Group Annual Report 2015

VV Holding AS

April 6, 2016

Note: This translation from Norwegian has been prepared for information purposes only.

Reinforced position in sustainability and circular economy

VV Holding AS owns Norsk Gjenvinning Group, Norway's largest provider of recycling and environmental services. The Norsk Gjenvinning Group's ambition is to be the recycling sector's best player in terms of sustainable business development and in 2015 it reinforced its position within sustainable development and the future's circular economy.

Norsk Gjenvinning Group followed up prior year's strong results in a challenging market. The decline is primarily due to cyclical fluctuations that hit throughout Norway.

The Group reports total operating revenue of NOK 4 091 million which is a slight decrease from the previous year. Lower activity in the Norwegian mainland economy inhibited revenue growth, mainly because of lower prices on raw materials, while pressure on margins contributed to reduced profitability. In response to these challenges we have in 2015 focused strongly on cost reductions combined with efforts to increase prices on upstream activities to normalise the margins. These actions have succeeded in offsetting the negative effects from the economic slowdown. As a result of the above, the operating profit increased from NOK 89.3 million in 2014 to NOK 106.6 million in 2015. The net profit after tax was NOK -66.9 million, compared with NOK -128.0 million the year before.

2015 was a challenging year operationally, but with the investments and the efforts that have been put into improvement programs and the NG200 costs-cutting programme, the Board believes that Norsk Gjenvinning is in a good position to exploit growth opportunities and improve its profitability when the market conditions again stabilizes.

Highlights of 2015

- Over the last years we have built a **solid platform and position within compliance and circular economy**. In 2015, our spokespersons have been active in many different arenas – both traditional industry arenas, and in new arenas where innovative business opportunities within the circular economy are discussed. In 2015 we have started **capitalizing on our position** through developing our services with focus on the customer benefit of compliance and sustainability.

- We have completed and started a number of organizational changes to develop a holistic customer concept. The changes include the transfer of the responsibility for hazardous waste and municipally suction- and flushing services from division Industry and Offshore to division Recycling from the start of 2016. These changes will provide a **joint front towards the market**, make group more competitive, and strengthen Norsk Gjenvinning's position as Norway's leading recycling service provider.

- We have once more put **industry improvements** on the agenda through active work with media. Among the results, there was a series of articles in Aftenposten.

- We continued the implementation of the **cost and productivity initiatives NG200**. The program will run until the end of 2016 and the goal is to reduce net operating expenses with NOK 200 million. Adjusted for normal cost fluctuations and implementation cost, the calculated cost reduction in 2015 is NOK 70-72 million.

- We have developed our own **digital transportation coordination solution**. The system is installed in approximately 275 waste collection trucks. The operators receive live updated orders on computer screens, and can perform adjustments and corrections directly in the system from the truck cab as the assignment proceeds. The system reduces the number of kilometers driven and fuel consumption, as well as the need for follow-up paperwork and stress on the operators.

- We commit considerable resources on **research and development** (R&D), both internally and through investments. In 2015 we participated in several extensive projects with different research communities, for instance landfill optimization for acid-developing rock, development of mobile equipment for recycling of artificial grass fields and research into increased recycling efficiency of metal fragmentation plants.

Operations

Operations and locations
The Norsk Gjenvinning Group is Norway's leading provider of waste and recycling services. The Group operates through wholly and partly owned companies. The Group has operations across the country and is headquartered in Lysaker outside Oslo. The Group has approximately 1,400 employees and has also operations in Sweden, Denmark and the United Kingdom.

The annual report covers the parent company VV Holding AS and the wholly and partly owned subsidiaries which together form the Norsk Gjenvinning Group ("the Group").

Services and priorities
The operations are organised into three upstream-divisions, one downstream-division, in addition to four focused niche companies offering services related to environmentally friendly waste management and raw material extraction throughout the value chain. Each division and niche company is described in a separate section (Business areas) below.

The services include waste management, metal recycling, industrial services, hazardous waste, household waste collection, demolition, decontamination and security shredding. With over 70 facilities, Norsk Gjenvinning has the widest geographic coverage in the industry. Each year, the company handles 1.8 million tonnes of waste on behalf of over 44,000 customers. The Group has waste collection contracts with over 50 Norwegian local authorities and provides waste management services to private- and public-sector companies in Norway, Sweden, Denmark and the United Kingdom. Norsk Gjenvinning also sells raw materials to industrial businesses in Scandinavia, Europe and Asia.

New regulatory environment drives development
As awareness of the need for sustainable waste management has grown, waste management has also become subject to an increasing number of new laws, regulations and regulatory requirements. At the same time many businesses are striving to meet their own obligations under various environmental and quality standards. As a result of these developments, the services offered by Norsk Gjenvinning have become an important part of the nation's infrastructure. As regulatory requirements are continually being revised and strengthened, Norsk Gjenvinning continues to develop its services to help customers meet these new requirements. Each year, the Group invests substantial amounts in developing new products, services and technologies in response to changing requirements and expectations.

Focusing on the customer
Environmentally conscious solutions have become a competitive factor for many businesses. Norsk Gjenvinning enables sustainable waste management and good environmental initiatives for businesses across the country. Every day, the Group's employees help to make our customers' environmental work a little easier, through local services which have a global impact. In doing so we also free up time for our customers, enabling them to concentrate on their core operations.

Strategic platform
Our 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's overall strategic objectives are:

- Biggest and best in Norway
- A clear and differentiated position - leading in sustainable development, the customer's first choice, and cost leader with an industrialised and efficient value chain
- Strong position in Sweden on both the collection and allocation of waste
- Solid "foundations" with good internal quality, control and management systems.

These objectives constitute clearly defined guiding principles for the prioritisation of tasks in the Group. A key activity for ensuring that the company works effectively is the introduction of an anti-corruption programme, including control procedures. Great emphasis is also placed on building a strong internal culture based on the company's core values and the strategic platform. Such measures are costly and resource-intensive but are considered important in achieving our overall goal.

Report on the consolidated financial statements

The consolidated financial statements of VV Holding AS have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. For the submitted consolidated financial statements, there are no differences between IFRS as adopted by the EU and the IASB.

The Board confirm, to the best of their knowledge that the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole.

It is confirmed that the annual accounts have been prepared under the assumption that the enterprise is a going concern and that the conditions are present.

Income statement

The Group generated total operating revenue of NOK 4 091.0 million (4 136.3) and incurred operating expenses of NOK 3 984.4 million (4 047.0). The reduced operating revenue and expenses are mainly due lower waste rates and prices on raw materials. The Group has through its costs-cutting programme managed to reduce its cost base and offset the negative effects from lower volumes and prices on raw material. The Group's operating profit for 2015 therefore increased to NOK 106.6 million (89.3).

The Group's net financial expense in 2015 was NOK -209.5 million (-272.5). Financial items mainly comprise of interest on loans.

The consolidated profit before tax was NOK -103.0 million (-183.1). The consolidated net profit was NOK -66.9 million (-128.0).

Comprehensive income for the year was NOK -52.5 million (-107.8).

Balance sheet, financing and liquidity

Total non-current assets at year-end 2015 were NOK 2 530.5 million (2 616.6). Intangible assets were NOK 1 381.6 million (1,425.2). The Group has in 2015 invested NOK 164.7 million (258.8) in property, plant and equipment. Financial assets in 2015 totalled NOK 40.7 million (40.6).

Current assets were NOK 903.7 million (917.3), of which NOK 596.8 million (633.9) refers to receivables and NOK 219.8 million (161.1) to bank deposits and cash.

Consolidated equity at 31 December was NOK 166.1 million (220.6), representing an equity ratio of 4.8 per cent (6.2). Changes in equity is mainly due to allocation of this years' total comprehensive income.

Total liabilities at 31 December were NOK 3 268.1 million (3 313.2). Net interest-bearing liabilities were NOK 2 440.9 million, of which NOK 2 235.0 million refers to a long-term super senior floating rate note (the bond). The bond has maturity date July 10, 2019, and shall be fully repaid by this date. The interest rate is set at 3 month NIBOR +525 basis points. The bond is listed on Oslo Stock Exchange.

The Groups' liquidity is good, and it is not expected that there will be a need for additional liquidity. The Group has a NOK 200 million credit facility which is unused as of year-end 2015.

Cash flow

The Group's cash flow from operating activities was NOK 382.1 milion (385.9). The difference between the Group's operating cash flow and operating profit (NOK 106.6 million) is due to a positive development in working capital and adjustment for current period depreciations, amortisations and write downs.

The net cash flow from investing activities was NOK -136.2 million (-244.2). The reduction in net cash flow is due to lower investments in PPE.

The net cash flow from financing activities was NOK -188.1 million (-116.8). The change in cash flow is mainly due to increased interest payments in 2015 compared to 2014, and positive net cash flow from new loans partly offset by payment of admission costs in 2014.

Cash and cash equivalents at the end of 2015 were NOK 219.8 million. The corresponding figure for 2014 was NOK 161.1 million.

Ongoing litigation and claims
Norsk Gjenvinning Offshore (NGO) has been involved in a legal dispute with Scomi Oiltools Europe Ltd (Scomi) which was settled in the court of arbitration March 2014. The court sustained NGO's claim on all counts. The dispute concerned the financial settlement after the termination of a cooperation agreement on activities in Sandnessjøen in February 2012. The court of arbitration sentenced Scomi to pay NGO NOK 56.6 million plus litigation costs. There is an ongoing process in Scottish courts – enforcement proceedings – to ensure the amount. See note 24 and 16 to the consolidated accounts for further information.

Norsk Gjenvinning AS (NG) received a lawsuit from KLP Skadeforsikring AS in relation to a fire in their Stavanger facility in the amount of NOK 9.9 million. The case concerned a claim on legal remedy after an insurance payment to the lessor, due to damages on buildings caused by the fire on leased premises on Forusstranda in January 2013. In October 2014 the court in Stavanger sustained KLP's claim and sentenced NG to pay NOK 10.7 million including legal costs and interest to KLP. NG appealed the case to the Court of Appeal, and won this. After the court of Appeals' decision, NG has in 2015 reversed its provision on NOK 10.9 million booked in the 2014 accounts. KLP has appealed to Supreme Court. It is not decided when the case will be heared in Supreme Court. See note 28 and 21 to the consolidated accounts for further information.

Norsk Gjenvinning m3 AS (NGM3) has filed a lawsuit against Aalerudmyra AS et al. to the court in April 2016. NGM3s' claim is NOK 14.3 million due to breach of contract and unlawful use of trade secrets. See note 28 to the consolidated accounts for further information.

Business areas

The Group structure consists of four divisions; Recycling, Metal, Industry & Offshore and Downstream. The remainder divisions are defined as niche companies that report through their respective boards to the Group's CFO.

The operations are subject to strict quality and sustainability requirements.

Division Recycling
Through division Recycling, the Group offers customised solutions for sorting, collection and management of all types of waste.

The division has 601 employees and handled around 1.19 million tonnes of waste in 2015. Total operating revenue in 2015 was NOK 1 965.2 million (1 949.8).

The year has been characterized by continued restructuring, reorganisation and personnel replacements in the organisation, including additional changes to management. Market conditions have been challenging in 2015 with tough competition and competitors underbidding each other trying to gain volumes in shrinking markets, decreasing prices on raw materials, lower demand from incineration plants and pressure upwards on downstream costs. In spite of challenging market conditions, we managed to maintain an acceptable level on the earnings in 2015. This was achieved through large and successful cost reductions, avoiding of major costs related to compliance, and increased revenue from additional services. In 2015 it has also been worked on values and direction for the division, creating a more efficient plant structure and systematisation of customer support and sales activities. The extensive work related to improving the traceability and control was continued.

Division Metal
Recycling of metal covers the collection, receipt and processing of steel, metals, WEEE waste, cables and ash.

Metal has 12 facilities for recycling steel and metals. The division has 143 employees and handled around 238 000 tonnes of steel and metals and 86 000 tonnes of ashes in 2015. Total operating revenue in 2015 was NOK 805.7 million, down from NOK 865.3 million the year before.

Division Metal continues its efforts to reorganise the facility structure and industrialisation of the operations. The first full year with the new shredder at Øra Miljøpark, Fredrikstad, has been successful.

The market for metals has been challenging in 2015. Prices on ferrous was reduced with 51 % during the year, and Celsa class 1 basis price was NOK 575 per ton at year end. This is levels not seen since Lehman-collapse in 2008. Prices on non-ferrous metals were also lower in 2015 compared to prior year. In spite of decreasing prices, we are glad to report that we are capable of maintaining healthy margins on metal. This is mainly due to our successful policy in reducing price-risk on metal through high production volumes and low stocks, back-to-back agreements with customers, and active financial hedging of the residual volumes. Still, the major decrease in prices on raw materials caused a reduction in the activity and volumes in Q4, indicating a slow start of 2016.

Division Industry & Offshore
Division Industry & Offshore offers a broad spectrum of services in industrial cleaning and collection, receipt and processing of hazardous waste.

In 2015 the division's 210 employees in industrial services spent approximately 225 000 hours on customer assignments. The Industry and Offshore Division has a total of 13 handling and processing facilities in the south of Norway, as well as partners in the north of Norway. Nine of the facilities are receiving facilities for hazardous waste where Norsk Gjenvinning handled about 74,000 tonnes of hazardous waste in 2015.

Total operating revenue in 2015 was NOK 591.3 million, down from NOK 692.0 million the year before. The division has implemented major cost-saving measures through the NG200 programme with discontinuation of activities in Fredrikstad and Sweden. Operation was otherwise characterised by a generally lower activity both onshore and offshore, due to lower oil prices and lower volume input from oil companies. The division did not succeed in renewing the Waste Management contract with Statoil. Current contract runs out in April 2016.

Division Downstream
Division Downstream operates across the other three core divisions and seeks to maximise utilisation of the raw materials that are collected and processed. The division's commodities brokers are leading in Norway and ensure that the Group achieves the right prices on sales of raw materials to industrial enterprises in Scandinavia, Europe and Asia. In addition to this, the division carries out limited trading activities; 215 000 tonnes in 2015. The division had 32 employees in 2015.

Downstream generated external trading revenue of NOK 145.6 million in 2015, compared to NOK 74.5 million the year before.

Niche company: Norsk Gjenvinning Renovasjon (Household collection)
Norsk Gjenvinning Renovasjon AS is a supplier of refuse collection services throughout Norway and is a leading player in this market, collecting household waste on behalf of municipalities and intermunicipal companies in about 50 municipalities in Norway.

The company has 162 own employees at operations in Norway and Sweden, and including partners employs around 280 people. That is, approximately 40% of those employed in Norsk Gjenvinning Renovasjon AS are employed by permanent sub-contractors. Of the approximately 150 heavy vehicles driving in daily service for Norsk Gjenvinning Renovasjon, 36% are run on biogas.

The company also has three contracts in Sweden, where operations are carried out by the Swedish subsidiary, Nordisk Återvinning Service AB, based in Mölndal just outside Gothenburg. The company is aiming to grow in the Swedish market.

Total operating revenue in 2015 was NOK 352.7 million, which is an increase from NOK 334.8 million the year before. In 2015 the company won new contracts, assignet by Romerike avfallsforedlning IKS, Follo Ren IKS, Renovasjon I Grenland IKS og Hässleholm Miljö Ab (Sverige).

Niche company: Norsk Makulering
Norsk Makulering is the leading supplier of shredding and destruction of sensitive material on paper and electronic storage media in Norway.

The company has 14 employees, serving around 3,000 customers and handling 4,000 tonnes of paper documents at 14 locations in Norway.

Total operating revenue in 2015 was NOK 55.8 million (49.7).

Niche company: Norsk Gjenvinning M3
Norsk Gjenvinning m3 operates landfills for inert masses. All facilities reuse the delivered materials for useful purposes such as rounding off terrain, building new regional roads, filling old quarries to make usable space, etc.

The company has 6 employees. Total operating revenue in 2015 was NOK 48.3 million (35.5). The company got in 2015 permission to receive acid-developing rock (alum slate) on its waste disposal site on Borge in Østfold fylke. We expect further growth in 2016.

Niche company: R3 Entreprenør
R3 Entreprenørs' services comprise for the most part of demolition, concrete sawing, decontamination of hazardous waste and environmental mapping. The company executes projects nationwide and is represented by its offices in Oslo, Drammen and Skien.

The company has 91 employees.
The first part of 2015 were characterised by integration with 13 Gruppen AS. Total operating revenue in 2015 was NOK 213.1 million, up from NOK 179.3 million the year before.

The increase in revenue was due to the acquisition of 13 Gruppen AS in Q4 2014.

Research and development

Norsk Gjenvinning aims to be a leader in its market. To achieve this, the Group commits significant resources into research and development (R&D), in the form of investments as well as allocation of internal resources. R&D involves activities aimed at developing new products and technologies as well as new collection solutions and process technology. The R&D work also focuses on the development of modified and/or new downstream solutions, as well as new integrated solutions, such as the development of new value chains for waste management. Most development projects run over several years, and many of these qualify for the Norwegian Research Council's tax rebate scheme, which offers tax deduction opportunities for projects in the Group. In 2015 the Group has in addition to the above started a project that will try to better utilize other public support, such as Enova.

In 2015 Norsk Gjenvinning participated in and funded several extensive research projects in collaboration with various research communities, including:

- O2C – digitalization project
- Landfill optimization for acid-developing rock
- Mobile equipment for recycling of articilal grass fields
- Increased metal output from fragmentation plants

R&D are in increasingly performed in conjunction with external parties, such as customers and material supplier. One example of such cooperation is Unisport, Norway's largest supplier of artificial grass, and the work with developing new ways to recycle such materials. We expect such collaboration to become even more important in developing recycling solutions in the future. Norsk Gjenvinning also work with several research- and university communities.
Research activities and projects, and early stage development and maintenance of existing products are treated as operating expenses. Mentioned projects had a cost of NOK 4.051 million in 2015. At the end of 2015, Norsk Gjenvinning has a broad portfolio of research and development projects, and several are expected to be completed in 2016.

Corporate Governance

The board ensures that that the group have proper systems for internal control and risk management based on the scope and nature of the group's activities. As a part of the Boards supervision there are quarterly reviews of the development within risk areas and identified deviations.

The group management have a focus on internal control over financial reporting and govern through group policies and board representation in subsidiaries. Internal control routines are based on a corporate structure that defines roles and responsibilities on different management levels, and central functions that give guidance for application of good internal control.

The parent company has not embodied in its Articles of Association regulations and procedures for appointment and replacement of board members. Decisions regarding appointment and replacement of board members are made by the General Assembly. The Board has 4 members.

There are no statues in the Articles of Association or given authority which allow the Board on behalf of the company to decide buy back its own shares or issue new.

Operational risk and risk management

Risk management in the Group is an integral part of all business activities. Risk management is split between the operating units which have the main responsibility for relevant operational and commercial risk management within their business area including compliance, and group treasury which has the main responsibility for financial risk management under policies approved by the board of directors. The corporate staff units establish policies and procedures for managing compliance risk and coordinate and implement an overall enterprise risk assessment.

The Group has put in place a compliance program that includes the entire Group. The divisions have identified risks for violations of regulatory requirements and they have put together a set of measures to reduce these risks. The compliance program is reported on a quarterly basis to Group management.

Below is a description of certain risks that may effect our business, financial condition and the results of operations from time to time

General market risk
The Group is exposed to the economic cycle and macro economical fluctuations that are outside of the Group's control. Since a weak economy generally results in decreased levels of industrial activity and consumer spending, changes in the general economic situation could affect the volumes of waste generated and hence demand for the Group's products and services. Where the Group is paid on the basis of kilogram/tonnes collected and treated, a weak economy could directly negatively impact the Group's revenues and profit while a strong economy could have an opposite effect.

Political and legal risk
Changes in legislation or changes in planned implementation of new emission legislation could have material impact on the Group's operations and financial results.

Competition
The industry in which the Group operates is competitive. Although the Group considers itself to be well positioned in the market, no assurance can be given with regard to future competition.

Customer risk
The Group is generally depending on orders under frame agreements with customers for the sale of its products and services. This creates an uncertainty with respect to future revenue. Although the Group has a diversified customer base, lower sales volumes related to one or more of the existing frame agreements, or the loss of customers or frame agreements for whatever reason, may have significant negative impact on the Group's financial results. The Group is furthermore dependent on participating in and being awarded assignments under public tenders. There can be no assurance that the Group will be awarded assignments under such public tenders in the future.

Dependence on key personnel
The development of the Group is dependent on its access to qualified personnel, in particular key management positions. The loss of key personnel may have an adverse impact on the Group's operating results and financial condition.

Operational gearing and loss of revenue
The Group's cost base is to a large extent salaries and a large amount of the cost base is thereby to be viewed as medium term fixed costs. Any decline in revenue will to a large extent affect net results before taxes in the same magnitude as the gross contribution from such lost revenue.

Insurance risk
The Group's insurance policies may not necessarily cover all potential liabilities of the Group. There is a risk that the Group will suffer substantial losses which will not be covered by any insurance policy.

Intellectual property risks
The Group has only to a limited extent protected its intellectual property related to its products. Competitors may consequently copy some of the Group's products, which in turn may have a negative effect on the Group's business.

Health, safety and environmental risks
The Group is involved in handling industrial, commercial and residential waste (both hazardous and non-hazardous), demolition and environmental decontamination (environmental, asbestos, PCB etc.), and consequently the employees of the Group are exposed to health and safety risks. Furthermore, such operations may cause substantial pollution and other environmental damage to the ground on and/or environment in which the Group operates. The Group may be held financially liable for any such environmental pollution or damage.

Risks associated with fraud, bribery and corruption
The industry in which the Group operates involves inherent risks associated with fraud, bribery and corruption, and the Group is exposed to such risks in particular in connection with its use of agents in several jurisdictions, hereunder in Asia. Although the Group maintains routines and other safeguards designed to prevent the occurrence of fraud, bribery and corruption, it may not be possible for the Group to detect or prevent such instances. Any alleged or actual involvement in corrupt practices or other illegal activities by the Group's directors, employees, agents, business partners or customers could have a material adverse impact on the Group's business, inter alia as a result of civil or criminal penalties, exclusion from public tenders and/ or reputational damage.

Risk relating to import and export restrictions
The Group is exposed to risks regarding the correct application of import and exports regulations. Any breach of such regulations, as a consequence of incorrect classification of products or otherwise, may have an adverse impact on the Group's business.

Risk of losing licenses
The Group holds several licenses in various jurisdictions which allow it to operate in the waste industry and to handle, transport, export and import various types of waste that might be withdrawn in the event of non-compliance with applicable laws and regulations. Loss of such licenses could have a material adverse impact on the business of the Group.

Estimation risk
The Group may fail to effectively estimate risks, costs or timing when bidding on contracts and to manage such contracts efficiently which could have a material adverse impact on the profitability of the Group.

Financial risk and risk management

Foreign exchange risk
The group is exposed to foreign exchange risk arising from the sale of metals, plastics and paper, in addition to costs in relation to purchases of downstream solutions. These risks are primarily due to currency exposures to EUR, SEK, DKK and USD. The Group hedges foreign exchange risk for all large commercial contracts by entering into fixed rate forward arrangements.

Interest rate risk
The group's interest rate risk arises from interest bearing borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. The group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Group policy is to hedge approximately 60% of its borrowings at variable rates.

Liquidity risk
The Group has limited liquidity risk. The company actively monitors its liquidity management through budgets and forecasts. The Group's financing needs are covered through a bond loan.

Credit risk
Credit risk arises mainly from transactions with customers and bank deposits. The company has for several years incurred modest losses on trade receivables. New customers are subject to credit checks and approval before credit is granted. Responsibility for credit management is centralised and the procedures are anchored in the company's quality system. By year end 2015 there are NOK 4.6 million booked in provision for bad debts.

Price risk
The Group is exposed to price risk related to commodities. Managenment of price risk is achieved by entering into concurrent downstream contracts to match volume of upstream activities, where this is possible. Price risk related to volumes of paper and metal extracted by the waste sorting process are secured in financial markets using derivatives. Development in prices on raw materials through 2015:

- **Recyclable paper:** Prices were relatively flat before a strong demand in Q2 and Q3 gave a rise in prices before they decreased somewhat in Q4.
- **Plastic:** Prices showed a stable growth throughout the first half of the year before they turned and fell in the second half, driven by the volatile commodity markets.
- **Steel and metals:** Uncertainty about the economic growth in China led to negative market outlook and a sharp fall in prices. The steel market was characterized by excess production capacity, which together with lower demand, led to decline in prices of finished steel from Eastern Europe, China and Asia.
- **Woodchips:** The market in Norway and Scandinavia was characterized by two mild winters in a row. Increased stocks, falling prices on competing energy resources and downward adjustment of demand led to falling prices.
- **Combustible residual waste:** Domestic market in Norway for combustible residual waste had a marked development towards higher gate fees. Increased quantities of imported waste from UK combined with a more profitable and efficient logistic to Norwegian handling facilities influenced the Norwegian and Swedish markets.

See note 23 in the consolidated accounts for further information on the Groups' risk management process.

Events after the balance sheet date

After year end 31.12.2015 Supreme Court released through an appeal from KLP, relating to an earlier fire at a facility in Stavanger. It is not clear when the case will be treated in Supreme Court.

Norsk Gjenvinning m3 AS (NGM3) has complained Aalerudmyra AS et al. to the court in April 2016.

See section "Ongoing litigation and claims» and note 28 to the consolidated accounts for further detailed descriptions about the matters.

Report on the financial statements of the parent company

Nature of operations
VV Holding AS is the parent company of the Group. The parent company's role is to manage its ownership of the subsidiary companies.

Income statement
The parent company's total operating costs totalled NOK 1 million, compared to NOK 0.3 million prior year.

Net financial income totalled NOK 29.6 million, compared to NOK – 169.3 million prior year. The increase is mainly due increase in financial income from subsidiaries (group contributions).

Equity and solvency
Equity in the parent company at year end 2015 totalled NOK 281.3 million, down from NOK 268.1 million prior year. The change in parents' equity refers to this year's total comprehensive income, continuity difference due to a intercompany reorganising of the property portfolio, and recognition of a group contribution from the owner company POS Holding AS.

Financing and cash flow
The parent company is funded through a bond loan totalling NOK 2 235.0 million and a shareholder loan on NOK 136.2 million. The parent's operating cash flow was NOK -0.5 million in 2015, compared with NOK -1.2 million prior year. Cash flow from investing activities was NOK 176.1 million (-3.5). Net cash flow from financing activities was NOK -177.1 million (-3.6)

Allocation of this years' result
The board suggest that this years' total comprehensive result on NOK -25.8 million in the parent company VV Holding AS is allocated from other equity.

Corporate social responsibility

The Group issues an own report on sustainability for 2015. This is available on the Groups' website: www.nggroup.no

Norsk Gjenvinning helps to solve its customers' environmental challenges responsibly and effectively by handling, sorting and processing waste into raw materials for new products. The Group has an ambitious goal of establishing itself as the most important recycling company in the Nordic region. This involves more than handling other people's waste in a responsible manner. Sustainability and social responsibility need to be taken seriously.

Norsk Gjenvinning supports the UN Global Compact and has committed itself to reporting on and running its operations in accordance with the principles set forth therein.

Environment
While the Group's operations are of a sustainable nature the normal operations affect the environment. Continuous efforts are therefore made to reduce the negative effects. Environmental objectives, performance indicators and measures are described in detail in the environmental section of the sustainability report referred to in the preceding section.

The Group's handling and processing facilities have operating permits from government agencies such as the County Governor or the Norwegian Environment Agency. The permits are subject to provisions relating to the local environment, covering traffic volumes, operating hours, visual impact, noise and dust levels, and emissions to air, water and land. Compliance with permits is reported annually via Altinn based on the regulatory requirements.

Employees, organisation and equal opportunities

The Group had 1 468 employees (1 410 full-time equivalent) at the end of 2015, compared to 1 378 full-time equivalent in 2014. The increase is due to the acquisition of 13 Gruppen AS, new contracts on household with start-up during the year and insourcing of some services. Norsk Gjenvinning places a strong emphasis on ensuring that the operations are conducted in compliance with applicable laws and regulations as well as generally accepted norms and principles for business operations. The Group is committed to building a strong internal culture centred on our core values of salesmanship, proactivity, responsibility and team spirit. As part of this effort, provision has been made for employees to report any improper conduct, also anonymously. We have also been granted license from the Data Inspectorate so that we in 2015 can extend our whistleblowing-function to also include an external channel, which is available on the Group's homepage.

Injuries and sick leave

The Group's operations involve work that can be physically stressful for employees in certain functions and which carry a risk of workplace accidents and injuries. Norsk Gjenvinning therefore has a strong focus on health and safety, and particular emphasis is placed on risk assessments of individual tasks with the aim of identifying all potential hazards at work. Steps are taken to ensure that employees take account of health and safety aspects in their daily work, and the analyses are discussed in the companies. Summer of 2015 Division Recycling had a fatal accident at the facility in Oslo (Groruddalen Miljøpark). This tragic event led to several immediate actions, inter alia an extraordinary mapping of hazards at all facilities in Division Recycling, updating of risk mapping and further training activities within HES.

90 injuries were sustained in the Group, resulting in 235 days of absence. The corresponding figures for 2014 were 73 injuries and 228 days of absence. This correspond to an H-value of 7.3. This is a large decrease from 2014 where the H-value was 11.4.

Total sick leave in the Norsk Gjenvinning Group was 5.9 per cent in 2015, of which 1.75 percentage points refer to short-term sick leave and 4.15 percentage points to long-term sick leave. There are large differences in sick leave between divisions and regions. By comparison, total sick leave in 2014 was 5.0 per cent.

The increase in sick leave is from Division Recycling and Division Metal, while Division Industry has had a positive development from 2014 to 2015. Actions put in place to reduce sick leave includes among other things locally involvement and dialogue with persons on sick leave, adaption of the working situation and working hours, and larger focus on HES-reporting in management meetings in the different divisions and companies.

The Group, represented with the division Recycling, has in 2015 started preparations to participate in a research project in direction of STAMI (Statens Arbeidsmiljøinstitutt) to further investigate the causality between sick leave and follow-up/leadership. The project will last for minimum 2-3 years.

Employee satisfaction

Employee surveys covering all permanent employees are conducted each year. In 2015, the response rate was reduced to 74 per cent (81 per cent in 2014), but the survey are still deemed to be representative. The survey shows a new year with a positive development on almost all of the questions. Employees in Norsk Gjenvinning are committed to and proud of their jobs, and scores for leadership and goals are especially high. Questions about "My nearest leader is a great rolemodel" and "My nearest leader is a person I trust in" have improved with approximately 0.5 percentage point each. This is a very positive development in a challenging period with many changes and many cost-reducing actions.

Skills development

Skills development is a continuous process. Especially we are focusing on development of the NG School, where the goal is to offer courses to all employees and become a centre for academic and strategical training. As part of the Group's comprehensive compliance program and risk reduction measures, an effort has been initiated with the aim of identifying courses that should be mandatory for certain categories of employee. Further risk analysis to identify skills and need for training will be prioritized. In 2015 there have been focused strongly on HES-training for leaders in the Group, and by in-house carry through a course for personnel safety representative/AMU (40 hours course) this course have been improved.

Several of the companies in the Group are also approved by the county administrational training office as training establishment for certificate of apprenticeship within recycling, logistic, professional driver, and ICT-service.

Co-determination

Employees are assured co-determination at several levels in Norsk Gjenvinning. At group level, it is established a group committee where chief employee representative from the different divisions meet together with representatives from senior management to exchange information and discuss matters concerning several of the Group's operations. In 2015 it was held two such meetings. Preparations have also started in order to elect three employee representatives, with three deputies, to the Board during 2016.

The Board considers the working environment and collaboration with chief employee representative as good.

Equal opportunities

Norsk Gjenvinning works actively and purposefully to promote the objectives of the Norwegian Gender Equality Act in the Group. The activities cover recruitment, pay and working conditions, promotion, development opportunities and protection against harassment.

At year-end the Group had 1 448 employees, of whom 21 per cent are women and 79 per cent men. One woman is represented in the senior management team and 27 women hold leading positions. There is one female member of the Group's Board of Directors. The environment and recycling industry has traditionally been male-dominated, and the Group is working to recruit more women.

Norsk Gjenvinning aims to ensure that the Group should be a workplace that is free from discrimination on grounds of disability. Individual adaptations of workplaces and duties are made, as far as the work tasks and capabilities permit this, for employees or applicants with disabilities.

Norsk Gjenvinning has achieved good results in several areas in collaboration with the Norwegian Labour and Welfare Administration and rehabilitation centres. People who for various reasons have dropped out of work have received vocational training and in some cases also continued employment. Through the Confederation of Norwegian Enterprise's "Rings in the Water" initiative the Group has signed a collaboration agreement with selected rehabilitation centres. The collaboration has also led to people that have participated in the development and vocational training program being offered employment with Norsk Gjenvinning.

Norsk Gjenvinning is a multicultural workplace. At the end of 2015 the Group had employees representing approximately 30 different nationalities. Foreign-speaking employees are offered Norwegian language training and special arrangements relating to language skills.

Changes in the Board and management
The composition of the Board has been changed in 2016 and are now consisting of Chairman of the Board, and three Board Members. The senior management team has been unchanged in 2015 and consists of the Managing Director, three Group Directors with responsibility for corporate functions, and four Heads of Division.

Outlook

2015 was a challenging year operationally and the Board expects that the challenges will continue in 2016. It is expected continued low activity in the building and construction industry, low activity in the operations along the coast that are affected by the fall in oil price and a reduction in general industrial activities. The Group will meet these challenges with targeted cost reduction actions and continued industrialization of the Group's processes and installations.

In addition to reduced activity, the challenges for 2016 relate primarily to the price pressures created by rogue operators which do not handle waste in a legal manner, and increase in downstream costs. Norsk Gjenvinning has taken measures to prevent this and is now making significant investments to ensure that laws and regulations are complied with and to address the need for real sustainable development in the future. This is of great importance to customers and other stakeholders, for Norsk Gjenvinning itself and for the rest of the recycling industry in Norway.

Norsk Gjenvinning will enter 2016 with a strong and stable management, top motivated employees, and strong customer-ratings. We will continue our offensive initiative to reduce costs and increase productivity, combined with actions to maintain and improve margins and build our sales-, logistics- and production-expertise. This will be our main focus in 2016. Norsk Gjenvinning is now repositioned in such a way that the board expects to benefit from the company's reduced cost base and strong market position when the market and trading conditions improves.

Per-Anders Hjort	Lysaker 6. April 2016	Erik Osmundsen
Chairman of the Board		Chief executive officer VV Holding AS
Håkon Jahr	Ylva Lindberg	Pål Stampe
Board member	Board member	Board member

Group financial statements 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 1.1 – 31.12

(NOK'000)	**Note**	**2015**	**2014**
Revenue	4, 5	4 084 582	4 128 503
Other income	6	6 412	7 812
Total operating revenue		**4 090 994**	**4 136 315**
Cost of goods sold	15	2 026 665	2 029 452
Employee benefits expense	7	978 833	998 340
Depreciation and amortization expense	12, 13	255 815	256 614
Other operating expenses	8	726 370	775 407
Other (gains)/losses - net	9	(3 242)	(12 819)
Operating profit		**106 552**	**89 321**
Finance income	10	2 190	4 072
Finance costs	10	221 302	278 990
Net income/gain from associated companies	14	9 599	2 531
Profit / (loss) before income tax		**(102 962)**	**(183 066)**
Income tax expense	11	(36 081)	(55 036)
Profit / (loss) for the period from continuing operations		**(66 881)**	**(128 030)**
Profit / (loss) attributable to:			
Owners of the parent	19	(70 476)	(135 405)
Non-controlling interests	27	3 596	7 375

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1.1 – 31.12

(NOK'000)	Note	2015	2014
Profit / (loss) for the period		**(66 881)**	**(128 030)**
Items that will not be reclassified to profit and loss			
Actuarial gain / (loss) on post-employment benefit obligations (after tax)	19	50	(319)
Items that may be subsequently reclassified to profit and loss			
Currency translation differences	19	4 420	3 474
Interest rate swaps - cash flow hedges (after tax)	19, 25	9 904	17 041
Other comprehensive income / (loss) for the year, net of income tax		**14 374**	**20 196**
Comprehensive income / (loss) for the period		**(52 507)**	**(107 834)**
Comprehensive income attributable to:			
Owners of the parent	19	(56 102)	(115 209)
Non-controlling interests	27	3 596	7 375

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(NOK'000)	**Note**	**31.12.2015**	**31.12.2014**
Non-current assets			
Property, plant & equipment	13	1 031 968	1 089 001
Intangible assets	12	152 007	195 688
Goodwill	12	1 229 559	1 229 559
Deferred tax assets	11	76 226	61 684
Investments in associated companies	14	12 393	12 802
Other non-current receivables	16	28 338	27 829
Total non-current assets		**2 530 492**	**2 616 563**
Current assets			
Inventories	15	87 536	120 475
Trade receivables	16	470 490	511 216
Other current receivables	16	125 819	122 697
Derivative financial instruments	25	-	1 818
Cash and cash equivalents	17	219 819	161 068
Total current assets		**903 664**	**917 274**
Total assets		**3 434 157**	**3 533 837**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

(NOK'000)	**Note**	**31.12.2015**	**31.12.2014**
Equity attributable to owners of the parent			
Share capital	18	45 348	45 348
Share premium	18	330 011	330 011
Other paid in capital	18	7 970	7 970
Other equity	19	(232 009)	(176 930)
Total equity attributable to owners of the parent		**151 321**	**206 399**
Non-controlling interest	27	14 765	14 218
Total equity		**166 086**	**220 617**
Non-current liabilities			
Loans and borrowings	20	2 380 419	2 360 610
Derivative financial instruments	25	59 635	73 360
Deferred income tax liabilities	11	41 174	56 697
Post-employment benefits	7	7 265	5 658
Provisions for other liabilities and charges	21	102 312	109 408
Total non-current liabilities		**2 590 804**	**2 605 733**
Current liabilities			
Trade payables		231 025	227 194
Other current payables	22	371 309	394 764
Current income tax	11	1 960	3 240
Loans and borrowings	20	60 519	58 737
Derivative financial instruments	25	3 999	6 379
Provisions for other liabilities and charges	21	8 454	17 173
Total current liabilities		**677 267**	**707 487**
Total liabilities		**3 268 071**	**3 313 220**
Total equity and liabilities		**3 434 157**	**3 533 837**

Per-Anders Hjort
Chariman of the board

Lysaker April 6, 2016

Erik Osmundsen
Chief Executive Officer

Håkon Jahr
Board member

Ylva Lindberg
Board member

Pål Stampe
Board member

CONSOLIDATED STATEMENT OF CASH FLOWS 1.1-31.12

(NOK'000)	Note	2015	2014
Profit / (Loss) before income tax		**(102 962)**	**(183 066)**
Adjustments for:			
Income tax paid	11	(10 101)	(2 106)
Depreciation and amortization charges	12, 13	255 815	256 614
Gain(-)/loss on sale of non current assets or business	6, 13	(4 078)	(1 175)
Financial items without cash effect		21 115	102 870
Unrealised gain (-)/loss on foreign exchange rate variations		(677)	(1 246)
Items classified as investing- or financing activities		171 475	169 517
Post employment benefits	7	1 644	2 988
Change in provisions for other liabilities and charges	21	(15 815)	6 737
Change in inventory	15	32 939	(7 677)
Change in accounts receivables and other short term receivables	16	37 095	97 615
Change in accounts payables, other short term debt and other items		(4 332)	(55 193)
Net cash flow from operating activities		**382 118**	**385 878**
Proceeds from dividend associated companies	14	1 500	-
Proceeds from sale of associated companies	14	8 508	5 670
Proceeds from sale of subsidiaries	6	7 449	-
Payments for purchases of property, plant & equipment	12, 13	(164 683)	(258 779)
Proceeds from sale of property, plant & equipment	13	10 982	8 875
Net cash flow from investing activities		**(136 244)**	**(244 234)**
Proceeds from borrowings	20	-	2 235 000
Repayment of borrowings	20	(3 250)	(2 198 209)
Transaction fees	20	-	(60 117)
Net change in credit facility	20	(2 808)	1 861
Dividend paid to non-controlling interest	27	(1 575)	-
Net group contributions received /(paid)		2 458	-
Net interest paid		(182 896)	(95 307)
Net cash flow from financing activities		**(188 071)**	**(116 772)**
Net increase in cash and cash equivalents		**57 803**	**24 872**
Effect of exchange rates		948	-
Cash and cash equivalents at beginning of period		161 068	136 196
Cash and cash equivalents at end of period		**219 819**	**161 068**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK'000)	Share capital	Share premium	Other paid in capital	Other equity	Total	Non-controlling interest	Total equity
As of 1.1 2014	**45 348**	**330 011**	**669**	**(46 695)**	**329 333**	**(981)**	**328 352**
Profit/(loss) for the year	-	-	-	(135 405)	(135 405)	7 375	(128 030)
Other comprehensive income	-	-	-	20 196	20 196	-	20 196
Total comprehensive income	**-**	**-**	**-**	**(115 209)**	**(115 209)**	**7 375**	**(107 834)**
Group contributions received	-	-	7 301	-	7 301	-	7 301
Group contributions paid	-	-	-	(7 202)	(7 202)	-	(7 202)
Non-controlling interest arising from business combination	-	-	-	(7 824)	(7 824)	7 824	-
Total transactions with owners	**-**	**-**	**7 301**	**(15 026)**	**(7 725)**	**7 824**	**99**
As of 31.12 2014	**45 348**	**330 011**	**7 970**	**(176 930)**	**206 399**	**14 218**	**220 617**
As of 1.1.2015	**45 348**	**330 011**	**7 970**	**(176 930)**	**206 399**	**14 218**	**220 617**
Profit/(loss) for the year	-	-	-	(70 476)	(70 476)	3 596	(66 881)
Other comprehensive income	-	-	-	14 374	14 374	-	14 374
Total comprehensive income	**-**	**-**	**-**	**(56 102)**	**(56 102)**	**3 596**	**(52 507)**
Group contributions received	-	-	-	6 647	6 647	-	6 647
Group contributions paid	-	-	-	(6 647)	(6 647)	-	(6 647)
Transactions with non-controlling interest	-	-	-	1 024	1 024	(1 024)	-
Dividend to non-controlling interest	-	-	-	-	-	(2 025)	(2 025)
Total transactions with owners	**-**	**-**	**-**	**1 024**	**1 024**	**(3 049)**	**(2 025)**
As of 31.12.2015	**45 348**	**330 011**	**7 970**	**(232 009)**	**151 321**	**14 765**	**166 086**

Notes to the group financial statements

1 General information

VV Holding AS is a wholly owned subsidiary of VV Holding II AS, which is wholly owned by POS Holding AS, which is controlled by Altor Fund III. VV Holding AS and its subsidiaries together constitute VV Holding Group. VV Holding AS owns all the shares in Norsk Gjenvinning Norge AS, which is the parent company of Norsk Gjenvinning Group. VV Holding AS has a NOK 2,235 million Senior Secured Floating Rate Notes due 2019, which is listed on the Oslo Stock Exchange.

Norsk Gjenvinning is the largest Norwegian provider of recycling and environmental services. The services include waste management, metal recycling, industrial services, hazardous waste, downstream solutions, household collection, deconstruction, refurbishing and secure paper shredding. The headquarter is located at Lysaker outside Oslo, and the Group has operations in Norway, Sweden, Denmark and the UK.

These financial statements where resolved by the Board of Directors of VV Holding AS on April 6, 2016.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis for preparation

The consolidated financial statements of VV Holding AS have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. For the submitted consolidated financial statements there are no differences between IFRS as adopted by the EU and the IASB.

The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The consolidated financial statements have been prepared on a going-concern basis.

2.1.1 New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for preparing consolidated financial statements for future annual periods. Amongst those the Group has elected not to apply early, are the most significant disclosed below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Consolidation and investments in associated companies
The Group consists of the following companies as of December 31;

Company name	Place of business	% of ownership interest
VV Holding AS (parent)	Lysaker	
Norsk Gjenvinning Norge AS	Lysaker	100 %
Norsk Gjenvinning AS	Lysaker	100 %
Norsk Gjenvinning Metall AS	Lysaker	100 %
Norsk Gjenvinning Offshore AS	Lysaker	100 %
Norsk Gjenvinning Miljøeiendommer AS	Lysaker	100 %
Norsk Gjenvinning Industri AS	Lysaker	100 %
Norsk Gjenvinning Plast AS	Lysaker	100 %
Norsk Gjenvinning Renovasjon AS	Lysaker	100 %
Norsk Gjenvinning Downstream AS	Lysaker	100 %
Norsk Gjenvinning M3 AS	Lysaker	100 %
Norsk Makulering AS	Lysaker	100 %
NG Vekst AS	Lysaker	100 %
NG Fellestjenester AS	Lysaker	100 %
NG Startup VI AS	Lysaker	100 %
Nordisk Återvinning Service AB (Sverige)	Gøteborg	100 %
Nordisk Återvinning Trading AB (Sverige)	Gøteborg	100 %
Nordisk Genanvendelse ApS (Danmark)	Vordingborg	100 %
Humlekjær og Ødegaard AS	Fredrikstad	100 %
Tomwil Miljø AS	Lysaker	100 %
Eivind Koch Rørinspeksjon AS	Lillestrøm	100 %
Wilhelmsen Containerservice AS	Lysaker	100 %
Ødegaard Gjenvinning AS	Fredrikstad	100 %
Løvås Transportfirma AS	Alnabru	100 %
Rivningsspesialisten AS	Lysaker	100 %
Metall & Gjenvinning AS	Lysaker	100 %
IBKA A/S (Danmark)	Vordingborg	100 %
IBKA AB (SE)	Kungelv	100 %
IBKA UK Ltd (Storbritannia)	Cardiff	100 %
Bingsa AS	Lysaker	100 %
Hegstadmoen 7 AS	Lysaker	100 %
Taranrødveien 85 AS	Lysaker	100 %
Opphaugveien 6 AS	Lysaker	100 %
Øra Eiendom Utvikling AS	Lysaker	100 %
Asak Massemottak AS	Lysaker	100 %
Løvenskiold Massemottak AS	Lysaker	100 %
Kopstad Massemottak AS	Lysaker	100 %
Borge Massemottak AS	Lysaker	100 %
Skjørten Massemottak AS	Lysaker	100 %

Solli Massemottak AS	Lysaker	100 %
R3 Entreprenør Holding AS	Ensjø	81,25 %
R3 Entreprenør AS	Ensjø	81,25 %
R3 Entreprenør Innland AS	Rudshøgda	81,25 %
SRM Eiendom AS	Rudshøgda	81,25 %
Østfold Gjenvinning AS*	Fredrikstad	66 %
iSekk AS	Oslo	55 %

*Østfold Gjenvinning AS is owned 33% by Norsk Gjenvinning Norge AS and 33 % by Humlekjær og Ødegaard AS, which further is 100% owned by Norsk Gjenvinning AS. The Group has controlling influence, and treats the investment as a subsidiary.

Associated Companies as of December 31;	
Østlandet Gjenvinning AS	50 %
Egersund Omsetningsgård AS	50 %
Heggvin Alun AS	50 %
Pasa AS	38 %

VV Holding AS' parent POS Holding AS prepares consolidated financial statements where VV Holding AS are included. The parent company POS Holding AS has its registered offices in Lysaker Torg 35 1366 Lysaker, where the consolidated financial statements can be obtained.

a) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group, to the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is measured at the fair value of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If remuneration (including any non-controlling interests and the fair value of previous holdings) exceeds the fair value of identifiable assets and liabilities of the acquisition these are recognized as goodwill. If remuneration (including any non-controlling interests and the fair value of previous holdings) is less than the fair value of net assets acquired as a result of a bargain purchase, the difference is recognized as a gain in the income statement.

Inter-company transactions, balances and unrealised gains or loss on transactions between group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

b) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Disposal of subsidiaries
When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d) Associates
Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's
share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.3 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group management executives that make strategic decisions.

2.4 Foreign currency translation
a) Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian kroner (NOK), which is the group's presentation currency.

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within ‘finance income or costs’. All other foreign exchange gains and losses are presented in the income statement within ‘Other (gains)/losses – net’.

c) Group Companies
The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
(c) all resulting exchange differences are recognised in other comprehensive income.

2.5 Property, plant and equipment
Land and buildings comprise mainly factories, inventory-housing and offices. Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Buildings 10-50 years.
- Machinery and vehicles 3-15 years.
- Furniture, fittings and equipment 3-10 years.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘Other (gains)/losses – net’ in the income statement.

Items of property, plant and equiptment which is expected to be realized through sale in stead of continued use, is presented separately as held for sale if the items are available for immidate sale in its present condiation and there is highly probable that a sale will be completed. Property, plant and equiptment classified as held for sale is measured at the lower of carrying amount and fair value less cost of sale.

2.6 Intangible assets
a) Goodwill
Goodwill arising through the acquisition of businesses and constitutes the remuneration transferred less the Group’s share of fair value of net identifiable assets and liabilities of the acquired business. In addition, goodwill arises through acquisitions when one chooses to measure non-controlling interests at the acquisition date fair value. Negative goodwill is recognized as income immediately.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

b) Trademarks
Separately acquired trademarks are measured at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks are assessed to have unfinite useful life and are not amortised, but annually tested for impairment.

c) Customer contracts and -relations
Customer contracts and -relations arising through the acquisition of business. The value of customer relationships are calculated based on expected sales, adjusted for contractual revenue and reduced for expected churn. Capitalized customer contracts and -relations depreciate over the expected useful life of between 5-10 years.

d) Computer software
Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be availablefor use,
- management intends to complete the software product and use or sell it,
- there is an ability to use or sell the software product,
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available and
- the expenditure attributable to the software product during its development can be reliably measured

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed six years.

2.7 Impairment of non-financial assets
Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there
are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.8 Financial assets
2.8.1 Classification
The group have financial assets in the following categories: loans and receivables and financial assets at fair value through profit or loss. The classification on initial recognition depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 2.13 and 2.14).

b) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

2.8.2 Recognition and measurement
Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through

profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the income statement within ‘Other (gains)/losses – net’ in the period in which they arise.

2.9 Impairment of financial assets
The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events
that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income
statement.

2.10 Derivative financial instruments and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.
The group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge), or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge)

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 25. Movements on the hedging reserve is regognised in other comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Interest rate swaps linked to long-term financing are recognised as cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within ‘Other gains/(losses) – net’.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement
within ‘Finance income/cost’. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within ‘Other gains/(losses) – net’.

Metal derivatives relating to hedging commodity price risk is accounted for at fair value through profit or loss. Changes in fair value of the derivatives are presented under the item ‘Other gains/(losses) – net’. Derivatives are presented as financial assets when the fair value is positive and as financial liabilities when the value is negative.

2.11 Inventories
Inventories of raw materials are stated at the lower of average cost and net realisable value. Finished goods are stated at the lower of full productioncost and net realizable value.

2.12 Landfill
Investments related to landfills for inert masses on rented land where the investment falls back to the landowner after the rental period are treated as rental costs and amortized over the lease period. From the time when initial pledging approval is received, provision is made for contractual obligations related to future investments in connection with landfills on rented ground. The cost is amortized over the lease term and classified as prepay or post-pay dependent on actual cash flows of the investment.

Costs related to monitoring and after operation of landfills accrues ongoing and is included as part of the provision for environmental liability.

2.13 Trade receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Accounts receivable are recorded in the balance after deduction for provisions of expected losses. Provisions for doubtful accounts are based on an individual assessment of trade receivables and an additional provision to cover other anticipated losses. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or deficiency in payments are considered indicators that the trade receivable is impaired.

2.14 Cash and cash equivalents
In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.15 Share capital, share premium and additional paid in capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Other paid in capital is capital from owners, but not included in share capital and share premium. Received contributions from owners in the same tax group are recognized as funds and included in other paid in equity.

2.16 Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

2.17 Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Upon subsequent measurement, the debt component of a compound instrument is measured at amortized cost using the effective interest rate. Equity components of a compound financial instrument are not re-measured.

2.18 Borrowing costs
General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Current and deferred income tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if
it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date
and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Employee benefits
The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans. The groups' pension schemes meet the requirements of the law on compulsory occupational pension.

a) Pension obligations
A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Parts of defined contribution pensions are not paid to a scheme but set aside as a pension liability until the pension is paid out.

A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The periodic service cost is presented in profit or loss. This cost includes the increase in pension obligations resulting from employee service in the current year, amendments, curtailments and settlements. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

b) Termination benefits
Termination benefits are payable when employment is terminated by the groupbefore the normal retirement date, or whenever an employee accepts voluntaryredundancy in exchange for these benefits. The group recognises terminationbenefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary
redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

2.21 Provisions
Provisions for environmental restoration, loss contracts, restructuring costs and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

For received waste that is not finally downstream processed, provision is made for incurred treatment and downstream costs. In the financial statements this is classified as other current liabilities.

2.22 Revenue recognition
Revenue is measured at the fair value of the consideration received, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities, as described below. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

a) Positive waste components
The Group processes and sells a variety of waste types that provide downstream revenues. This is mainly metals, paper, plastic and wood. Positive fractions are recognized at the time of delivery, when risk and control has passed to the buyer.

b) Negative waste components
The Group processes and sells a variety of waste types that provide downstream costs. This is mainly industrial waste, hazardous waste and inert masses. Negative fractions are recognized at the time of receipt, where the Group assumes the risk for further treatment and downstream processing.

c) Services
The Group delivers household collection- and transportation services, industrial services and deconstruction and refurbishing. Services are recognized in line with execution.

R3 Entreprenør use the percentage of completion method for long-term construction contracts. This means that in relation to each month end (when one reaches predefined project milestones) that there is recognized a corresponding share of income and expenses (production costs) in the project. With recognition it is assumed an expected margin. If this margin is uncertain, profit income recognition is recorded when this uncertainty is resolved. Projects expected to yield a net loss are allocated immediately. Alteration and addition works (which are not included in the contract) are performed and invoiced on an ongoing basis.

d) Rental income
Rental income is mainly related to the rental of containers, equipment and rent. Rental income is recognized linearly over the lease period.

2.23 Interest income
Interest income is recognised using the effective interest method. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.24 Dividend income
Dividend income is recognised when the right to receive payment is established.

2.25 Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other longterm payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.26 Dividend distribution
Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) *Provision for environmental liabilities and onerous contract*
The Group has obligations relating to a variety of matters, including onerous contract, environmental liabilities, claims and cost relating to monitoring and after operations of landfills. This is provisions that are based on management's assessment of the likelihood that a cost will be incurred and estimated costs related to the above mentioned factors. See note 21 for further information.

b) *Provision for accrued landfill rent*
Norsk Gjenvinning M3 AS has entered into lease agreements where the company rents land from landowners for the operation of landfills for inert masses. Lease payments are made through a combination of payment based on received masses, and part with investments that increase landowners value of the site. Future expenses related to investments in rented sites is estimated and accrued over the lease period. See note 16 for further information and maturity structure for future investments.

c) *Estimated impairment of goodwill and intangible assets*
The group tests annually whether goodwill and intangible assets has suffered any impairment, in accordance with the accounting policy stated in note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. In calculating future cash flow, budgets and estimated residual values for eternal future cash flows are used. In calculating the present value of future cash flows, management have estimated discount rates. See note 12 for details related to the estimate and sensitivity calculations.

d) *Inventory*
Inventories, both finished goods and raw materials, consist of significant quantities of bulk goods where it is not feasible with accurate counts of quantity in stock. It must therefore be an estimated stocked quantity in storage at the balance sheet date. The estimate is calculated based on the opening balance and weight in and out of storage (net change) in the period. Estimates are quality assured with physical observations based on experience and judgment by the staff at the facilities.

See note 15 for further information. Sensitivities relating to commodity prices are described in note 23.

e) *Deferred tax assets / liabilities*
The group recognises deferred tax assets related to tax loss carried forward. Tax losses occur when the company has higher tax costs than tax revenues. Capitalisation assumes that future earnings enables the utilization of the deficit. Management's assessment of future income are based on budgets that estimate future revenues and costs. See note 11 for specification of temporary differences and the estimated timing for the utilization of deferred tax assets.

f) *Value of Scomi-receivable*
Norsk Gjenvinning Offshore AS has a claim against Scomi Oiltools (Europe) Limited NUF (Scomi). The Group has initiated legal proceedings against Scomi and owners behind the company to recover the claim. The size of the claim is based on management's assessment of the probability to collect the claim and the amount of funds that can be recovered. See note 24 for further information related to the claim against Scomi.

4 Segment information

Group management executives is the group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Group management executives for the purposes of allocating resources and assessing performance.

Group management assesses the segments based on divisions, which represent the overall services offered within the recycling and environmental services. The Group is divided into the divisions Recycling, Metal, Household Collection, Industrial & Offshore, Downstream, Growth, Construction, and Other. The segment Other businesses consist of Downstream, Growth and Construction. Head office, real estate and eliminations are merged into HQ and eliminations.

The revenue from external parties reported to the group management is based on the principles stated in note 2 and is consistent with that in the income statement.

Revenue 2015 *(NOK'000)*	**Revenue from external customers**	**Inter segment revenue**	**Total segment revenue**
Recycling	1 613 534	351 649	1 965 182
Metal	797 654	8 083	805 737
Household collection	351 614	1 106	352 720
Industry & offshore	573 927	17 366	591 292
Other businesses	740 962	291 294	1 032 257
HQ and eliminations	6 891	(669 498)	(662 606)
Total	**4 084 582**	**-**	**4 084 582**

Revenue 2014 *(NOK'000)*	**Revenue from external customers**	**Inter segment revenue**	**Total segment revenue**
Recycling	1 812 252	137 508	1 949 760
Metal	859 652	5 633	865 285
Household collection	334 244	597	334 840
Industry & offshore	672 024	20 021	692 045
Other businesses	443 915	265 751	709 666
HQ and eliminations	6 417	(429 511)	(423 094)
Total	**4 128 503**	**-**	**4 128 503**

The group management assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes discontinued operations and the effects of non-recurring expenditure from the operating segments such as restructuring costs, onerous contract and gains from disposals of business. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

EBITDA before internal charges *(NOK'000)*	**2015**	**2014**
Recycling	174 973	207 293
Metal	104 345	83 076
Household collection	34 454	49 142
Industry & offshore	59 057	69 825
Other businesses	41 080	31 335
HQ and eliminations	(51 541)	(94 735)
Total EBITDA before internal charges	**362 367**	**345 935**
Depreciation and amortization expense	(255 815)	(256 614)
Finance income	2 190	4 072
Finance costs	(221 302)	(278 990)
Net income from associated companies	9 599	2 531
Profit before tax	**(102 962)**	**(183 066)**

The Group has no single customer that contributes to more than 10% of revenue. The table below presents revenue from external customers by customer location.

Revenue per country *(NOK'000)*	**2015**	**2014**
Norway	3 221 747	3 338 990
Sweden	295 199	248 381
Hong Kong	106 901	97 282
Holland	174 565	128 455
China	75 883	19 206
Other	210 287	296 188
Total revenue	**4 084 582**	**4 128 503**

Consolidated balance sheet values are not reported to corporate management at the segment level. Non-current operational assets includes intangible assets and goodwill in addition to property, plant and equipment.

Non-current operational assets per country *(NOK'000)*	**2015**	**2014**
Norway	2 361 544	2 466 192
Denmark	17 361	17 440
Sweden	34 629	30 616
Total	**2 413 535**	**2 514 248**

5 Related parties

Transactions with related parties are carried out at the same terms and prices as those which applies to external parties. Transactions with related parties is relates to sale or purchase of goods and services with associated companies and payment for management personnel in daughter companies.

The group had the following transactions and balances with related parties:

Transactions and balances with related parties *(NOK'000)*	**2015**	**2014**
Operating revenue	10 611	5 729
Operating costs	39 164	32 115
Trade- and other receivables	3 580	148
Trade- and other payables	3 571	4 818

Trade receivables from related parties are due one month after the date of sales. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties.

Key management includes group management executives and board members. See note 7 for further information.

Loan from group company *(NOK'000)*	**2015**	**2014**
Carrying amount 1.1	125 474	759 222
New loans during the year	-	121 502
Repayment of loans during the year	-	(790 475)
Interest expense	10 752	35 225
Carrying amount 31.12	**136 226**	**125 474**

Loan terms are discussed in note 20.

6 Other income

(NOK'000)	**2015**	**2014**
Gain on sale of subsidiary	2 333	-
Gain on sale of property, plant and equipment	4 078	2 212
Insurance reimbursement	-	5 600
Total other income	**6 412**	**7 812**

Gain on sale of subsidiary
The Group sold all the shares in the subsidiary Tomwil Transport AS for a total consideration of NOK 8.0 million. The consideration consisted of cash and cash equivalents in full, and is presented on a separate line in the investing category in the statement of cash flows, adjusted for cash and cash equivalents in the subsidiary at the point for loss of control (NOK 0.2 million).

At the point for loss of control the subsidiary had net assets, other than cash and cash equivalents, of NOK 5.6 million relating to property, plant and equipment (NOK 6.3 million), trade and other receivables (NOK 2.3 million) and trade and other payables (NOK 3.0 million). The Group's gain on sale is presented as other income.

Insurance reimbursement
The recognised gain on insurance reimbursement relates to the excess of insurance proceeds over the carrying values for the goods damaged.

7 Employee benefit expense

(NOK'000)	**2015**	**2014**
Wages and salaries	814 397	818 208
Social security costs	104 436	102 765
Pension costs	21 896	20 188
Other benefits	38 105	57 178
Total employee benefits expense	**978 833**	**998 340**
Average number of employees	1 447	1 402

Specification of pension obligations:

(NOK'000)	**2015**	**2014**
Defined benefits plan	1 187	1 741
Accrual for defined contribution plans	6 078	3 917
Total pension obligations	**7 265**	**5 658**

The Group management in Norsk Gjenvinning Norge AS is defined as key executives.

Benefits to executives 2015 *(NOK'000)*	**Wages and salaries**	**Bonus**	**Pension-expense**	**Other**	**Total benefit to executives**	**Post employment salaries**
Erik Osmundsen (CEO)	2 989	1 125	209	233	4 556	12 months
Dean Zuzic (CFO)	1 948	396	209	173	2 726	6 months
Runa Opdal Kerr (Director of legal, CCO)	1 473	294	209	296	2 272	12 months
Hans Fredrik Wittusen (Director Strategy and sustainability)	1 347	198	209	191	1 945	6 months
Jon Ola Stokke (Director Division Recycling)	1 549	188	209	191	2 137	12 months
Egil Lorentzen (Director Division Metal)	1 471	282	209	216	2 178	12 months
Ivar Hagemoen (Director Division Industry and Offshore)	1 293	66	171	172	1 701	None
Jon Tarjei Bergan (Director Division Downstream)	1 662	236	209	186	2 293	9 months

Benefits to executives 2014 *(NOK'000)*	**Wages and salaries**	**Bonus**	**Pension-expense**	**Other**	**Total benefit to executives**	**Post employment salaries**
Erik Osmundsen (CEO)	2 838	840	203	229	4 110	12 months
Dean Zuzic (CFO)	1 870	408	203	258	2 739	6 months
Runa Opdal Kerr (Director of legal, CCO)	1 425	217	203	312	2 157	12 months
Hans Fredrik Wittusen (Director Strategy and sustainability)	1 279	192	203	198	1 873	6 months
Jon Ola Stokke (Director Division Recycling)	1 514	250	203	191	2 159	12 months
Egil Lorentzen (Director Division Metal)	1 402	208	203	245	2 058	12 months
Ivar Hagemoen (Director Division Industry and Offshore)	946	-	64	144	1 153	None
Jon Tarjei Bergan (Director Division Downstream)	1 460	267	199	175	2 101	9 months

No loans/securities have been granted to the Chief Executive Officer or Chairman of the Board. There is provided loans to employees of NOK 164 thousand. Executives own shares directly, and indirectly through their ownership in GN Invest AS, in POS Holding AS, which is the parent of VV Holding AS,

Benefits to board members 2015 *(NOK'000)*	**Board fee**	**Bonus**	**Pension expense**	**Other remunerations**	**Total benefit to executives**
Board of Directors Group	1 000	-	-	500	1 500
Board of Directors in partly owned subsidiaries	199	-	-	-	199

Benefits to board members 2014 *(NOK'000)*	**Board fee**	**Bonus**	**Pension expense**	**Other remunerations**	**Total benefit to executives**
Board of Directors Group	250	-	-	-	250
Board of Directors in partly owned subsidiaries	261	-	-	-	261

8 Other operating expenses

Other operating expenses broken down in the following main categories:

(NOK'000)	**2015**	**2014**
Property related expenses	193 147	204 602
Expenses relating to plant and equipment	319 628	330 416
External services	60 652	67 748
Insurance	22 704	20 574
Loss on receivables and onerous contracts	11 153	9 149
Other expenses	119 085	142 918
Total other operating expenses	**726 370**	**775 407**

Expensed audit fees (excl. VAT) *(NOK'000)*	**2015**	**2014**
Statutory audit (incl. technical assistance with financial statements)	5 018	6 779
Other assurance services	600	282
Tax advisory fee (incl. technical assistance with tax returns)	2 387	881
Other assistance	1 276	2 326
Total expensed audit fees	**9 282**	**10 269**

The Recycling division changed auditors during 2014. Audit fees includes both new and former auditor. Other assistance includes special audits, supplier controls and assistance related to technical accounting questions.

Operational leases
The Group leases a number of fixed assets on operating leases. Annual lease expenses are included as rental expense in the income statement as other operating expenses. Lease payments are related to the following asset classes:

Operational leases – annual rental expense		
(NOK'000)	**2015**	**2014**
Property	162 328	144 230
Plants and machinery	52 049	61 332
Furniture, fittings and equipment	12 808	12 837
Total annual lease expenses	**227 185**	**218 399**

Land, buildings and other permanent fixtures hired on contracts that run from 1 to 20 years. Rental of plant machinery is on 1-8 year contracts. Other operating assets such as furniture, tools, office machinery etc. rented on 1 to 3 year contracts.

Operational leases – future minimum lease payments		
(NOK'000)	**2015**	**2014**
Payable within one year	178 276	200 194
Payable between 1 and 5 years	548 223	527 929
Payable later than 5 years	685 671	785 286
Total future minimum lease payments	**1 412 170**	**1 513 409**

9 Other (gains)/losses - net

(NOK'000)	**2015**	**2014**
Financial items at fair value over profit or loss (note 25):		
- Metal derivatives	2 649	(2 634)
Net foreign exchange rate differences from operating activities:		
- Foreign exchange gains	(21 754)	(23 262)
- Foreign exchange losses	15 863	13 077
Net other gains (-)/losses	**(3 242)**	**(12 819)**

Foreign exchange gains and –losses in the operational companies is classified as other (gains)/losses – net.

10 Finance income and costs

(NOK'000)	**2015**	**2014**
Interest income		
- Interest income on short-term bank deposits	117	1 530
- Interest income from customers	1 146	1 424
- Other interest income	484	366
Other finance income		
- Other finance income	443	752
Total finance income	**2 190**	**4 072**

(NOK'000)	**2015**	**2014**
Interest expense		
- short-term borrowings	3 382	2 530
- Bank borrowings	-	50 405
- Secured note bond	148 962	75 320
- Interest rate swap contracts - cash flow hedge	25 905	16 458
- Borrowings from group companies	10 756	35 225
- Financial leases	2 792	2 255
- Other	2 615	27 640
- Interest rate swap contracts: cash flow hedge, transfer from equity (note 19, 25)	-	53 884
Net foreign exchange rate differences from financing activities:		
- Foreign exchange gains	(5 317)	(4 177)
- Foreign exchange losses	18 280	17 299
Other finance costs		
- Other finance costs	13 927	2 151
Total finance costs	**221 302**	**278 990**

11 Taxes

Temporary differences and deferred tax

(NOK'000)	**2015**	**2014**
Excess value from acquisition	164 693	209 988
Property, plant and equipment	(123 193)	(162 747)
Receivables	7 467	12 419
Leasing	(1 960)	(2 126)
Gain- and loss account	185 888	220 121
Accruals and provisions	(146 223)	(120 984)
Net pension funds	(7 265)	(6 360)
Financial instruments	38 340	56 174
Interest rate swaps	(59 635)	(73 360)
Net temporary differences	**58 112**	**133 125**
Interest reduction carried forward	(18 867)	-
Tax losses carried forward	(179 455)	(151 594)
Basis for deferred tax liability / (-asset)	**(140 210)**	**(18 469)**
Deferred tax	41 174	56 697
Deferred tax asset	(76 226)	(61 684)
Net deferred tax liability/ (-asset) in statement of financial position	**(35 052)**	**(4 987)**

Current and non-current analysis of deferred tax assets and -liabilities

(NOK'000)	**2015**	**2014**
Deferred tax liability:		
- To be recovered within12 months	7 944	12 303
- To be recovered after more than 12 months	33 230	44 394
Deferred tax asset:		
- To be recovered within12 months	-	-
- To be recovered after more than 12 months	(76 226)	(61 684)
Net deferred tax liability/ (-asset) in statement of financial position	**(35 052)**	**(4 987)**

Change in net deferred tax liability / (-asset) in statement of financial position

(NOK'000)	**2015**	**2014**
Opening balance	**(4 987)**	**21 519**
Tax effect of acquisitions in financial year	-	289
Tax effect of actuarial gain/(loss) on post-employment benefit obligation	17	(122)
Tax effect of interest rate swaps	3 301	6 303
Change in deferred tax in tax expense	(33 383)	(32 976)
Net deferred tax liability/ (-asset) in statement of financial position	**(35 052)**	**(4 987)**

Current income tax liability

(NOK'000)	**2015**	**2014**
Current year income tax	5 601	5 309
Prepaid tax and reimbursement of SkatteFunn	(3 641)	(2 069)
Current income tax liability	**1 960**	**3 240**

Components of income tax expense

(NOK'000)	**2015**	**2014**
Current income tax liabilities	5 601	6 615
Adjustment in respect of priors	(8 299)	(28 675)
Change in deferred tax	(33 383)	(32 976)
Income tax expense	**(36 081)**	**(55 036)**

Reconciliation of income tax expense

(NOK'000)	**2015**	**2014**
Profit before income tax	(102 962)	(183 066)
Calculated tax expense with nominal tax rate on profit	(27 800)	(49 428)
Permanent differences	(1 293)	(2 206)
Effect of change in tax rate	2 804	-
Adjustments for estimated income tax expense prior years	(9 792)	(3 402)
Income tax expense	**(36 081)**	**(55 036)**
Weighted average tax rate	35.0 %	30.1 %

12 Intangible assets

Intangible assets 2015 *(NOK'000)*	Trademarks	Customer contracts and relationships	Other intangible assets	Goodwill	Total
Acquisition cost as of 1.1.	**35 000**	**321 699**	**51 545**	**1 229 559**	**1 637 803**
Additions in the year	-	-	4 200	-	4 200
Reclassifications	-	-	15 473	-	15 473
Acquisition cost as of 31.12.	**35 000**	**321 699**	**71 219**	**1 229 559**	**1 657 477**
Accumulated amortization and impairment as of 1.1.	**-**	**171 863**	**40 694**	**-**	**212 557**
Amortization in the year	-	46 592	15 897	-	62 489
Reclassifications	-	-	864	-	864
Accumulated amortization and impairment as of 31.12.	**-**	**218 455**	**57 455**	**-**	**275 910**
Total carrying amount as of 31.12.	**35 000**	**103 244**	**13 764**	**1 229 559**	**1 381 566**
Estimated lifetime		5-10 years	3-5 years		
Depreciation method		Linear	Linear		

* During 2015 NOK 15 473 thousand have been reclassified from work in progress (see note 13). The items relates to expenses for implementation of ERP-systems in the group.

Intangible assets 2014 *(NOK'000)*	Trademarks	Customer contracts and relationships	Other intangible assets	Goodwill	Total
Acquisition cost as of 1.1.	**35 000**	**310 383**	**51 545**	**1 217 743**	**1 614 671**
Additions through business combinations	-	11 316	-	11 816	23 132
Acquisition cost as of 31.12.	**35 000**	**321 699**	**51 545**	**1 229 559**	**1 637 803**
Accumulated amortization and impairment as of 1.1.	**-**	**119 579**	**29 842**	**-**	**149 421**
Amortization in the year	-	52 284	10 852	-	63 136
Accumulated amortization and impairment as of 31.12.	**-**	**171 863**	**40 694**	**-**	**212 557**
Total carrying amount as of 31.12.	**35 000**	**149 836**	**10 851**	**1 229 559**	**1 425 246**
Estimated lifetime		5-10 years	3-5 years		
Depreciation method		Linear	Linear		

Trademarks
With the acquisition of Veolia Miljø AS in 2011 the Group acquired the rights to the trademarks Norsk Gjenvinning and Grønt Ansvar.

Customer contracts and relationships
In connection with the acquisition of Veolia Miljø AS, Veidekke Gjenvinning AS in 2011 and in other smaller acquisitions, assets were identified relating to customer contracts and customer relationships. Customer contracts consist of specific contracts within the Group's different business areas, where it made a specific assessment of all major long-term contracts.

Furthermore, significant values related to the Group's trade relationships was identified. It was identified a significant number of customers, which through analyzes of historical data showed that the Group has experienced a high customer loyalty and low outflow of customers. The value of customer relationships is calculated based on expected sales, adjusted for contractual revenue and reduced for expected churn.

Other intangible assets
This item consists primarily of capitalized costs related to the implementation of the ERP systems for the Group.

Goodwill
Goodwill is allocated per division. Segments are selected as the level for the testing of goodwill impairment. Goodwill stems mainly from acquisitions of Veolia Miljø AS and Veidekke Gjenvinning AS in 2011, as well as several smaller acquisitions in the period 2012 to 2014.

Impairment testing of goodwill
The Groups division into segments is presented in note 4. Below is shown how goodwill is allocated pr. operating segment.

Goodwill allocation 2015 *(NOK'000)*	**1.1.**	**Additions**	**Disposals**	**Impairment**	**Other adjustments**	**31.12.**
Recycling	721 407	-	-	-	-	721 407
Metal	182 000	-	-	-	-	182 000
Household collection	109 000	-	-	-	-	109 000
Industry and Offshore	177 000	-	-	-	-	177 000
Other	40 153	-	-	-	-	40 153
Total goodwill	**1 229 559**	**-**	**-**	**-**	**-**	**1 229 559**

Goodwill allocation 2014 *(NOK'000)*	**1.1.**	**Additions**	**Disposals**	**Impairment**	**Other adjustments**	**31.12.**
Recycling	721 407	-	-	-	-	721 407
Metal	182 000	-	-	-	-	182 000
Household collection	109 000	-	-	-	-	109 000
Industry and Offshore	177 000	-	-	-	-	177 000
Other	28 337	11 816	-	-	-	40 153
Total goodwill	**1 217 744**	**11 816**	**-**	**-**	**-**	**1 229 559**

The Group has performed an impairment test on the carrying value of trademarks and goodwill as a result of these assets having indefinite useful life. The value in use was used as the measure of recoverable amount. The test includes the net present value analysis of expected future cash flows from cash-generating units (CGU). The Group has identified activities organized in segments as respective CGUs for impairment testing of goodwill. The impairment test revealed no need for write down, either in the consolidated financial statements or company accounts.

Cash Flow Model
The model is based on a five-year forecast of discounted cash flows of the Group's business plan, plus a terminal value calculated using Gordon's formula. Net discounted cash flow is calculated after tax. The model is based on the following assumptions:

Cash Flow
Based on market developments in recent years, the business plan for the acquisition of Veolia Miljø and Veidekke Gjenvinning, and guidelines issued by the board and the owners it has been prepared a strategic plan for the Group for the years 2016-2018. The terminal value is calculated with an annual growth rate of 2%.

WACC (Weighted average cost of capital)
To calculate the discount rate, the Group has applied WACC as a method, and is calculated to 7.45% after tax. Cost of equity is calculated based on Norwegian 10-year government bonds, adjusted for a risk premium and non-liquidity premium linked to the Group. Debt Cost is calculated based on the Group's long-term financing and its long-term target for gearing.

A reduction of 1% in annual growth rate in the terminal value will not affect the conclusion of the impairment test. The same applies to a 1% increase in WACC.

13 Property, plant and equipment

Property, plant and equipment 2015 *(NOK'000)*	**Property**	**Plant and machinery**	**Furniture, fittings and equipment**	**Work in progress**	**Total**
Acquisition cost as of 1.1	**401 758**	**946 364**	**324 413**	**7 279**	**1 679 814**
Additions through business combinations	-	-	-	-	-
Additions in the year	15 352	82 503	49 506	13 442	160 803
Reclassifications	(2 724)	2 508	(15 257)	-	(15 473)
Disposal/scrapping in the year	-	(24 818)	(248)	-	(25 066)
Divestments	-	(13 609)	(451)	-	(14 060)
Foreign currency adjustments	39	9 664	190	-	9 893
Acquisition cost as of 31.12	**414 425**	**1 002 612**	**358 152**	**20 721**	**1 795 910**
Accumulated depreciation and impairment losses as of 1.1	**79 474**	**415 214**	**96 125**	**-**	**590 813**
Depreciation in the year	33 853	101 994	49 253	-	185 100
Impairment losses	2 273	5 604	349	-	8 226
Disposal/scrapping in the year		(17 727)	(43)	-	(17 770)
Divestments	-	(7 293)	(173)	-	(7 466)
Reclassifications			(864)	-	(864)
Foreign currency adjustments	24	5 735	144	-	5 903
Accumulated depreciation and impairment losses as of 31.12	**115 624**	**503 527**	**144 791**	**-**	**763 942**
Carrying amount as of 31.12	**298 801**	**499 085**	**213 361**	**20 721**	**1 031 968**
Estimated lifetime (years)	10 years to infinite	5-10 years	3-10 years		
Depreciation method	Linear	Linear	Linear		

Property, plant and equipment 2014 *(NOK'000)*	**Property**	**Plant and machinery**	**Furniture, fittings and equipment**	**Work in progress**	**Total**
Acquisition cost as of 1.1	**335 015**	**846 252**	**267 936**	**-**	**1 449 203**
Additions through business combinations	-	-	2 760	-	2 760
Additions in the year	69 003	132 519	57 257	-	258 779
Reclassifications	-	(7 279)	-	7 279	-
Disposal/scrapping in the year	(2 260)	(25 128)	(3 540)	-	(30 928)
Acquisition cost as of 31.12	**401 758**	**946 364**	**324 413**	**7 279**	**1 679 814**
Accumulated depreciation and impairment losses as of 1.1	**52 483**	**314 707**	**51 670**	**-**	**418 860**
Depreciation in the year	29 251	116 232	47 995	-	193 478
Divestments	(2 260)	(15 725)	(3 540)	-	(21 525)
Accumulated depreciation and impairment losses as of 31.12	**79 474**	**415 214**	**96 125**	**-**	**590 813**
Carrying amount as of 31.12	**322 284**	**531 150**	**228 288**	**7 279**	**1 089 001**
Estimated lifetime (years)	10 years to infinite	5-10 years	3-10 years		
Depreciation method	Linear	Linear	Linear		

Included in this year's depreciation is kNOK 8 226 (2014: kNOK 21 508) in write-downs. The write-downs relates to the closing of Norsk Gjenvinning Metalls plant at Orkanger, as well as a number of smaller circumstances.

The Group has entered into agreements that require future investment commitments utilized for fixed assets.

Capital expenditure contracted for at the end of the reporting period but not yet incurred on 31.12. is as follows:

Capital commitments *(NOK'000)*	**2015**	**2014**
Property, plant and equipment	34 812	30 074
Total capital commitments	**34 812**	**30 074**

Property, plant and equipment under finance lease
The Group leases a number of different machines and equipment under financing leases. The assets included in the asset class machines and plants with the following carrying value:

Financial leases – carrying value *(NOK'000)*	**2015**	**2014**
Cost-capitalised finance lease	226 205	187 432
Accumulated depreciation	(161 081)	(126 299)
Carrying amount as of 31.12.	**65 124**	**61 133**

The Group continuously monitors strategic- and financial capabilities to optimize the value of the Groups' properties. This includes considerations of potential sales and leaseback contracts for each of the properties within the Group. At the date of these financial statements, all properties and equipment that could potentially be included in future transactions are classified as property, plant and equipment.

14 Investment in associated companies

The Group has interests in four associates as of December 31, 2015. The ownership share in Retura Norge AS have been sold during the year. The voting interests corresponds to the stated ownership shares.

(NOK'000)	**Place of business**	**Ownership 2015**	**Ownership 2014**
Østlandet Gjenvinning AS	Hamar	50 %	50 %
Egersund Omsetningsgård AS	Egersund	50 %	50 %
Pasa AS	Porsgrunn	38 %	38 %
Retura Norge AS	Lillestrøm	0 %	30 %
Heggvin Alun AS	Hamar	50 %	50 %

The following table presents the movement in the carrying value of the Groups share in associated companies;

(NOK'000)	**1.1**	**Divestment**	**Dividends**	**Share of profit**	**31.12**
Østlandet Gjenvinning AS	7 267	-	(1 500)	3 504	9 271
Egersund Omsetningsgård AS	2 088	-	-	25	2 113
Pasa AS	650	-	-	14	664
Retura Norge AS	2 447	(2 447)	-	-	-
Heggvin Alun AS	350	-	-	(5)	345
Sum	**12 802**	**(2 447)**	**(1 500)**	**3 538**	**12 393**

Sale of share
The ownership share in Retura Norge AS (30 %) was sold in 2015. The consideration for the sale (NOK 8.5 million) has been presented in the cash flow statement on a separate line, and the gain on sale (NOK 6.1 million) has been presented under the item Net income/gain from associated companies in the statement of profit or loss.

The interest in Østlandet Gjenvinning AS is considered material for the group. Østlandet Gjenvinning AS has control over the companies Litra Containerservice AS and Retura Glåma AS. The following table presents summarized key financial information for the Østlandet Gjenvinning group (100%). The profit for the period relates to both majority shareholders and non-controlling interest.

(NOK'000)	**Østlandet Gjenvinning AS**
Total operating revenue	169 488
Profit for the period	7 452
Current assets	49 991
Non-current assets	48 445
Total assets	**98 436**
Equity	42 803
Current liabilities	25 082
Non-current liabilities	30 550
Total equity and liabilities	**98 436**

15 Inventories

(NOK'000)	**2015**	**2014**
Raw materials	42 399	49 103
Finished goods	45 137	71 372
Total inventories	**87 536**	**120 475**

(NOK'000)	**2015**	**2014**
Inventory valued at purchase cost	87 536	120 475
Total inventories	**87 536**	**120 475**

Inventories consist of positive fractions where the Group purchase the products from upstream vendors. The line item Cost of goods sold include costs related to the purchase of positive fractions that are sold in the fiscal year:

(NOK'000)	**2015**	**2014**
Cost of goods sold	452 668	509 143

The line item Cost of goods sold in the statement of profit or loss includes both cost related to the purchase of positive fractions as described above and cost relating to downstream solutions for negative fractions.

16 Trade receivables and other receivables

(NOK'000)	**2015**	**2014**
Trade receivables (gross)	475 114	515 106
Provision for loss on trade receivables	(4 624)	(3 890)
Total trade receivables	**470 490**	**511 216**

(NOK'000)	**2015**	**2014**
Prepayments	27 080	39 926
Income accruals	76 194	64 045
Scomi-receivable*	10 147	12 065
Other current receivables	12 398	6 661
Total other current receivables	**125 819**	**122 697**

(NOK'000)	**2015**	**2014**
Prepaid landfill rent	21 291	22 053
Other non-current receivables	7 047	5 776
Total other non-current receivables	**28 338**	**27 829**

The fair value of trade and other receivables is not considered significantly different from book value. Maturity chart and change in provision for losses in accounts receivable are specified in note 24.

Through the company Norsk Gjenvinning M3 the Group operates landfills on rented ground and has contractual investment commitments in infrastructure, closing of the landfill and other installations that accrue to the landowner. Implementation of the investment is contract bound, but there is uncertainty about the size and timing of the investments. The best estimate for future investments are:

(NOK'000)	**Less than one year**	**Between one and five years**	**More than five years**
Future investments	12 000	11 079	17 227

As part of the regulatory approvals to operate landfills, Norsk Gjenvinning M3 is obliged to allocate for monitoring and after operations on closed landfills. Provision of TNOK 639 included in the financial statement line provisions for other liabilities and charges. Costs related to investments and after operations are recognised as other operating expenses in line with filling degree in the landfill. In addition to investments duties Norsk Gjenvinning M3 is obliged to pay a landfill rent to the landowner, the landowner fee, based on received masses and project profitability. There is currently no provision for this ongoing commitment.

17 Cash and cash equivalents

(NOK'000)	**2015**	**2014**
Cash at bank and in hand	219 433	160 812
Restricted bank deposits	386	256
Total cash and cash equivalents	**219 819**	**161 068**

(NOK'000)	**2015**	**2014**
NOK	196 378	102 871
DKK	5 947	(8 219)
EUR	(86)	12 120
USD	1 210	33 094
SEK	16 171	22 494
GBP	199	(1 292)
Total cash and cash equivalents	**219 819**	**161 068**

18 Share capital and premium

All shares in VV Holding AS has equal rights and VV Holding II AS owns all shares in VV Holding AS.

	2015	**2014**
Number of shares 31.12	453 479	453 479
Nominal value	100	100

(NOK'000)	**2015**	**2014**
Share capital	45 348	45 348
Share premium	330 011	330 011
Other paid in capital*	7 970	7 970

*Other paid in capital stems from group contributions VV Holding has received from parent company (VV Holding II AS) and VV Holding II AS' parent company (POS Holding AS).

19 Retained earnings

Movement in retained earnings 2015 *(NOK'000)*	**Currency translation reserve**	**Pension reserve**	**Cash flow hedge reserve**	**Other Equity**	**Total other equity**
Carrying value as of 1.1	**4 576**	**(1 283)**	**(14 217)**	**(166 006)**	**(176 930)**
Profit for the year	-	-	-	(70 476)	(70 476)
Other comprehensive income for the year:					-
- Currency translation difference	4 420	-	-	-	4 420
- Remeasurement of post-employment benefit obligations	-	114	-	-	114
- Tax related to remeasurement of post-employment benefit obligations	-	(29)	-	-	(29)
- Cash flow hedge	-	-	13 725	-	13 725
- Tax related to cash flow hedge	-	-	(3 431)	-	(3 431)
- Tax effect of change tax rate from 27% to 25%	-	(36)	(390)	-	(426)
Transactions with non-controlling interest	-	-	-	1 024	1 024
Carrying value as of 31.12	**8 996**	**(1 233)**	**(4 313)**	**(235 458)**	**(232 009)**

Movement in retained earnings 2014 *(NOK'000)*	**Currency translation reserve**	**Pension reserve**	**Cash flow hedge reserve**	**Other Equity**	**Total other equity**
Carrying value as of 1.1	**1 102**	**(964)**	**(31 258)**	**(15 575)**	**(46 695)**
Profit for the year	-	-	-	(135 405)	(135 405)
Other comprehensive income for the year:					
- Currency translation difference	3 474	-	-	-	3 474
- Remeasurement of post-employment benefit obligations	-	(437)	-	-	(437)
- Tax related to remeasurement of post-employment benefit obligations	-	118	-	-	118
- Cash flow hedge	-	-	(11 064)	-	(11 064)
- Tax related to cash flow hedge	-	-	2 987	-	2 987
- Termination of cash flow hedge	-	-	53 884	-	53 884
- Tax related to termination of cash flow hedge	-	-	(14 549)	-	(14 549)
- Cash flow hedge (new)	-	-	(19 476)	-	(19 476)
- Tax related to cash flow hedge (new)	-	-	5 258	-	5 258
Non-controlling interest arising from business combination	-	-	-	(7 824)	(7 824)
Group contribution	-	-	-	(7 202)	(7 202)
Carrying value as of 31.12	**4 576**	**(1 283)**	**(14 217)**	**(166 006)**	**(176 930)**

20 Borrowings and financial lease contracts

(NOK'000)	**2015**	**2014**
Senior secured note bond	2 192 661	2 180 645
Borrowings from group companies	136 226	125 474
Financial lease liabilities	46 304	48 901
Promissory note loans and other borrowings	5 227	5 591
Total non-current loans and borrowings	**2 380 419**	**2 360 610**

(NOK'000)	**2015**	**2014**
Accrued interest expense on senior secured note bond	31 983	35 452
Financial lease liabilities	22 254	15 261
Promissory note loans and other borrowings	5 754	7 541
Loan facility	529	483
Total current loans and borrowings	**60 519**	**58 737**
Total loans and borrowings	**2 440 939**	**2 419 347**

All loans are nominated in Norwegian kroner. The following table shows the relationship between carrying value and fair value of the loans and borrowings:

	Carrying amount		**Fair value**	
(NOK'000)	**2015**	**2014**	**2015**	**2014**
Senior secured note bond	2 224 644	2 216 097	2 149 325	2 216 097
Borrowings from group companies	136 226	125 474	136 441	125 474
Promissory note loans and other borrowings	10 982	13 132	10 982	13 132
Financial lease liabilities	68 558	64 162	68 558	64 162
Loan facility	529	483	529	483
Total loans and borrowings	**2 440 939**	**2 419 347**	**2 365 834**	**2 419 348**

Se the following information for each type of loan and borrowing for description of fair value calculation.

Senior secured note bond
10. July 2014, issued VV Holding AS a senior secured floating rate note (the bond) of MNOK 2 235, which matures on July 10, 2019 and shall be fully repaid by this date. The bond was listed on the Oslo Stock Exchange June 12, 2015. The interest rate is set quarterly at 3 month NIBOR +525 basis points. 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 MNOK 500, 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 until 18 months after the date of issuance
- 4.50 from 18 months to 48 months after the date of issuance
- 4.00 from 48 months after the date of issuance

The line item senior secured note bond consists of:

(NOK'000)	**2015**	**2014**
Principal amount	2 235 000	2 235 000
Accrued interest expense	31 983	35 452
Transaction costs	(42 339)	(54 355)
Carrying amount	**2 224 644**	**2 216 097**

As the senior secured note bond is listed on the Oslo stock exchange, the last observed price (96.63 December 21, 2015) has been used when calculating the fair value. The fair value of the bond is calculated by measuring the principal amount at price 96.63 and adding the carrying amount of accrued interest expense and transaction cost as presented in the table above.

Borrowings from group companies
Borrowings from group companies are intercompany financing from parent VV Holding II AS. The loan matures on July 8, 2020. The loan interest rate is calculated with a fixed rate of 8 % which is added to the principal once a year. The fair value of the borrowings is calculated by discounting the future value maturing at July 8, 2020 with the estimated yield on the bond as of December 21, 2015 – 7.98 % (see further information on the bond above).

Financial lease liabilities
The Group has a facility agreement of NOK 270 million that can be used to rent equipment on finance leases. Financial leases are charged with an interest rate of NIBOR + 300 basis points.

(NOK'000)	**2015**	**2014**
Less than 1 year	24 781	17 975
Between 1 and 5 years	45 938	52 830
Later than 5 years	3 069	-
Total future minimum lease payments	**73 789**	**70 805**
Future financial charges on financial lease liabilities	5 343	6 643
Present value of financial lease liabilities	**68 446**	**64 162**

Interest expenses from financial lease liabilities are shown in note 10.

Maturity profile for the present value of finance lease liabilities:

(NOK'000)	**2015**	**2014**
Less than 1 year	22 254	15 261
Between 1 and 5 years	43 177	48 901
Later than 5 years	3 015	-
Present value of financial lease liabilities	**68 446**	**64 162**

The fair value of financial lease liabilities is expected to be equivalent to the carrying value as the interest rate is considered to be the market rate for comparable contracts.

Loan facility

(NOK'000)	**2015**	**2014**
Undrawn loan facility	200 000	200 000

The Group has a loan facility (revolver) which can be used as needed. Drawn overdraft facility is charged with an interest rate of NIBOR + 200 basis points.

Promissory note loans and other borrowings
Promissory notes and other borrowings are several smaller loans to credit institutions and companies, together with accrued interest on interest rate swaps. The loans are made on market terms, on a par with other funding. The fair value of accrued interest expenses is considered to equal carrying value as the agreed interest is on par with market terms.

Collateral and guarantees
As part of the financing of the Group the following companies have guaranteed for the loan and credit facilities, Norsk Gjenvinning Norge AS, Norsk Gjenvinning AS, Norsk Gjenvinning Industri AS, Norsk Gjenvinning Metall AS, Norsk Gjenvinning Miljøeiendommer AS, Norsk Gjenvinning Renovasjon AS, Norsk Gjenvinning Downstream AS, NG Vekst AS and Norsk Makulering AS.

(NOK'000)	**Carrying value**	**Security**
Shares	-	3 500 000
Property, plant and equipment	722 319	3 500 000
Inventories	85 500	3 500 000
Trade receivables	385 710	3 500 000

The Group have the following guarantees as of December 31;

(NOK'000)	**2015**	**2014**
Operational guarantees	76 366	52 169
Rental guarantees	37 100	36 687
Contractual guarantees	30 453	44 161
Withheld tax guarantees	39 100	39 500

The Group's exposure to changes in interest and repricing dates at the end of the year:

(NOK'000)	**2015**	**2014**
6 months or less	49 393	42 530
6-12 months	11 239	946
1-5 years	2 337 292	2 246 236
Over 5 years	3 015	129 636
Total loans and borrowings	**2 440 939**	**2 419 348**

21 Provisions for other liabilities and charges

2015 *(NOK'000)*	**Rental-compensation**	**Onerous contract**	**Environmental- and clean-up commitments**	**Other provisions**	**Total provisions**
Carrying value as of 1.1	**82 500**	**-**	**25 931**	**18 150**	**126 581**
Additional provisions recognised	-	9 200	410	2 031	11 641
Unused amounts reversed	-	-	(4 750)	-	(4 750)
Amounts used during the year	(5 000)	-	(4 854)	(12 853)	(22 706)
Carrying value as of 31.12	**77 500**	**9 200**	**16 737**	**7 328**	**110 766**
Classified as:					
- Non-current liabilities	77 500	9 200	15 338	274	102 312
- Current liabilities	-	-	1 399	7 054	8 454

2014 *(NOK'000)*	**Rental-compensation**	**Onerous contract**	**Environmental- and clean-up commitments**	**Other provisions**	**Total provisions**
Carrying value as of 1.1	**87 500**	**-**	**24 631**	**7 713**	**119 844**
Additional provisions recognised	-	-	14 164	11 830	25 994
Unused amounts reversed	-	-	(4 000)	-	(4 000)
Amounts used during the year	(5 000)	-	(8 864)	(1 392)	(19 256)
Carrying value as of 31.12	**82 500**	**-**	**25 931**	**18 150**	**126 581**
Classified as:					
- Non-current liabilities	82 500	-	24 501	2 407	109 408
- Current liabilities	-	-	1 430	15 743	17 173

Uncertain commitments include estimation uncertainty and is recognised as the best estimate based on available information as of the date for these financial statement.

Rental compensation
Norsk Gjenvinning Norge AS rents Haraldrudveien 31-35 of Haraldrudveien Eiendom AS. At June 30, 2011 the lease was renegotiated and the rent was adjusted from the original rent to a new market rate. Norsk Gjenvinning Norge AS received NOK 100 million from the landlord as compensation for the adjustment. This compensation is accrued linearly as a reduction of rental expenses over the remaining lease term of the new lease agreement. Expiration date of the original lease was August 30, 2021. The new lease runs until June 30, 2031.

Onerous contract
The group has identified an onerous contract in the Household collection division. As of December 31, 2015 NOK 9.2 million has been recognised in the line item other operational expenses in the statement of profit or loss. The provision has been calculated by estimating the future unavoidable cost and economic benefits in the contract period. The contract runs till August 2019, with an option for two years extension, held by the counterparty. In estimating the provision an expectation of that the option will be exercised is included. The provision is measured at discounted value of the future net unavoidable costs.

Environmental- and clean-up commitments
The Group has environmental liabilities which consist of provisions for statutory after-operations funds in connection with waste landfills clean-up responsibility and potential liability associated with the environmentally hazardous emissions. I the event that a legal or constructive obligation exists, the group recognize a provision for the commitments.

Other provisions
Other provisions include contingent liabilities and other items. Through business combinations in 2013 a contingent liability relating to Isekk, Metodika and Løvaas was recognised. These liabilities are expected to be settled in full before the end of 2016.

Norsk Gjenvinning Offshore AS has received compensation from Veolia Propreté due to doubtful accounts against Scomi (see note 24). Norsk Gjenvinning Offshore AS is obliged to repay up to MNOK 12.5 to Veolia Propreté conditional that the claim against Scomi is paid. No provision is recognised relating to this matter.

In connection with the cost-cutting program NG200 it was in 2014 decided to reduce the number of plants in several of the Group's segments. The provision included compensation packages to employees, costs related to termination of leases and cleanup with plant closing. This provision has been utilized in full during 2015 and no new provisions has been recognised.

Contingent liabilities
Norsk Gjenvinning AS (NG) received a lawsuit from KLP Skadeforsikring AS relating to a fire in a plan in Stavanger. The claim was for NOK 9.9 million. The claim related to a recourse on insurance payment to lessor after damages to the property, following the fire at Forusstranda in January 2013. In October 2014 the District Court in Stavanger ruled in favour of KLP and convicted NG to pay NOK 10.7 million including legal expenses and interest to KLP. NG appealed the verdict to the court of appeals and won this. After the clearance in the court of appeals the provision of NOK 10.9 million recognised in 2014 have been reversed in 2015. KLP has appealed the verdict to the Supreme Court. There is not yet clear when the case will be tried for the Supreme Court. No provision for this matter has been recognised as of December 31, 2015.

22 Other current payables

(NOK'000)	**2015**	**2014**
Amounts due to related parties	-	6 303
Social security, VAT and other taxes	87 858	87 908
Other current payables	11 951	19 267
Provision for incurred downstream expenses*	44 730	23 226
Other accrued expenses	226 770	258 060
Total other current payables	**371 309**	**394 764**

* Provision for incurred downstream expense; for waste received as of period end which is yet to be delivered to final downstream solution, the group recognise a provision for expected expenses to transport and treatment.

23 Financial risk management

Risk management in VV Holding is an integral part of company activities. Risk management is split between operational units which have the main responsibility for relevant operational and commercial risk management within their business areas, and the Group management who have primary responsibility for financial risk management in accordance with guidelines set by the Board.

Administration establishes guidelines and procedures to manage risks and coordinate and implement an overall risk assessment for the Group. Below is a description of relevant risks which at any given time can affect the Group operationally and financially.

23.1 Financial risk factors

The Group's activities cause it to being exposed to various financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictable financial markets and seeks to minimize potential adverse effects on the Group's financial figures. The Group uses financial instruments in the form of derivatives to hedge against certain risks exposure.

Financial risk management is handled by the finance department under policies set by the Board. The finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board prepares principles for overall risk management, including policies covering specific areas such as currency risk, interest rate risk and use of financial instruments in the form of derivatives.

23.1.1 Market risk

Currency risk

The Group has international operations and is exposed to foreign exchange risk arising from transactions in several currencies. This is primarily NOK, SEK, DKK, EUR and USD. Currency risk arises from transactions related to operations, assets and liabilities in foreign currencies and net investments in foreign operations. Especially downstream transactions are exposed to foreign currency. Any significant change in the currency mentioned above could potentially affect the Group negatively.

Currency risk management performed by the finance department. The Group companies are required to estimate their total exposure to foreign currency risk on a 6 month rolling basis. Currency risk arises from transactions related to operations, asset or liabilities which are conducted in a currency other than its functional currency. Based on the Group companies' estimates the finance department performs estimates of expected net cash flows (mainly export, purchase of inventories and investments in assets) in each major foreign currency for the subsequent 6 months. The finance department guidelines for risk management is to hedge between 50-100% of the expected cash flow six months ahead.

The Group has various investments in foreign operations, where net assets are exposed to foreign currency risk. Such currency exposures are not considered to have significant impact and are thus not hedged. The table below summarizes the impact effect of an increase / decrease in the foreign currencies in which the company is exposed, will have on the Group's profit after tax. The analysis is based on the assumption that sales in foreign currency is increased / decreased by 10% on average during the year in relation in relation to NOK, with all other variables held constant and with no use of hedging. The Groups real currency risk is limited by both the natural hedge (revenues and expenses in foreign currency) and the use of derivatives.

(NOK’000)	**2015**	**2014**
NOK/USD	15 589	6 965
NOK/EUR	30 010	41 044
NOK/SEK	14 076	17 071
NOK/DKK	605	1 000

Interest rate risk

The Group's interest rate risk arises as a consequence of long-term debt. Debt issued based on variable interest rates mean that the Group is exposed to interest rate risk affecting cash flow. The Company manages interest rate risk related to cash flow by taking advantage of interest rate swaps. Interest rate swaps have the economic effect through that they convert floating rates to fixed rates. Generally the Group borrows long-term floating interest rates and "replace" them to fixed rates with lower fixed interest rates than the corporate borrower in the market. In an interest rate swap includes the Group an agreement with the counterparty to exchange the difference between fixed and floating interest at nominal values each quarter. Hedge accounting is used in relation to interest rate swaps. The Group guidelines are to secure approximately 60% of their loans signed with variable interest rates. Interest rate swaps are specified in note 25.

If interest rates on debt and bank deposits in average had been 10 basis points higher / lower during the year, given that all other variables had been held constant, profit after tax would have been NOK 0.7 million lower / higher. Sensitivity calculations take into account open interest rate swaps agreements. Effect on profit is mainly due to higher / lower interest rates on loans entered into with variable interest rates without hedging.

Price risk
The Group is exposed to price risk related to commodities. Price fluctuations in commodity prices have generally risen significantly in recent years and may have a significant impact on our operating results. Our operational result is primarily influenced by the price development of our main products, ferrous and non-ferrous metals, paper, plastic, wood chips and refuse-fuel. Further, operating costs are affected by price of electricity and fuel.

Our main strategy related to risk management is to limit the exposure to price changes. This is achieved by entering into concurrent downstream contracts for volumes of upstream activities, where this is possible. Price risk related to paper and metal as revealed by the waste sorting process (it is not possible to reliably estimate these volumes) and are secured in financial markets on a monthly basis. These hedges are based on estimated volumes and timing, and is thus not a perfect hedge and the effect is recognized in the statement of profit or loss. Electricity is purchased at fixed price contracts until 2017. Diesel is purchased at prices following the Platt price-index.

An indication of the sensitivity related to price fluctuations on our main products are shown in the table below. Annual sensitivity is based on normal volume over a year and based on the assumption that commodity prices linked to downstream increases / decreases by 10%, provided that all other variables remain constant. Effects related to metal derivatives are not taken into account.

(NOK'000)	**2015**	**2014**
Paper	31 607	27 175
Non-ferrous metals	42 543	40 349
Ferrous metals	32 925	29 321

Credit risk
Credit risk is managed at the corporate level. Credit risk arises from, among other cash and cash equivalents, financial instruments and deposits with banks and financial institutions. In addition risk occurs through exposure to customers, including outstanding receivables and contracted transactions. For banks and financial institutions, only independent parties with a minimum rating of at least "A" are accepted. Credit risk related to each new customer is analyzed and considered before granting an offer of payment and delivery terms. If customers are evaluated individually in their credit score, it is these considerations that applied. If there exists no individual credit assessment, will credit quality be assessed by taking account of the client's financial position, past experience and other relevant factors. Individual risk limits are set based on internal and external ratings in accordance with guidelines established by the Group. The utilization of credit limits is regularly monitored.

There are credit risk related to derivatives. This risk is limited by dealing only with financial institutions with credit rating AA or better.

Liquidity risk
Estimating future cash flows is performed by the finance department jointly for the Group. The finance department monitors rolling forecasts of the Group's liquidity requirements to ensure that it has a satisfactory level of cash to meet operational needs, as well as at any time maintain a satisfactory margin of the unused loan facility to ensure that the Group is not in breach of the requirements set in the loan agreement. Such estimation of future cash flows takes into account the Group's debt financing plans, loan conditions and compliance with internal requirements ratios in the balance. Excess liquidity in each company, beyond the requirements for working capital, is deposited in interest-bearing accounts with financial institutions.

The table below specifies the Group's financial liabilities that are not derivatives classified according to maturity structure. Classification is carried out according to the maturity date of the contract. The amounts are agreed undiscounted cash flows.

December 31, 2015 *(NOK'000)*	**Less than 1 year**	**Between 1 and 5 years**	**Later than 5 years**
Borrowings	37 739	2 371 226	-
Financial lease liabilities	24 781	45 938	3 069
Trade and other payables	242 976	-	-
Financial guarantee contracts	28 419	-	-

December 31, 2014 *(NOK'000)*	**Less than 1 year**	**Between 1 and 5 years**	**Later than 5 years**
Borrowings	43 476	2 236 167	125 474
Financial lease liabilities	17 975	52 830	-
Trade and other payables	246 882	-	-
Financial guarantee contracts	27 127	-	-

Loans that mature between 1-5 years consists mainly of bonds of NOK 2 235 (2014: 2 235) maturing in wholly 10th June 2019. The Group's interest rate swaps are not included since these maturities are congruent with the payment of interest on the bond and provide a fixed cash flow of the hedged portion of the loan.

23.2 Capital management

The Group aims related to capital management are to safeguard the Group's ability to continue operations in order to provide shareholders and other stakeholders a return on investment, and to maintain an optimal capital structure in order to reduce the cost of capital.

To maintain or adjust the capital structure, the Group can distribute capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital based on gearing. This ratio is calculated as net debt divided by adjusted EBITDA. Net debt is based on total debt obligations (including debt prior to admission costs, and non-interest-bearing liabilities as shown in the balance sheet to the Group) net of cash and cash equivalents.

Adjusted EBITDA is used to consider the underlying proitability of the business in a given period. This is a financial indicator which is not defined under IFRS. The indicator is calculated by adjusting EBITDA for any item (positive or negative) with the character of being a one-time event, not recurring, extraordinary, unusual or exceptional. Adjusted EBITDA is calculated in the following manner;

(NOK'000)	**2015**	**2014**
EBITDA	**362 367**	**345 935**
Restructuring costs	-	37 638
Gains from sale of subsidiary	(2 333)	-
Lawsuits	(9 561)	13 949
Costs related to dispute with Scomi	1 426	3 315
Provision for onerous contract	9 200	-
Net other non-recurring items	4 379	784
Adjusted EBITDA	**365 478**	**401 621**

The debt ratio as of December 31, was;

(NOK'000)	**2015**	**2014**
Cash and cash equivalents	219 819	161 068
Loan facility	529	483
Leasing facility	68 558	64 162
Senior secured note	2 272 737	2 270 452
Senior bank debt	5 227	9 575
Net debt	**2 127 231**	**2 183 604**
Adjusted EBITDA	365 478	401 621
Debt ratio	**5,82**	**5,44**

24 Financial instruments

Financial instruments by category

December 31, 2015 *(NOK'000)*	**Loans and receivables**	**Assets at fair value through profit or loss**	**Derivatives used for hedging**	**Total**
Assets:				
Trade receivables	470 490	-	-	470 490
Other receivables excluding pre-payments	105 761	-	-	105 761
Cash and cash equivalents	219 819	-	-	219 819
Total financial assets	**796 070**	**-**	**-**	**796 070**
Liabilities:				
Borrowings (excluding finance lease liabilities)	2 372 381	-	-	2 372 381
Financial lease liabilities	68 558	-	-	68 558
Derivative financial instruments	-	3 999	59 635	63 634
Trade payables	231 025	-	-	231 025
Other payables excluding non-financial liabilities	283 451	-	-	283 451
Total financial liabilities	**2 955 415**	**3 999**	**59 635**	**3 019 049**

December 31, 2014 *(NOK'000)*	**Loans and receivables**	**Assets at fair value through profit or loss**	**Derivatives used for hedging**	**Total**
Assets:				
Derivative financial instruments	-	1 818	-	1 818
Trade receivables	511 216	-	-	511 216
Other receivables excluding pre-payments	88 547	-	-	88 547
Cash and cash equivalents	161 068	-	-	161 068
Total financial assets	**760 831**	**1 818**	**-**	**762 649**
Liabilities:				
Borrowings (excluding finance lease liabilities)	2 355 186	-	-	2 355 186
Financial lease liabilities	64 162	-	-	64 162
Derivative financial instruments	-	6 379	73 360	79 739
Trade payables	227 194	-	-	227 194
Other payables excluding non-financial liabilities	306 856	-	-	306 856
Total financial liabilities	**2 953 398**	**6 379**	**73 360**	**3 033 137**

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

All new customers are being credit rated before payments and delivery terms are being offered. Further, customers are split into three groups:

- Group 1 – customers with no defaults in the past or within 30 days past due.
- Group 2 – customers between 31 and 90 days past due.
- Group 3 – customers with more than 91 days past due or where the financial asset have been sent to collection.

(NOK'000)	**2015**	**2014**
Group 1	431 597	501 651
Group 2	39 701	8 597
Group 3	3 816	4 858
Total trade receivables (gross)	**475 114**	**515 106**

Past due not impaired accounts receivables

(NOK'000)	**2015**	**2014**
Within 3 months	116 902	81 433
3 to 6 moths	814	9 565
Total past due not impaired accounts receivables	**117 716**	**90 999**

Based on historical data, the Group uses a standard formula for calculating of provision for bad debts. In addition, an individual assessment of the receivables. Provisions for losses are considered to cover the actual losses that are expected in relation to accounts receivable.

The carrying amounts of the group's trade receivables are denominated in the following currencies:

(NOK'000)	**2015**	**2014**
NOK	428 103	432 180
DKK	9 346	21 278
EUR	2 819	25 135
USD	14 931	26 802
SEK	18 442	9 712
Other currencies	1 473	-
Total trade receivables (gross)	**475 114**	**515 106**

Movements on the group provision for impairment of trade receivables are as follows:

(NOK'000)	**2015**	**2014**
Provision as of 1.1.	3 890	38 420
Provisions made during the year	5 372	11 308
Receivables written off as uncollectible	(3 047)	(43 679)
Unused amounts reversed	(1 591)	(2 159)
Provision as of 31.12.	**4 624**	**3 890**

The creation and release of provision for impaired receivables have been included in 'other operating expenses' in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The group does not hold any collateral as security.

Scomi-receivable
In 2009 it was signed an agreement between Norsk Gjenvinning Offshore AS (NGO) and Scomi Oiltools (Europe) Limited NUF (Scomi) primarily to safeguard obligations relating to the treatment of drill cuttings and waste water generated from the BP drilling operations on the Skarv field in Nordland. NGO has had an ongoing dispute with Scomi in relation to understanding of the agreement and implementation of the project. The relationship has been up to arbitration where a verdict was pronounced in March 2014, and Norsk Gjenvinning Offshore AS was awarded NOK 40 million plus interest and legal costs. As of December 31, 2015 NOK 10 million is recognised as other current receivables (2014: NOK 12 million), see note 16.

Norsk Gjenvinning Offshore AS received a compensation from Veolia Propreté due to lack of payment from Scomi. Norsk Gjenvinning Offshore AS is obliged to repay up to MNOK 12.5 to Veolia Propreté conditional that the claim against Scomi is paid. There is no claim recognised as of December 31, 2015.

25 Derivative financial instruments

December 31 *(NOK'000)*	**2015**		**2014**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps - cash flow hedge	-	59 635	-	73 360
Forward foreign exchange contracts	-	3 251	-	6 379
Metal derivatives	-	748	1 818	-
Total carrying value	**-**	**63 634**	**1 818**	**79 739**
Non-current items:	-	59 635	-	73 360
Current items:	-	3 999	1 818	6 379

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Interest rate swaps

2015

Principal amount (NOK'000)	**Currency**	**Start date**	**Mature date**	**Fixed rate**	**MTM (NOK'000) ***
320 000	NOK	10.07.2014	10.07.2017	2,899 %	(10 325)
480 000	NOK	12.10.2015	10.07.2017	2,899 %	(15 416)
240 000	NOK	12.01.2015	10.01.2018	2,987 %	(10 615)
360 000	NOK	12.10.2015	10.01.2018	2,987 %	(16 071)
900 000	NOK	10.07.2017	10.07.2019	1,355 %	(5 246)
500 000	NOK	10.01.2018	10.01.2019	1,360 %	(1 963)
2 800 000					**(59 635)**

2015

Principal amount (NOK'000)	**Currency**	**Start date**	**Mature date**	**Fixed rate**	**MTM (NOK'000) ***
200 000	NOK	10.07.2014	10.07.2015	2,685 %	(1 448)
300 000	NOK	10.07.2014	10.07.2015	2,685 %	(2 173)
320 000	NOK	10.07.2014	10.07.2017	2,899 %	(14 446)
480 000	NOK	10.07.2014	10.07.2017	2,899 %	(21 670)
240 000	NOK	12.01.2015	10.01.2018	2,987 %	(13 449)
360 000	NOK	12.01.2015	10.01.2018	2,987 %	(20 174)
1 900 000					**(73 360)**

* Accrued interest on derivative is classified as current liability

The Company uses interest rate swaps to swap floating margins on loans to fixed rates. The interest rate swap switches a floating 3 month NIBOR with fixed rate as shown in the table above. The floating interest rate was 1.13% as of December 31, 2015 (2014: 1.48% pa). Gains and losses of the hedging instrument are recognized in other comprehensive income. Loan margin (5.25%) are additional.

Forward currency exchange contracts

Forward currency exchange contracts are used to reduce exposure to currency fluctuations related to the Group's cash. Gains and losses (net) on hedging instruments are included as part of Finance costs (note 10).

Metal derivatives

Metal derivatives are held for trading purposes. Gains and losses (net) are included in Other (gains)/losses-net (note 9).

Fair value estimation
The following table presents the groups' financial assets and liabilities that are measured at fair value:

31.12.2015 *(NOK'000)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at fair value through profit or loss				
- Forward foreign exchange contracts	-	3 251	-	3 251
- Metal derivatives	-	748	-	748
Derivatives used for cash flow hedging				
- Interest rate swaps	-	59 635	-	59 635

There were no transfers between the levels during the year. Fair value of financial instruments not traded in an active market (for example counter derivatives) are determined by using the Bank's estimated value of the instrument (MTM value). The Group assesses and selects methods and assumptions that are mainly based on market conditions at each reporting date. The different levels have been defined as follows;

(a) *Financial instruments in level 1*
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

(b) Financial instruments in level 2
The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3
If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

26 Business combinations

The Group has not performed any business combinations in 2015. In October of 2014 the group gained control over R3 Entreprenør Innland AS (formerly 13-Gruppen AS), including subsidiaries. In agreement with the provisions in IFRS 3 regarding measurement period adjustments the Group has ,as a result of new information regarding facts and circumstances which existed as of the acquisition date (October 15, 2014), adjusted the purchase price allocation retrospectively. The consolidated statement of financial position as of December 31, 2014 has been restated to reflect the measurement period adjustment.

The following table presents provisional and final purchase price allocation.

(NOK'000)	**Provisional purchase price allocation**	**Measurement period adjustment**	**Final purchase price allocation**
Customer relationships	11 316	-	11 316
Property, plant and equipment	2 760	-	2 760
Trade and other receivables	19 669	(1 865)	17 804
Deferred tax liability	(289)	-	(289)
Loans	(9 343)	-	(9 343)
Trade and other payables	(18 169)	(5 882)	(24 051)
Total identifiable net assets	**5 944**	**(7 747)**	**(1 803)**
Goodwill	4 069	7 747	11 816
Total consideration	**10 013**	**0**	**10 013**

27 Non-controlling interests

The Group has control over 3 subsidiaries where non-controlling interest exist. The following subsidiaries has non-controlling ownership interest as of December 31, 2015;

(NOK'000)	**Place of business**	**Non-controlling ownership interest**	**Share of net profit**	**Accumulated ownership interest December 31, 2015**
Isekk AS	Oslo	45 %	3 212	4 035
Østfold Gjenvinning AS	Fredrikstad	34 %	(527)	5 778
R3 Entreprenør Holding AS*	Oslo	18,75 %	911	4 951
Total			**3 596**	**14 765**

* R3 Entreprenør Holding AS controls 100% of the companies R3 Entreprenør AS, R3 Entreprenør Innland AS and SRM Eiendom AS. Amounts relates to the consolidated accounts for R3 Entreprenør Holding AS with subsidiaries. All amounts are after eliminations in the sub-group, before eliminations of transaction with other group companies.

Dividend

During 2015 a dividend of NOK 3 500 thousand has been paid from Isekk AS, of which NOK 1 575 thousand to non-controlling interest.

Summarised financial information

(NOK'000)	**Isekk AS**	**Østfold Gjenvinning AS**	**R3 Entreprenør Holding**
Items in profit or loss 2015			
Total operating revenue	60 079	35 591	213 003
Profit / (loss) for the period	7 137	-1 551	5 165
Items in financial position as of December 31, 2015			
Non-current asset	1 815	18 224	36 738
Current assets	16 712	8 014	45 636
Total assets	**18 527**	**26 238**	**82 374**
Equity	8 951	15 822	34 578
Non-current liabilities	1 089	3 924	8 037
Current liabilities	8 487	6 492	39 758
Total equity and liabilities	**18 527**	**26 238**	**82 374**
Cash flow 2015	5 886	-4 622	-11 655

28 Events after the reporting period

Norsk Gjenvinning AS (NG) received a lawsuit from KLP Skadeforsikring AS relating to a fire in a plan in Stavanger. The claim was for NOK 9.9 million. The claim related to a recourse on insurance payment to lessor after damages to the property, following the fire at Forusstranda in January 2013. In October 2014 the District Court in Stavanger ruled in favour of KLP and convicted NG to pay NOK 10.7 million including legal expenses and interest to KLP. NG appealed the verdict to the court of appeals and won this.

KLP has appealed the verdict to the Supreme Court. See note 21 for further description regarding the contingent liability.

Norsk Gjenvinning m3 AS (NGM3) has raised a claim against Aalerudmyra AS and other in April 2016. NGM3s claim is NOK 14.3 million regarding breach of contract and misappropriation of trade secrets. There has not bee recognised any receivables relating to this matter as of December 31, 2015.

Financial statements parent company

STATEMENT OF PROFIT OR LOSS 1.1-31.12

(NOK'000)	**Note**	**2015**	**2014**
Other operating expenses	6	998	274
Operating profit		**(998)**	**(274)**
Income on investment in subsidiaries	7	76 360	1 390
Interest income from group companies	7, 10	95 141	96 246
Other financial income	7	11	16
Interest expense to group companies	7, 10	10 756	35 225
Other financial expenses	7	190 369	231 739
Profit / (loss) before income tax		**(30 611)**	**(169 586)**
Income tax expense	5	(4 792)	(45 788)
Profit / (loss) for the period from continuing operations		**(25 818)**	**(123 798)**
Cash flow hedges (after tax)	5, 8	10 019	17 041
Comprehensive income for the period		**(15 799)**	**(106 757)**
Transfers			
Allocation to/from(-) other equity reserves		(15 799)	(106 757)
Total transfers		**(15 799)**	**(106 757)**

BALANCE SHEET

ASSETS

(NOK'000)	Note	31.12.2015	31.12.2014
Non-current assets			
Intangible assets			
Deferred tax assets	5	43 406	42 817
Total intangible assets		**43 406**	**42 817**
Financial non-current assets			
Investment in subsidiaries	1	1 339 644	1 370 064
Loan to group companies	2, 9, 11	1 245 575	1 269 901
Total financial non-current assets		**2 585 219**	**2 639 966**
Total non-current assets		**2 628 625**	**2 682 783**
Receivables			
Receivables from group companies	2	78 201	1 390
Other current receivables	9, 11	122	670
Total receivables		**78 323**	**2 060**
Cash and cash equivalents	11, 12	1 223	2 684
Total current assets		**79 545**	**4 744**
Total assets		**2 708 170**	**2 687 526**

BALANCE SHEET

EQUITY AND LIABILITIES			
(NOK'000)	**Note**	**31.12.2015**	**31.12.2014**
EQUITY			
Share capital	3, 4	45 348	45 348
Share premium	3	330 011	330 011
Other paid in capital	3	9 314	7 970
Other equity	3	(103 354)	(115 016)
Total equity		**281 319**	**268 313**
LIABILITIES			
Other non-current liabilities			
Loans from group companies	2, 9, 11	136 226	125 470
Senior secured note bond	9, 11	2 192 661	2 180 645
Derivative financial instruments	8, 11	59 635	73 360
Total other non-current liabilities		**2 388 523**	**2 379 475**
Current liabilities			
Trade payables	11	63	247
Loans and borrowings	9, 11	38 266	39 492
Total current liabilities		**38 328**	**39 739**
Total liabilities		**2 426 851**	**2 419 213**
Total Equity and liabilities		**2 708 170**	**2 687 526**

Per-Anders Hjort
Chairman of the board

Lysaker April 6, 2016

Erik Osmundsen
Chief executive officer

Håkon Jahr
Board member

Ylva Lindberg
Board member

Pål Stampe
Board member

STATEMENT OF CASH FLOW 1.1.-31.12

(NOK'000)	Note	2015	2014
Profit / (Loss) before income tax		**(30 611)**	**(169 587)**
Adjustments for:			
Group contributions recognised in profit or loss	7	(76 360)	(1 390)
Financial items without cash effect		(72 369)	(42 362)
Items classified as investing- or financing activities	7	178 454	212 576
Change in other receivables	9	548	(670)
Change in accounts payable		(184)	247
Net cash flow from operating activities		**(522)**	**(1 186)**
Net change in borrowings to group companies	9	176 125	(3 500)
Net cash flow from investing activities		**176 125**	**(3 500)**
Group contributions received	2	1 390	92 816
Proceeds from borrowings		-	2 235 000
Transaction fees paid		-	(60 117)
Repayment of borrowings		-	(1 362 420)
Repayment of borrowings to group companies		-	(668 977)
Net change in credit facility		-	(125 159)
Paid interest expense		(178 454)	(107 583)
Net cash flow from financing activities		**(177 064)**	**3 560**
Net increase in cash and cash equivalents		**(1 461)**	**(1 126)**
Cash and cash equivalents at beginning of period		2 684	3 810
Cash and cash equivalents at end of period		**1 223**	**2 684**

Notes to the parent company financial statements

Accounting Principles

Financial statements
The financial statements have been prepared in accordance with the provisions of the Norwegian Accounting Act on simplified IFRS issued in a separate regulation (Regulation on Simplified Application of the International Financial Reporting Standards, Chapter 4, as adopted by the Norwegian Ministry of Finance on 21 January 2008) appended to the Norwegian Accounting Act, § 3-9, fifth paragraph.

Structure
The company was capitalised for the purpose of acquiring the shares of Veolia Miljø AS and Veidekke Gjenvinning AS with effect from 1 April 2011 and 1 July 2011 respectively. Veidekke Gjenvinning AS was subsequently sold to Norsk Gjenvinning AS at cost and merged. Veolia Miljø AS has since changed its name to Norsk Gjenvinning Norge AS. After this only some minor structural changes have been implemented.

Income statement
Departures from accounting principles
Departures have been made from IAS 10, paragraphs 12 and 13, and IAS 18, paragraph 30 so that dividends and Group contributions are accounted for in accordance with the provisions of the Norwegian Accounting Act.

In accordance with IFRS 8 and IAS 33, the company chooses not to present segment information and earnings per share, respectively.

The company chooses not to include a separate statement of changes in equity, but presents the changes in a separate note.

Use of estimates
The preparation of financial statements in accordance with the Norwegian Accounting Act requires the use of estimates. Furthermore, application of the company's accounting principles requires management to exercise judgement. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognised in the period in which the change occurs. If the changes also apply to future periods, the effect is allocated over the current and future periods.

Shares in subsidiaries
Subsidiaries are entities over which the parent company has control, and thus the power to govern the financial and operating strategies of the entity, generally by owning more than half of the voting capital.

Classification of balance sheet items
Assets intended for permanent ownership or use are classified as non-current assets. Assets related to the operating cycle are classified as current assets. Receivables are otherwise classified as current assets if they are due within one year. Analogous criteria apply for liabilities.

Receivables
Other receivables, both current assets and non-current assets, are recognised at the lower of nominal and fair value. Fair value is the present value of expected future payments. However, the value is not discounted when the effect of discounting is immaterial to the financial statements. Provisions for losses are measured in the same manner as trade receivables.

Hedging
The Company uses interest rate swaps to hedge future interest payments on debt. For accounting purposes interest rate swaps are classified as hedging instruments. The change in fair value is recognised in other comprehensive income.

Liabilities
Long-term liabilities are stated at fair value less transaction costs when payment is made. In subsequent periods liabilities are stated at amortised cost.

Provisions
Provisions for legal claims are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that the obligation will be settled by a transfer of financial resources and the obligation can be reliably estimated.

Tax
The tax expense in the income statement comprises both current tax and changes in deferred tax. Deferred tax is calculated on the basis of temporary differences between carrying amounts and tax bases, as well as any tax loss carry-forwards at the end of the financial year. Taxable and deductible temporary differences which reverse or may reverse in the same period are offset. The recognition of deferred tax assets on net deductible temporary differences that have not been offset and tax loss carry-forwards is made on the basis of expected future earnings. Deferred tax and tax assets are recognised on a net basis in the balance sheet.

Tax reductions on Group contributions paid, and tax on Group contributions received that are recognised as a reduction of the carrying amount of investments in subsidiaries are recognised directly against tax in the balance sheet (against current tax if the Group contribution affects current tax payable, and against deferred tax if it affects deferred tax). Deferred tax in the company's financial statements and in the consolidated financial statements is stated at nominal value.

Statement of cash flows
The statement of cash flows has been prepared using the indirect method. Cash and cash equivalents comprise cash, bank deposits and other short-term highly liquid investments, which immediately and without significant currency risk are convertible into known amounts of cash with remaining maturities of less than three months from the purchase date.

Note 1 Subsidiaries

VV Holding AS owns 100% of the shares in Norsk Gjenvinning Norge AS. There are no limitations on voting rights and the voting rights correspond to the ownership share.

(NOK'000)	**Equity last year (100%)**	**Profit/(loss) last year**	**Carrying value**
Norsk Gjenvinning Norge AS	119 372	(12 939)	1 339 644

Note 2 Balance with group companies, etc.

VV Holding AS have provided a loan to the subsidiary Norsk Gjenvinning Norge AS and drawn a loan from the parent company VV Holding II AS. The loans are ranked last by order of priority and will not be paid before the borrower has fulfilled all payment obligations to other creditors.

(NOK'000)	**2015**	**2014**
Financial non-current assets		
Loan to Norsk Gjenvinning Norge AS	1 245 575	1 269 901
Total	**1 245 575**	**1 269 901**
Other non-current liabilities		
Loan from VV Holding II AS	136 226	125 474
Total	**136 226**	**125 474**
Receivables from group companies (group contributions)		
POS Holding AS	1 841	-
Norsk Gjenvinning Plast AS	1 203	-
Tomwil Miljø AS	4 540	-
Løvås Transportfirma AS	8 017	-
Eivind Koch Rørinspeksjon AS	1 933	-
Norsk Gjenvinning Renovasjon AS	2 415	-
NG Fellestjenester AS	341	-
Bingsa AS	2 814	-
Opphaugveien 6 AS	2 195	-
Taranrødveien 85 AS	4 509	-
Hegstadmoen 7 AS	2 885	-
Øra Eiendom Utvikling AS	13 695	-
Ødegaard Gjenvinning AS	1 081	-
Norsk Gjenvinning Miljøeiendommer AS	1 439	-
Norsk Gjenvinning AS	29 293	1 390
Total	**78 201**	**1 390**

Note 3 Shareholders' equity

During 2015 the following changes to equity occurred:

(NOK'000)	**Share capital**	**Share premium**	**Other paid in capital**	**Other equity**	**Total**
Carrying value 1.1	**45 348**	**330 011**	**7 970**	**(115 016)**	**268 312**
Current year loss	-	-	-	(25 818)	(25 818)
Other comprehensive income	-	-	-	10 019	10 019
Group contributions	-	-	1 344	-	1 344
Continuity difference*	-	-	-	27 462	27 462
Carrying value 31.12	**45 348**	**330 011**	**9 314**	**(103 354)**	**281 319**

* **Continuity difference**
VV Holding AS have in 2015 taken part in a reorganisation in the Group where the ownership interests are the same both before and after the chain of transactions. The reorganisation is performed with accounting- and tax continuity which has given rise to continuity difference.

Note 4 Share capital and shareholder information

The company are included in the POS Holding AS Group. The consolidated accounts which include the company can be obtained from the Group's head office in Oslo (address Lysaker Torg 35, PO 567 Skøyen, 0214 Oslo, telephone 22 12 96 00).

The share capital of kr. 45 347 900 consists of 453 479 shares with nominal value of kr. 100. All shares have the same rights, and all shares are owned by VV Holding II AS.

Note 5 Taxes

Calculation of deferred tax/deferred tax asset *(NOK'000)*	**2015**	**2014**
Temporary differences		
Transactions cost loans	42 339	54 355
Interest rate swaps (change in deferred tax not recognised in the profit or loss accounts)	(59 635)	(73 360)
Net temporary differences	**(17 296)**	**(19 004)**
Tax losses carried forward	(156 330)	(139 576)
Basis for deferred tax/(deferred tax asset)	**(173 626)**	**(158 581)**
Deferred tax/(deferred tax asset) 25% / 27%	(43 406)	(42 817)

Basis for income tax expense, changes in deferred tax and tax payable *(NOK'000)*	**2015**	**2014**
Profit/(loss) before tax	(30 611)	(169 586)
Permanent differences	-	53 884
Change in tax losses carried forward	16 754	139 576
Change in temporary differences with influence on taxable income	12 016	(23 873)
Basis for payable tax in the statement of profit or loss	**(1 841)**	**-**
+/÷ Group contributions received/(given)	1 841	-
Taxable income (basis for payable taxes in the balance sheet)	**-**	**-**

Components of the income tax expense *(NOK'000)*	2015	2014
Payable tax on current year result	-	-
Adjustments in respect of prior years	-	-
Total payable tax	**-**	**-**
Change in deferred tax	(589)	(39 485)
Tax effect of group contributions not recognised in profit or loss	(497)	-
Correction for tax on differences recognised directly in the balance sheet (interest rate swaps) which are included in the calculation of deferred tax	(3 706)	(6 303)
Tax expense/(income)	**(4 792)**	**(45 788)**

Reconciliation of the income tax expense *(NOK'000)*	2015	2014
Profit before tax	**(30 611)**	**(169 586)**
Calculated tax 27%	(8 265)	(45 788)
Tax expense/(income) in statement of profit or loss	(4 792)	(45 788)
Difference	**(3 473)**	**-**

The difference consist of:		
27% of permanent differences	-	14 549
Change in deferred tax due to change in tax rate	3 473	-
Change in deferred tax related to derivative	3 706	(8 246)
Tax expense in other comprehensive income for the year	(3 706)	(6 303)
Other differences	-	-
Total explained differences	**3 473**	**-**

Reconciliation of tax expense in comprehensive income for the year		
Cash flow hedge before tax	13 725	23 344
Calculated tax 27%	3 706	6 303
Cash flow hedge after tax	**10 019**	**17 041**

Payable tax in the balance sheet *(NOK'000)*	2015	2014
Payable tax in the tax expense	-	-
Tax effect of group contributions	-	-
Payable tax in the balance sheet	**-**	**-**

Note 6 Operating expenses

The company has no employees. The subsidiary, Norsk Gjenvinning Norge AS performs administrative services for the company. The company has not been charged for any of these services.

The general manager does not receive any salary from the company.

Since the company does not have any employees the are not required to have pension schemes which meet the requirements of the law on compulsory occupational pension.

Expensed audit fee (excl. VAT) *(NOK'000)*	2015	2014
Statutory audit (including technical assistance with financial statements)	151	85
Tax advisory fee (including technical assistance with tax return)	219	20
Total audit fee (excl. VAT)	**370**	**105**

Note 7 Financial income and expenses

Financial income

(NOK'000)	**2015**	**2014**
Interest income from group companies	95 141	96 246
Other interest income	11	16
Income from investment in subsidiaries.	76 360	1 390
Total financial income	**171 512**	**97 652**

Financial expenses

(NOK'000)	**2015**	**2014**
Interest expense to group companies	10 756	35 225
Other interest expense	177 723	177 351
Other financial expenses	12 646	54 388
Total financial expenses	**201 126**	**266 964**

Note 8 Financial management and derivatives

Foreign exchange rate risk
The company does not have transactions in foreign currency and has no exchange risk.

Liquidity risk
The company has limited liquidity risk. The company are follow up it's cash management through budgets and consecutive forecasts.
The group's long-term capital requirements is covered through a super floating rate note (the bond) and long-term debt to group companies. The bond has maturity date July 10, 2019.

Credit risk
Credit risk are related to transactions with customers and bank deposits.
The responsibility for credit management is centralized and the routines are a part of the company's quality system. The company has no external customers.

Interest rate risk
The company is exposed for changes in the interest marked if the group have a significant amount of interest-bearing debt. To reduce the effect of changes in the interest rate the company have entered interest swap rate agreements with duration of 2-3 years.

Interest swap rate agreements
To limit the interest rate risk the company has entered into interest rate swap agreements. The nominal principal on the outstanding interest swap rate agreement as of December 31, 2015 was NOK 2 800 000 thousand (2014: NOK 1 900 000 thousand).

The maturity date on interest swap rate agreements are;
- July 10, 2017 for nominal principal of NOK 800 000 thousand,
- January 10, 2018 for nominal principal of NOK 600 000 thousand,
- January 10, 2019 for nominal principal of NOK 500 000 thousand and
- July 10, 2019 for nominal principal of NOK 900 000 thousand.

As of December 31, 2015 the fixed-rate for the interest swap rate was 2.899% for the agreement with maturity date on July 10, 2017, 2.987% for the agreement with maturity January 10, 2018, 1.360% for the agreement with maturity date January 10, 2019 and 1.355% for the agreement with maturity July 10, 2019. The floating interest rate (3 month NIBOR) was 1.13 % (2014: 1.48 %) p.a. Profit and loss on the hedging instrument are recognised in other comprehensive income.

Carrying value of the interest rate swaps designated as cash flow hedge:

(NOK'000)	**2015**	**2014**
Asset	-	-
Liabilities	59 635	73 360

The fair value of hedging instruments are classified as long-term assets or liabilities if the remaining term to maturity is more than 12 months from the balance sheet date and as short-term assets or liabilities if the remaining term to maturity is less than 12 months from the balance sheet date.

Note 9 Receivables and liabilities

(NOK'000)	**2015**	**2014**
Current receivables		
Receivables at nominal value	122	670
Total	**122**	**670**
Non-current receivables		
Loan to group company (Norsk Gjenvinning Norge AS)	1 245 575	1 269 901
Total	**1 245 575**	**1 269 901**
Current liabilities		
Accrued interest expense bond and interest rate swaps	37 737	39 009
Debt to credit institutions	529	483
Total	**38 266**	**39 492**
Non-current liabilities		
Senior secured note	2 192 661	2 180 645
Debt to group company (VV Holding II AS)	136 226	125 470
Total	**2 328 888**	**2 306 115**

July 10, 2014, VV Holding AS issued a secured senior floating rate note (the bond) of MNOK 2 235 with floating interest rate. Debt to credit institutions (Nordea and DNB ASA) where redeemed at the same time as issuance of the bond.

The bond has maturity date July 10, 2019, and shall be fully repaid by this date. The interest rate is set quarterly at NIBOR +525 basis points. 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 MNOK 500, 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 until 18 months after the date of issuance
* 4.50 from 18 months to 48 months after the date of issuance
* 4.00 from 48 months after the date of issuance

The bond was listed on the Oslo Stock Exchange June 12, 2015. For more information regarding the bond reference is made to the loan agreement.

Loan from parent company matures at July 8, 2020. The interest rate is 8 %, which is accrued on the principal yearly.

As part of the refinancing of the Group the following companies have guaranteed for the loan and credit facilities, Norsk Gjenvinning Norge AS, Norsk Gjenvinning AS, Norsk Gjenvinning Industri AS, Norsk Gjenvinning Metall AS, Norsk Gjenvinning Miljøeiendommer AS, Norsk Gjenvinning Renovasjon AS, Norsk Gjenvinning Downstream AS, NG Vekst AS and Norsk Makulering AS.

There are deposited securities in shares, property, plant and equipment, inventories, trade receivables, receivables from group companies and their corresponding rights. Each class of assets is pledged for MNOK 3 500.

Note 10 Related-party transactions

The company has entered an agreement with it's subsidiary Norsk Gjenvinning Norge AS for rent of administrative services. The company has not been charged for these services in 2015. The company has loans to and from group companies. These loans are calculated with an interest rate of 8 %.

Transactions with related parties *(NOK'000)*	**2015**	**2014**
Interest income from borrowings	95 141	96 246
Interest expense from loans	10 756	35 225

Note 11 Financial instruments by category

(NOK'000)	**Loan and receivables**	**Derivatives designated as hedging instrument**
Assets		
Borrowings	1 245 575	-
Other receivables excluding prepayments	122	-
Cash and cash equivalents	1 223	-
Total assets	**1 246 919**	**-**
Liabilities		
Loans	2 367 154	-
Derivative financial instruments	-	59 635
Trade and other payables excluding non-financial liabilities	63	-
Total liabilities	**2 367 154**	**59 635**

Note 12 Cash and cash equivalents

(NOK'000)	**2015**	**2014**
Cash and bank deposits	1 223	2 684
Cash, cash equivalents and used drawing rights	**1 223**	**2 684**

The company has an unused loan facility (revolver) of MNOK 200.

Note 13 Guarantees

The company has given a personal guarantee as security for Norsk Gjenvinning Norge AS's liabilities to Haraldrudveien 31 AS related to a rent agreement of July 6, 2011.

Responsibility statement for VV Holding AS

We confirm that, to the best of our knowledge, the financial statements for the period January 1 to December 31, 2015, have been prepared in accordance with applicable financial reporting standards and give a true and fair view of the parent and Group's assets, liabilities, financial position and profit, and that the board of directors report represents a fair review of the development, performance and position for the parent and group, together with a description of the principal risk- and uncertainties the Group and parent face.

Lysaker, April 6, 2016

Board of Directors in VV Holding AS

Per-Anders Hjort

Chairman of the Board

Ylva Lindberg

Board member

Håkon Jahr

Board member

Pål Stampe

Board member

To the Annual Shareholders' Meeting of VV Holding AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of VV Holding AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2015, income statement, statement of comprehensive income, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet as at 31 December 2015, income statement, statement of comprehensive income, changes in equity, and cash flow 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 the financial statements of the parent company in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU 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.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of VV Holding AS as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group VV Holding AS as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

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 coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Oslo, 6 April 2016
PricewaterhouseCoopers AS

Hallvard Helgetun
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.