “may,” “assume,” “plan,” “intend,” “will,” “should,” “estimate,” “risk” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

You should not place undue reliance on these forward-looking statements. In addition, any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this notice.

PRESENTATION OF THE GROUP

The Norsk Gjenvinning Group is Norway's leading recycling company offering a wide range of sustainable waste management services and providing secondary raw materials.

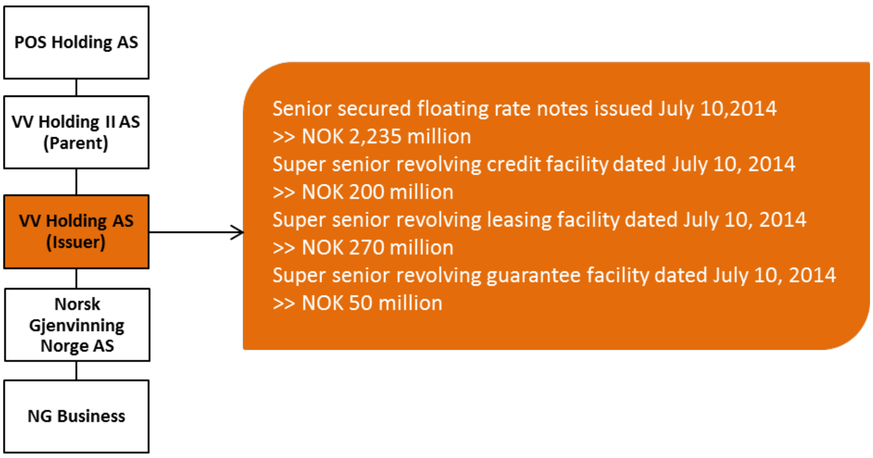
Norsk Gjenvinning is present in two markets; upstream and downstream;

- In the upstream market, Norsk Gjenvinning provides waste management services to local businesses, the municipal sector and private households in Norway, Sweden, Denmark and the United Kingdom
- The downstream markets consist of production/pre-treatment and sales of (i) secondary raw materials, such as recovered paper, plastic and metals to commodity producers in Scandinavia, Europe and Asia and (ii) fuels to waste-to-energy customers in Norway and Sweden

The Group's vision is to turn waste into the solution for tomorrow's resource problems. The Group's mission is to work tirelessly to become the industry's most customer-oriented, efficient and profitable player, with the goal of being perceived as the most important recycling company in the Nordic region. The Group's operations are based on our four core values; salesmanship, proactivity, responsibility and team spirit.

The Group has approximately 1,400 employees, 44,000 customers and handles 1.8 million tonnes of waste per year – 39% of which goes to material recycling, 44% to energy recycling and 17% to landfill and other.

The following illustrates the Group Structure:



The Group's businesses consist of the following divisions:

- **Division Recycling:** Operations include collection, sorting and treatment/recycling of mixed industrial waste, paper, plastics, wood chips and other non-hazardous waste fractions, and operation of municipal recycling stations
- **Division Metal:** Operations include collection, sorting and treatment/recycling of all kinds of ferrous and non-ferrous metals, including vehicles, cables, and electrical waste
- **Division Industry & Offshore:** Operations include (i) Collection and treatment of hazardous waste, (ii) Industrial services, including tank cleaning, plant maintenance stops, cleaning of sand traps and oil separators, pipe inspection and high-pressure suction, and (iii) Emergency services (oil spills, etc.)
- **Division Household Collection:** Operations consist of collection of household waste on behalf of Norwegian and Swedish municipalities.
- **Other Business areas:** Operations include (i) Downstream sales of processed waste and trading, (ii) Secure handling and destruction of documents, (iii) Development and operation of Landfill projects for low level contaminated soil, (iv) Demolition and restoration of buildings and (v) all other businesses

Norsk Gjenvinning Norge AS is owned by VV Holding AS, and POS Holding AS as the ultimate parent. POS Holding AS is controlled by Altor Fund III.

Consolidated companies:

VV Holding AS (Issuer)
Norsk Gjenvinning Norge AS 100%
Norsk Gjenvinning AS 100%
Norsk Gjenvinning Downstream AS 100%
Norsk Gjenvinning Industri AS 100%
Norsk Gjenvinning Metall AS 100%
Norsk Gjenvinning Miljøeiendommer AS 100%
Norsk Gjenvinning Offshore AS 100%
Norsk Gjenvinning Plast 100%
Norsk Gjenvinning Renovasjon AS 100%
Norsk Makulering AS 100%
Nordisk Genanvendelse aps (DK) 100%
Nordisk Återvinning Trading AB (SE) 100%
Nordisk Återvinning Service AB (SE) 100%
Norsk Gjenvinning Renovasjon Service AS 100%
NG Fellestjenester AS 100%
NG Vekst AS 100%
Eivind Koch Rørinspeksjon AS 100%
Humlekjær og Ødegaard AS 100%
IBKA A/S (DK) 100%
IBKA AB (SE) 100%
IBKA UK Ltd (UK) 100%
Løvås Transportfirma AS 100%
Tomwil Miljø AS 100%
Metall & Gjenvinning AS 100%
Rivningsspesialisten AS 100%
Wilhelmsen Containerservice AS 100%
Ødegaard Gjenvinning AS 100%
Bingsa AS 100%
Hegstadmoen 7 AS 100%
Taranrødveien 85 AS 100%
Opphaugveien 6 AS 100%
Øra Eiendom Utvikling AS 100 %
Norsk Gjenvinning M3 AS 100%
Asak Massemottak AS 100%
Løvenskiold Massemottak AS 100%
Kopstad Massemottak AS 100%
Borge Massemottak AS 100%
Skjørten Massemottak AS 100%
Solli Massemottak AS 100%

Ownership <100%
R3 Entreprenør Holding AS 81.25%
R3 Entreprenør AS 81.25%
R3 Entreprenør Innland AS AS 81.25%
SRM Eiendom AS 81,25%
Østfold Gjenvinning AS 66%
iSekk AS 55%

If not explicitly mentioned otherwise, the financial information contained in this report relates to the unaudited financial information on a consolidated basis at the Issuer level for the three months ended March 31, 2016 and March 31, 2015 respectively.

COMMENTS BY THE CEO

Challenging markets continue to put pressure on profits. Our focus on cost reductions is continuing unabated but in Q1 we were unable to offset negative market pressures by reducing costs, thus our gross margins and EBITDA declined year over year. EBITDA weakened further due to seasonality effects, i.e. Easter being in Q1 this year, compared to Q2 last year. On the positive side, we continued our efforts to increase upstream prices to normalize margins, and we now see competitors acting correspondingly to pass on increased downstream costs to upstream customers. The NG group has now been repositioned and when market conditions stabilize, we expect a positive development for the group.

HIGHLIGHTS Q1 2016

- A reduction in operating revenue of 8.0% compared to Q1 2015
- 7.8% reduction in waste volumes compared to Q1 2015
- 0.6% drop in gross margins
- Adjusted EBITDA of NOK 34.2 million
- NG200 cost and productivity initiatives being implemented according to plan operating costs reduced by gross NOK 22.6 million, net NOK 10.6 million in NG core divisions

Towards the end of 2015, we experienced challenging markets with plummeting metal prices, lower demand from incineration plants based on high inventories due to mild winters and upward pressure on gate fees fueled by UK RDF exports and a strong GBP. These negative pressures continued in Q1 with the exception of UK RDF exports, which have levelled off. The GBP depreciated towards the end of 2015 making it less profitable to export waste.

Volumes declined further in Q1. Overall, sales volumes from our main fractions in Division Recycling and Division Metal decreased by 26,495 thousand tons year over year in Q1, from 341,190 tons in 2015 to 314,695 tons in 2016. Recycling fractions were down due to seasonality (Easter being in Q1 in 2016 compared to Q2 in 2015) and a decline in paper volumes from households, while the reduction in ferrous volumes was of 13.0%. Consequently, group operating revenues fell by 8,0% for the quarter, of which approximately half, or 4.0% was due to seasonality. We continue to see reduced activity and reduced volumes from customers in the Oil and Offshore sector, certain industrial sectors in south-east of Norway and a weakening retail sector.

Scrap ferrous prices (CELSA index) remained at record low levels during the quarter. Price levels not seen since the Lehman credit crunch in 2009. Non-ferrous metal prices were flat to slightly positive. As mentioned in previous reports, extremely low scrap ferrous prices have a direct negative effect on gross profit in the Recycling division, since these metals are sorted out from the processing of waste. In the metals division, the market holds back volumes when prices are extremely low resulting in lower production, lower utilization of the asset base and lower downstream sales. In the first week of April, the CELSA index increased significantly. Increases have continued throughout April and May and prices are now back in the NOK 950-1000 per ton range, levels not seen since Q2 2015. We therefore expect a significant increase in volumes and increased profitability in the metals division going forward. This will also have a positive impact on division Recycling.

RDF markets were challenging in Q1. Incineration gate fees were higher than a year earlier by approximately NOK 100 per ton. Inventories at incineration plants are still high, but the situation has improved during Q1. Consequently, we were able to reduce our own inventories of baled waste by approximately 20,000 tons and we expect to deliver the remainder to incineration plants in Q2 and Q3. To mitigate increased downstream gate fees, we successfully increased upstream prices in Q1, without losing our competitive edge as competitors are acting correspondingly to pass on their increased downstream costs. We also started to seek downstream solutions outside of Scandinavia. We will continue to focus on increased quality of finished products, more efficient freight solutions to downstream customers and increased sales of ancillary services to outweigh any negative gross profit effects from increased gate fees.

Overall, out adjusted EBITDA fell by NOK 35.6 million year over year, of which we estimate NOK 12-14 million to be due to Easter being in Q1 this year. Our response to these challenging market conditions will continue to be our aggressive drive to cut costs and increase productivity, combined with efforts to improve gross margins through increased upstream prices. This will be our major focus in the remainder of 2016.

Our focused businesses incl. Division Household Collection continue to show improvement. Together these four businesses saw an increase in EBITDA of 9.9% from 21.3 MNOK in Q1 2015 to 23.4 MNOK in Q1 2016.

All in all, our results in Q1 were weak and we expect the market in 2016 to remain challenging. However, as mentioned in our previous quarterly report, we have entered the year with a stable and strong leadership team, top motivated employees, and a very strong score in customer polls. We will continue our aggressive drive to cut costs and increase productivity, combined with efforts to maintain and improve gross margins through increased upstream prices. This will be our major focus in 2016. The NG group is now repositioned in a very positive way and when market conditions improve we expect to be able to ripe the full benefits of our reduced cost base and strong position.

Erik Osmundsen
CEO

KEY FINANCIAL FIGURES

(NOK'000)	**Q1 2016**	**Q1 2015**	**Variance**
Operating revenue	921 004	1 000 779	(79 775)
Gross profit	456 102	501 595	(45 493)
Gross margin	*49,5 %*	*50,1 %*	*(0,6 %)*
EBITDA (1)	34 955	69 760	(34 805)
EBITDA margin	*3,8 %*	*7,0 %*	*(3,2 %)*
Adjusted EBITDA (2)	34 196	69 760	(35 564)
Adjusted EBITDA margin	*3,7 %*	*7,0 %*	*(3,3 %)*
Net cash flow from operating activities	(13 258)	3 250	(16 508)
Capital expenditures	(40 001)	(30 407)	(9 594)
Net interest bearing debt (3)	2 360 316	2 376 358	(16 042)
Total assets	3 332 092	3 497 486	(165 395)

Consolidated unaudited figures.

(1) EBITDA represents operating results before depreciation and amortization.
(2) Adjusted EBITDA represents EBITDA as adjusted for certain non-recurring and/or non-cash costs. Adjusted EBITDA is presented because it may be a relevant measure for assessing underlying performance for a given period. This measure is not a defined financial indicator under IFRS.
(3) Net interest bearing debt includes a shareholder loan from the parent in the amount of NOK 139 million as of March 31, 2016 (including accrued interest). The shareholder loan is subordinated to all secured senior obligations.

RESULTS OF OPERATIONS

Operating revenue decreased by NOK 79.8 million or 8.0% from NOK 1,000.8 in Q1 2015 to NOK 921.0 million in Q1 2016. This was primarily due to reduced scrap ferrous prices and reduced volumes in metals, seasonality (Easter effect) in division recycling and lower activity in division Industry & Offshore.

Gross profit decreased by NOK 45.5 million, or 9.1% from 501.6 in Q1 2015 to NOK 456.1 million in Q1 2016. The gross margin fell from 50.1% in Q1 2015 to 49.5% in Q1 2016. A reduction in ferrous metals prices has a direct negative effect on gross profit in the Recycling division, since these metals are sorted out from the processing of waste. In the Metals Division extremely low prices lead to less metal being offered for collection and a lower utilization of the fixed cost base in production. Furthermore, incineration gate fees were slightly higher than a year earlier due to lower demand in lieu of a mild winter and UK waste imports. During the quarter, we managed to reduce total inventory of baled waste from 2015 by approximately 20.000 tons. We expect to deliver the remainder, approximately 20.000 tons, to incineration during Q2 and Q3. We continue our focus on increased quality of finished products, better pricing, more efficient freight solutions to downstream customers and increased sales of ancillary solutions to counteract negative pressures on gross profit in division Recycling. In Division Industry and Offshore gross profit fell as a result of lower activity.

Our cost reduction initiatives are being implemented according to plan, lowering operating costs in core divisions (Recycling, Metals, Industry& Offshore and Downstream) by NOK 22.6 million in Q1 2016 compared to Q1 2015, or NOK 10.6 million adjusted for special items in 2015. This in spite of cost increases from disturbances in deliveries of waste to incineration plants. Consequently, adjusted EBITDA decreased by NOK 35.6 million or 51.0% from NOK 69.8 million in Q1 2015 to NOK 34.2 million in Q1 2016.

The following table reconciles EBITDA to adjusted EBITDA for the periods indicated:

(NOK'000)	**Q1 2016 Consolidated unaudited**	**Q1 2015 Consolidated unaudited**
EBITDA	**34 955**	**69 760**
Change in provision for onerous contract[1]	(758)	-
Adjusted EBITDA	**34 196**	**69 760**

(1) During the fourth quarter 2015, an onerous contract was identified in the Household collection division. A provision of NOK 9.2 million has been recognized as other operating expenses in the three and twelve-month periods ending December 31, 2015. The contract in question runs until August 2019, with a two year option for the counterpart. An assumption of total duration of contract of five years and eight months has been used in the calculation of the estimated loss.

The adjustments reconciling EBITDA and adjusted EBITDA represent an illustration of how underlying operational EBITDA has been affected by, what the company perceives to be one-time items.

CAPITAL EXPENDITURES

Capital expenditures increased by NOK 9.6 million, or 31.6%, from NOK 30.4 million in the first three months of 2015 to NOK 40.0 million in the first three months of 2016. Growth capital investments in 2016 was NOK 1.9 million related to new collection vehicles in Division Household collection. Capital expenditures are according to plan.

CASH FLOW

(NOK'000)	**Q1 2016 Consolidated, unaudited**
Net cash flow from operating activities	(13 258)
Net cash flow from investing activities	(33 301)
Net cash flow from financing activities	(53 507)
Net change in cash and cash equivalents for the period	**(100 066)**
Effect of exchange rate changes	(635)
Cash and cash equivalents at the beginning of the period	219 819
Cash and cash equivalents at the end of the period	**119 118**

Cash from operating activities in the first three months of 2016 showed an outflow of NOK 13.3 million, which was NOK 16.5 million lower than the same period previous year. During the year, there was a negative cash effect from net working capital primarily driven by reductions in trade payables.

Cash outflow from investing activities in Q1 2016 was NOK 33.3 million compared to NOK 30.1 million in previous year. The change in cash outflow was caused by the net effect of increased capital expenditures paired with higher proceeds from sale of non-current assets in the period.

Cash outflow from financing activities was NOK 53.5 million in the first three months of 2016 compared to NOK 36.4 million in the same period previous year. The primary reason for the variation in cash flow from financing activities was a net increase in the credit facility in Q1 2015.

Cash and cash equivalents fell by NOK 100.7 million year to date 2016 from NOK 219.8 million per December 31, 2015 to NOK 119.1 million as of March 31, 2016.

FINANCIAL POSITION

NET INTEREST BEARING LIABILITIES

Net interest bearing debt of the Issuer and its subsidiaries, on a consolidated basis was NOK 2,360.3 million as of March 31, 2016, compared to NOK 2,263.5 as of December 31, 2015. Net interest bearing debt has increased due to a decrease in cash and cash equivalents during the first quarter of 2016, which is a normal seasonal development.

As of March 31, 2016 NOK 1,400 million of the interest bearing debt is swapped from floating to fixed interest rate and will remain at this level until maturity of the bond.

CAPITALISATION

The following table sets forth the cash and cash equivalents and capitalization of the Issuer and its subsidiaries, on a consolidated basis.

(NOK '000)	**As of March 31, 2016**	**As of December 31, 2015**
Cash and cash equivalents	**119 117**	**219 819**
Indebtedness:		
Revolving credit facility (1)	540	529
Leasing facility (2)	62 343	68 558
NOK Senior secured notes (3)	2 272 756	2 272 737
Senior bank debt	4 950	5 228
Total third-party indebtedness	**2 340 589**	**2 347 052**
Shareholder loan	138 844	136 226
Total equity	107 918	166 086
Total capitalization	**2 706 468**	**2 869 183**

(1) The Issuer has entered into a Revolving Credit Facility Agreement on July 10, 2014 to provide for a Revolving Credit Facility in the amount of NOK 200.0 million to finance or refinance the general corporate and ongoing working capital needs of the Group. As of March 31, 2016, the Revolving Credit Facility is undrawn. Accrued, unpaid interest amounted to NOK 0.5 million.

(2) The Issuer has entered into a Leasing Facility Agreement on July 10, 2014 in the amount of NOK 270.0 million to finance the needs of the Group and for investments in collection vehicles in Division Household collection. As of March 31, 2016, the Leasing facility is drawn by NOK 62.3 million.

(3) On July 10, 2014 the Issuer conducted a successful placement of a senior secured floating rate note in the amount of NOK 2,235.0 million. As of March 31, 2015 the total amount outstanding, including accrued unpaid interest and unpaid amounts on interest rate swaps are NOK 2,272.8 million. The issuer may, provided that an incurrence test is met, at one or more occasions issue additional bonds under the existing bond agreement up to the amount of NOK 500 million.

OPERATING AND FINANCIAL REVIEW

Adjusted EBITDA in the operating and financial review of the main divisions represents EBITDA as adjusted for certain non-recurring and/or non-cash costs and before allocation of overhead HQ costs. From 2016 all internal rent charges are allocated to the divisions. Furthermore, and as part of the NG200 program, hazardous waste and municipal technical services have been relocated from Division Industry & Offshore to Division Recycling. In order to be able to compare 2016 with 2015, Q1 2015 figures have been proforma adjusted to reflect these changes.

DIVISION RECYCLING

(NOK'000)	Q1 2016	Q1 2015 Reported	Q1 2015 Proforma	Variance
Total revenue	491 361	456 473	516 376	(25 015)
Adjusted EBITDA (before internal charges)	21 815	21 100	26 098	(4 283)
Adjusted EBITDA margin	*4,4 %*	*4,6 %*	*5,1 %*	*(0,6 %)*

	YTD Q1 2016	YTD Q1 2015	Variance
Collection assignments	766 600	822 677	(6,8 %)
Total waste treated (tons)	261 330	279 725	(6,6 %)

Total revenues in Division Recycling declined by NOK 25 million, or 4.8%, from NOK 516.4 million in Q1 2015 pro forma to NOK 491.4 million in Q1 2016. The decline in revenue and EBITDA is due to a 6.6% decline in waste volumes and 6.8% decline in collection assignments, primarily caused by seasonal effects (Easter falling in Q1 2016 vs. Q2 2015), overall decline in paper volumes from households and extremely low scrap metal ferrous prices during the quarter.

Adjusted EBITDA before internal charges decreased with NOK 4.3 million, from NOK 26.1 million in Q1 2015 pro forma to NOK 21.8 million in Q1 2016. A fall in adjusted EBITDA is due to a fall in revenues, pressure on gross profit from falling scrap metal ferrous prices and increased incineration gate fees. The decline is offset by NG200 measures and upstream price increases. Adjusted for seasonality, EBITDA is approximately flat compared to 2015.

DIVISION METAL

(NOK'000)	Q1 2016	Q1 2015 Reported	Q1 2015 Proforma	Variance
Total revenue	159 622	227 524	227 524	(67 902)
Adjusted EBITDA (before internal charges)	(1 627)	34 452	26 811	(28 438)
Adjusted EBITDA margin	*(1,0 %)*	*15,1 %*	*11,8 %*	*(12,8 %)*

	YTD Q1 2016	YTD Q1 2015	Variance
Ferrous volumes (tons)	46 443	53 381	(13,0 %)
Non-ferrous volumes (tons)	6 922	8 084	(14,4 %)

Total revenues in Division Metal fell by NOK 67.9 million, or 29.9%, from NOK 227.5 million in Q1 2015 to NOK 159.6 million in Q1 2016. The Division experienced over 50% lower scrap ferrous prices during the quarter compared to Q1 2015 and a 13.1% reduction in volumes. Volumes typically fall when scrap ferrous prices are extremely low since less scrap metal is offered for collection. Easter in Q1 influenced volumes negatively as well.

Adjusted EBITDA before internal charges fell by NOK 28.4 million, from NOK 26.8 million in Q1 2015 proforma to NOK -1.6 million in Q1 2016. Lower production margins, lower sales volumes and reduced sales margins on both ferrous and non ferrous metals had a negative impact on EBITDA. There was also a reduction in sales volumes from bottom ash production due to delays with export licenses. Cost reduction initiatives were implemented according to plan.

Prices and volumes of scrap ferrous picked up significantly during the last week of March and this has continued into April and May. We expect much better earnings in Q2 compared to Q1.

DIVISION INDUSTRY & OFFSHORE

(NOK'000)	Q1 2016	Q1 2015 Reported	Q1 2015 Proforma	Variance
Total revenue	88 404	134 470	94 206	(5 475)
Adjusted EBITDA (before internal charges)	(2 574)	9 418	3 536	(6 110)
Adjusted EBITDA margin	*(2,9 %)*	*7,0 %*	*3,8 %*	*(6,7 %)*

Total revenue in Division Industry & Offshore decreased by NOK 5.5 million, or 5.8%, in Q1 2016 from NOK 94.2 in Q1 2015 proforma to NOK 88.4 million in Q1 2016. The decrease was due to a slow start in some industrial markets, and reduced activity in the offshore sector located in midwest Norway.

Adjusted EBITDA before internal charges fell by NOK 6.1 million from NOK 3.5 million in Q1 2015 proforma to NOK -2.6 million in Q1 2016. The reduction in EBITDA was due to a decrease in gross margins (combination of price and product mix) and lower volume. Wages and other fixed costs were in line with or below last year.

DIVISION HOUSEHOLD COLLECTION

(NOK'000)	Q1 2016	Q1 2015 Reported	Variance
Total revenue	83 987	82 689	1 298
Adjusted EBITDA (before internal charges)	9 579	9 367	212
Adjusted EBITDA margin	*11,4 %*	*11,3 %*	*0,1 %*

No proforma adjustments are made in Division Household Collection.

Total operating revenue increased by NOK 1.3 million, or 1,6%, from NOK 82.7 million in Q1 2015 to NOK 84.0 million in Q1 2016. The increase in revenues relates to higher activity on existing contracts, startup of new contracts and index adjustments.

Adjusted EBITDA increased by NOK 0.2 million compared to Q1 2015, in spite of higher vehicle maintenance costs.

In Q1, Gothenburg municipality announced its intent to award Division Household Collection the contract for collection of municipal waste for the region defined as Northeast Gothenburg . In Q2 Västblekinge Miljö announced its intent to award Division Household Collection the contract for collection of municipal waste in sections of Blekinge municipality. Competitors have filed complaints over the awards, the outcome of the complaints is unknown as of report date.

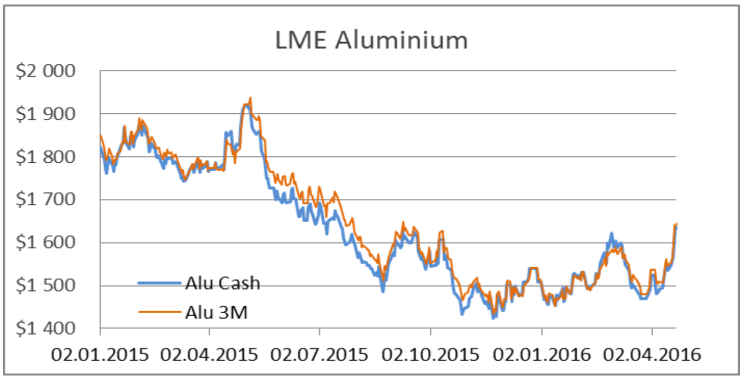
MARKET CONDITIONS

The inventory price risk is related to paper and metals that are discovered in the sorting process of waste (it is not possible to predict these volumes) and the estimation of throughput timing. Inventory positions on Aluminium, Copper and Nickel are being hedged.

DEVELOPMENT IN METAL PRICES

ALUMINIUM

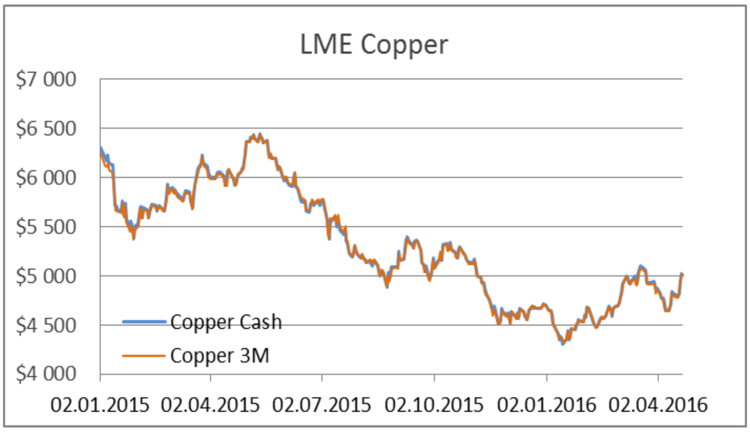
Aluminum prices did not rebound as much as other base metals and continued its sideways movement with the top just below 1600 USD in Q1. Global aluminum stock levels are still rather high and announced production cuts have not kicked in, yet. Supply-side fundamentals are expected to remain weak.



LME Aluminium – 2015 and 2016

COPPER

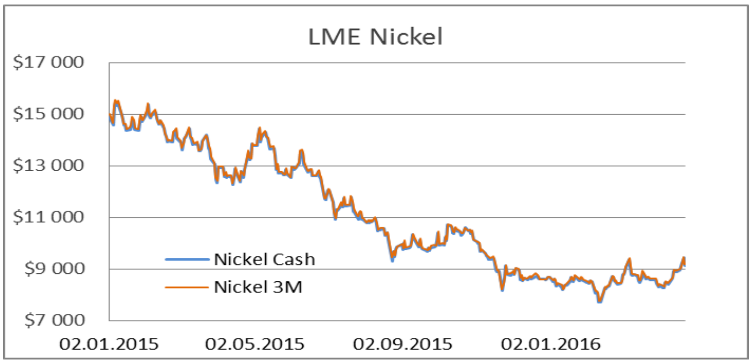
Q1 2016 was characterized by a price recovery on the copper market, hitting USD 5,000 end of March, supported by a more stable price trend for crude oil and other raw materials. The trend was also positively influenced by the weaker US dollar and a more optimistic view on the Chinese real estate market. The near-term outlook is less pessimistic compared to the beginning of the year, but still cautious.



LME Copper – 2015 and 2016

NICKEL

Nickel has been volatile in Q1. After reaching a low of $7500 in February investor sentiment turned more positive, on the back a strong recovery in other commodities, also benefitting the Nickel price. With current high level of inventories and the oversupply in the market, the downward pressure is expected to continue.



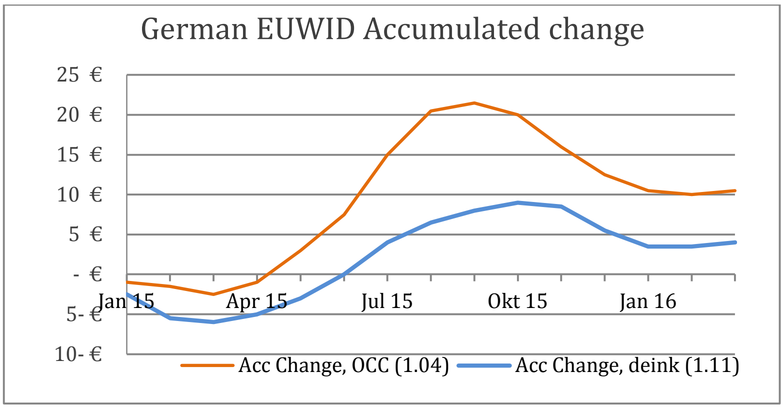
LME Nickel – 2015 and 2016

IRON ORE & STEEL

Iron ore prices increased towards the end of Q1 to the highest level since January 2015, to above $65 per ton, from a quarterly low at below $40 per ton. Prices and demand for finished steel products also increased during Q1. We expect this to lead to an increase in scrap ferrous prices going forward, from extreme lows in Q1.

DEVELOPMENT IN PAPER PRICES

European recovered paper prices fell slightly in January, but towards the end of Q1 there was again a slight increase for all main grades. We expect the price increase to continue into Q2. China has seen an increase of around USD 10 for OCC during Q1, but for Q2 we expect the European market to be stronger than the Chinese. We see stable demand at relatively high price levels.



DEVELOPMENT WASTE-TO-ENERGY

WOODCHIPS

A mild winter resulted in lower demand than normal, which in turn put pressure on prices in Q1. Wood waste quality has been good, resulting in retained price levels.

REFUSE DERIVED FUEL (RDF)

During Q1 the market for RDF in Scandinavia continued to be quite saturated. Many incineration plants focused on reducing inventory levels, but we have seen gate fees for RDF stabilizing rather than increasing during Q1.

UPDATE OF MATERIAL RISK FACTORS AND EVENTS AFTER REPORTING PERIOD

No significant changes in risk factors have been identified. For additional explanations regarding risks and uncertainties, please refer to the Board of Directors Report section Risk and Risk Management and Note 23 Financial Risk Management in the 2015 Annual Report.

MATERIAL CHANGES IN LIQUIDITY AND CAPITAL RESOURCES

The Group continually analyses its liquidity and capital resources position. The Group has assessed its currently available capital resources and its current liquidity position as satisfactory and not noted any material changes in the current period.

EVENTS AFTER REPORTING PERIOD

Offer for real-estate portfolio

On May 20th, 2016 Norsk Gjenvinning received an offer from a leading Nordic investor for the purchase of a property portfolio consisting of five (5) Norsk Gjenvinning properties on sale and lease back terms. The offer is subject to financing and successful due diligence.

The Board of Norsk Gjenvinning Norge AS in its board meeting on May 26th, 2016 decided to accept the offer, subject to final Board approval, and granted the bidders exclusivity until July 1st, 2016 to finalise the transaction.

CONDENSED INTERIM FINANCIAL STATEMENTS

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(NOK'000)	**Q1 2016**	**Q1 2015**
Revenue	919 386	1 000 449
Other income	1 618	330
Total operating revenue	**921 004**	**1 000 779**
Cost of goods sold	464 902	499 184
Employee benefits expense	251 934	253 039
Depreciation and amortization expense	59 217	59 964
Other operating expenses	167 104	181 557
Other (gains)/losses - net	2 109	(2 762)
Operating profit	**(24 262)**	**9 796**
Finance income	4 587	833
Finance costs	49 852	57 724
Profit / (loss) before income tax	**(69 526)**	**(47 095)**
Income tax expense	(19 425)	(12 409)
Profit / (loss) for the period from continuing operations	**(50 101)**	**(34 686)**
Profit / (loss) attributable to:		
Owners of the parent	(50 499)	(34 728)
Non-controlling interests	398	42

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK'000)	**Q1 2016**	**Q1 2015**
Profit / (loss) for the period	**(50 101)**	**(34 686)**
Items that may be subsequently reclassified to profit and loss		
Currency translation differences	(1 180)	(2 201)
Interest rate swaps - cash flow hedges (after tax)	(4 130)	9 566
Net other comprehensive income / (loss) for the period	**(5 310)**	**7 365**
Comprehensive income / (loss) for the period	**(55 411)**	**(27 321)**
Comprehensive income attributable to:		
Owners of the parent	(55 809)	(27 363)
Non-controlling interests	398	42

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(NOK'000)	**31.03.2016**	**31.12.2015**
Non-current assets		
Property, plant & equipment	1 016 825	1 031 968
Intangible assets	141 316	152 007
Goodwill	1 229 559	1 229 559
Deferred tax assets	95 179	76 226
Investments in associated companies	12 393	12 393
Other non-current receivables	31 122	28 338
Total non-current assets	**2 526 394**	**2 530 492**
Current assets		
Inventories	75 486	87 536
Trade and other receivables	609 397	596 309
Derivative financial instruments	1 698	-
Cash and cash equivalents	119 117	219 819
Total current assets	**805 698**	**903 664**
Total assets	**3 332 092**	**3 434 157**

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

(NOK'000)	**31.03.2016**	**31.12.2015**
Equity attributable to owners of the parent		
Ordinary shares	45 348	45 348
Share premium	330 011	330 011
Additional paid in capital	7 970	7 970
Retained earnings	(287 818)	(232 009)
Total equity attributable to owners of the parent	**95 512**	**151 321**
Non-controlling interest	12 406	14 765
Total equity	**107 918**	**166 086**
Non-current liabilities		
Loans and borrowings	2 383 395	2 380 419
Derivative financial instruments	65 142	59 635
Deferred income tax liabilities	39 797	41 174
Post-employment benefits	7 014	7 265
Provisions for other liabilities and charges	100 352	102 312
Total non-current liabilities	**2 595 699**	**2 590 804**
Current liabilities		
Trade and other payables	560 562	602 335
Current income tax	0	1 960
Loans and borrowings	56 695	60 519
Derivative financial instruments	1 307	3 999
Provisions for other liabilities and charges	9 910	8 454
Total current liabilities	**628 475**	**677 267**
Total liabilities	**3 224 174**	**3 268 071**
Total equity and liabilities	**3 332 092**	**3 434 157**

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK'000)	**Q1 2016**	**Q1 2015**
Profit / (Loss) before income tax	**(69 526)**	**(47 095)**
Adjustments for:		
Income tax paid	(1 776)	-
Depreciation and amortization charges	59 217	59 964
Items reclassified to investing and financing activities	44 925	56 891
Other P&L items without cash effect	(630)	(6 548)
Changes in other short term items	(45 468)	(59 962)
Net cash flow from operating activities	**(13 258)**	**3 250**
Payments for purchases of non-current assets	(40 001)	(30 407)
Proceeds from sale of non-current assets	6 700	330
Net cash flow from investing activities	**(33 301)**	**(30 077)**
Repayment of borrowings	(278)	(5 674)
Net change in credit facility	(5 547)	18 649
Dividend paid to non-controlling interest	(2 757)	-
Net interest paid	(44 925)	(49 333)
Net cash flow from financing activities	**(53 507)**	**(36 358)**
Net increase in cash and cash equivalents	**(100 066)**	**(63 186)**
Effect of exchange rate changes	(635)	-
Cash and cash equivalents at beginning of period	219 819	161 068
Cash and cash equivalents at end of period	**119 118**	**97 882**

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONDENSED STATEMENT OF CHANGES IN EQUITY – Q1 2016

(NOK'000)	**Attributable to the owners of the parent**	**Non-controlling interest**	**Total equity**
At 1 January 2016	**151 321**	**14 765**	**166 086**
Profit / (loss)	(50 499)	398	(50 101)
Net other comprehensive income / (loss)	(5 310)	-	(5 310)
Transactions with non-controlling interest	-	(2 757)	(2 757)
At 31 March 2016	**95 512**	**12 406**	**107 918**

CONDENSED STATEMENT OF CHANGES IN EQUITY – Q1 2015

(NOK'000)	**Attributable to the owners of the parent**	**Non-controlling interest**	**Total equity**
At 1 January 2015	**206 399**	**14 218**	**220 617**
Profit / (loss) YTD	(34 728)	42	(34 686)
Net income/(loss) OCI	7 365	-	7 365
At 31 March 2015	**179 036**	**14 260**	**193 296**

The interim financial information has not been subject to audit.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING PRINCIPLES

VV Holding AS is a wholly owned subsidiary of POS Holding AS (and is part of the Norsk Gjenvinning-group).

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the Annual Report 2015. These condensed consolidated interim financial statements have not been audited or subject to a review by the auditors.

Accounting principles applied in the preparation of these condensed consolidated interim financial statements for the period ended March 31, 2016, are consistent with those applied in the annual consolidated financial statements for 2015. Comparative prior period information has been prepared on the same basis as current period information. All figures refer to thousands of Norwegian kroner (NOK'000) unless otherwise specified

NOTE 2 - FINANCIAL ITEMS

(NOK'000)	**Q1 2016**	**Q1 2015**
Interest income	432	833
Other financial income	4 155	-
Financial income	**4 587**	**833**
Non cash interest expenses	2 617	3 062
Cash interest expenses	44 091	45 615
Other financial expenses	3 144	9 047
Financial expenses	**49 852**	**57 724**
Net financial income (expenses)	**(45 265)**	**(56 891)**

NOTE 3 - SENIOR SECURED FLOATING RATE NOTES

On July 10 (the Issue Date), 2014 VV Holding AS (the Issuer) issued Senior Secured Floating Rate Notes (the Bond) in the amount of NOK 2,235 million. The Bond matures on July 10, 2019 (the Maturity Date) and is to be repaid in full at the Maturity Date. Interest is set quarterly at NIBOR + 525 bp. The Issuer may, provided that the incurrence test is met, at one or more occasions issue additional bonds under the Bond agreement, in the amount of up to NOK 500 million, up to five (5) business days prior to the Maturity Date. The incurrence test is met if the ratio of Net Interest Bearing Debt to EBITDA, as defined in the Bond agreement, is not greater than:

- 5.00 prior to the date falling 18 months after the Issue Date
- 4.50 from and including the date falling 18 months after the Issue Date to, but not including, the date falling 48 months after the Issue Date
- 4.00 from and including the date falling 48 months after the Issue Date to, but not including the Maturity Date.

The bonds are listed on the Oslo Stock Exchange. For further information about the Bond, we refer to the Bond agreement.

NOTE 4 - SEGMENT NOTE

REVENUE 2016 *(NOK'000)*	**Revenue from external customers Q1 2016**	**Inter segment revenue Q1 2016**	**Total segment revenue Q1 2016**
Recycling	398 480	92 881	491 361
Metal	159 073	549	159 622
Household collection	83 672	314	83 987
Industry & offshore	87 029	1 375	88 404
Other businesses	189 012	(76 298)	112 713
HQ and eliminations	2 119	(18 821)	(16 702)
Total	**919 386**	-	**919 386**

REVENUE 2015 *(NOK'000)*	**Revenue from external customers Q1 2015**	**Inter segment revenue Q1 2015**	**Total segment revenue Q1 2015**
Recycling	374 643	81 830	456 473
Metal	221 740	5 784	227 524
Household collection	82 590	99	82 689
Industry & offshore	132 297	2 173	134 470
Other businesses	188 081	66 069	254 149
HQ and eliminations	1 098	(155 954)	(154 857)
Total	**1 000 449**	-	**1 000 449**

EBITDA BEFORE INTERNAL CHARGES

(NOK'000)	**Q1 2016**	**Q1 2015**
Recycling	21 815	21 100
Metal	(1 627)	34 452
Household collection	10 337	9 367
Industry & Offshore	(2 574)	9 418
Other businesses	15 473	15 804
HQ and eliminations	(8 471)	(20 380)
Total	**34 955**	**69 760**
Depreciation and amortization expense	(59 217)	(59 964)
Finance income	4 587	833
Finance costs	(49 852)	(57 724)
Profit before tax	**(69 526)**	**(47 095)**

NOTE 5 - EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period have been described on page 14 under the heading “Update of material risk factors and events after the reporting period”.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed interim financial statements for the first three months of 2016 which have been prepared in accordance with IAS 34 Interim Financial Reporting give a true and fair view of the Group's consolidated assets, liabilities, financial position and results of operations, and that the interim report includes a fair review of the information under the Norwegian Securities Trading Act section 5–6 fourth paragraph.

Oslo, May 26, 2016

Per-Anders Hjort
Chairman of the Board
(sign.)

Pål Stampe
Director
(sign.)

Håkon Jahr
Director
(sign.)

Ylva Lindberg
Director
(sign.)

Erik Osmundsen
Chief Executive Officer
(sign.)

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