Annual Report 2016

VV Holding AS

March 28, 2017

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 2016 it reinforced its position within sustainable development and the future's circular economy.

The Groups total operating revenues ended on NOK 4 020 million which is a decrease from the previous year. Lower activity in the Norwegian mainland economy inhibited revenue growth with lower prices on raw materials and pressure on margins. In response to these challenges we have in 2016 focused strongly on cost reductions combined with efforts to increase prices on upstream activities to normalise the margins. Through these actions we have partly succeeded in offsetting the negative effects from the economic slowdown. During the summer higher volumes and prices gave rise to optimism, and the years final quarter was satisfactory. Operating profit fell from NOK 106.6 million in 2015 to NOK 75.9 million in 2016. The net profit after tax was NOK -86.2 million, compared with NOK -66.9 million the year before.

2016 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 2016

- Over several years we have built a leading platform and **solid systems for compliance**. In 2016, we asked BDO to perform an independent evaluation of our compliance-program. BDO concluded that Norsk Gjenvinnings compliance work is **in line with best practice independent of industry**. We are now working on compliance as a natural part of our culture, and as an important customer value.

- Norsk Gjenvinning has a good position within the circular economy. In 2016 we have participated in the preparation of "the waste and recycling industry roadmap for a circular economy". We have also continued our advocacy through active dialogue with Parliament, the Cabinet and other governmental entities, as well as participation in conferences and networks. We have launched a popularization of the slogan: **Garbage no longer exists**.

- In partnership with Multivector we have developed an industrial drying-technology for sustainable recycling of food waste. The process will be established at our plants in Bergen and will ensure that the recourses in food waste can be exploited in the form of biogas or bio fertilizer The initiative contributed to Norsk Gjenvinnings win of the prestigious contract for **waste management in Coops approx. 630 stores**.

- Over the last years the Group has been through two phases: cleanup and cost reductions. Now we **enter a period with focus on the industrialization of the business**. In 2016 we have prepared a three year plan which we in turn have operationalized through NG Flow. NG Flow is a comprehensive term for stable and good operations, with focus on interaction and continuous improvement. The work with NG Flow is implemented continuously in daily operations from January 2017.

- In 2016 we executed a number of organizational changes to strengthen our holistic customer concept. The changes included amount other that the responsibility for Hazardous waste and municipally sucking- and flushing services from Division Industry & Offshore to Division Recycling. This mark the start of a strengthened **focus on hazardous waste**, where we see the whole value chain and all roles within production, sales, downstream, transport and management. In 2017 this focus will continue with a targeted sales campaign for hazardous waste.

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 1,230 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 businesses 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, landfill operations and security shredding. With over 48 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 38 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. There is great emphasis on building a strong internal culture based on the company's core values and the strategic platform.

Report on the groups financial position

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.

The annual accounts have been prepared under the assumption of going concern. The Board confirms that the assumption of going concern is present.

Income statement
The Group generated total operating revenue of NOK 4 020.3 million (NOK 4 091.0 million) and incurred operating expenses of NOK 3 944.4 million (NOK 3 984.4 million). The reduced operating revenue is mainly due lower lower non-ferrous volumes and product mix in Division Metal, together with the closure of activities at Mongstad and lower Offshore activity in Division Industry & Offshore. The Group has through its costs-cutting programme managed to reduce its cost base and partly offset the negative effects which gave rise to the reduces operating revenue. The Group's operating profit for 2016 fell to NOK 76.0 million (NOK 106.6 million).

The Group's net financial expense in 2016 was NOK -187.1 million (NOK -209.5 million). Financial items mainly comprise of interest on loans. The reduction in net financial expenses from 2015 is driven by foreign exchange gains.

The consolidated profit before tax was NOK -111.2 million (NOK -103.0 million). The consolidated net profit was NOK -86.2 million (NOK -66.9 million).

Comprehensive income for the year was NOK -65.5 million (NOK -52.5 million).

Balance sheet, financing and liquidity
Total non-current assets at year-end 2016 were NOK 2 527.3 million (NOK 2 530.5 million). Intangible assets were NOK 1 360.6 million (NOK 1 381.6 million). The Group has in 2016 invested NOK 194.5 million (NOK 160.8 million) in property, plant and equipment. Financial assets in 2016 totalled NOK 54.6 million (NOK 40.7 million).

Current assets were NOK 864.0 million (NOK 903.7 million), of which NOK 607.7 million (NOK 596.3 million) refers to receivables and NOK 167.7 million (NOK 219.8 million) to bank deposits and cash.

Consolidated equity at 31 December was NOK 93.1 million (NOK 166.1 million), representing an equity ratio of 2.7 per cent (4.8). Changes in equity is mainly due to allocation of this years' total comprehensive income.

Total liabilities at 31 December were NOK 3 298.2 million (NOK 3 268.1 million). Interest-bearing liabilities were NOK 2 496.6 million (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 2016.

Cash flow
The Group's cash flow from operating activities was NOK 283.5 milion (NOK 382.1 million). The difference between the Group's operating cash flow and operating profit (NOK 75.9 million) is mainly due to adjustment for current period depreciations, amortisations and write downs.

The net cash flow from investing activities was NOK -170.6 million (NOK -136.2 million). The change in net cash flow is due to higher investments in property, plant and equipment and purchase of subsidiary, partly offset by receipts on sale of PPE.

The net cash flow from financing activities was NOK -163.1 million (NOK -188.1 million). The change in cash flow is due to an increased draw on the leasing facility to finance investments in renovation vehicles.

Cash and cash equivalents at the end of 2016 were NOK 167.7 million, compared to NOK 219.8 million at the end of 2015.

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 through enforcement proceedings, to ensure the amount. See note 24 and 16 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 583 employees (601 employees) and handled around 1.19 million tonnes of waste in 2016. Total operating revenue in 2016 was NOK 2 214.9 million (NOK 1 965.2 million).

The year has been characterized by continued restructuring, reorganisation of the plant structure and integration of the business within Hazardous waste and suction-/flushing services from Division Industry & Offshore. Market conditions has still been challenging in 2016, with though competition and price pressures on new contracts, stable lower ferrous prices and increased downstream cost to refuse derived fuels. In spite of challenging market conditions, we managed to maintain an acceptable level on the earnings in 2016. This was achieved through large and successful cost reductions including closure of plants, considerable price increases and increased sales of additional services. Hazardous waste and suction-/flushing services from Division Industry & Offshore in January and April of 2016, and have been integrated in the Divisions value chain. The work with operational improvements in all parts of the value chain continues in to 2017, including a comprehensive initiative related to better traceability and control.

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

Metal has 13 facilities (including partner facilities) for recycling steel and metals in Norway. The division has 143 employees (132 employees) and handled around 242 000 tonnes of steel and metals and 50 000 tonnes of ashes in 2016. Total operating revenue in 2016 was NOK 749.9 million, down from NOK 805.7 million the year before.

Division Metal continues its efforts to reorganise the facility structure and industrialisation of the operations.

The market for metals has been challenging in 2016. Prices on ferrous have varied much though the year, and has together with the variations in currency rates and non-ferrous prices made 2016 to a challenging year as a whole. The first quarter of the year was characterised by low access to goods in the upstream market. The activity on the ferrous plants built up momentum through the year, while the non-ferrous market has been characterised by stagnation and low activity. Division Metal has taken considerable cost of restructuring and closure og plants, and are now rigged for increased competitiveness going forward. In addition Division metal opened for trade flows from Sweden and came through the first operational year with volumes over 60 000 tonnes ferrous metals.

Division Industry & Offshore
Division Industry & Offshore offers a broad spectrum of services in industrial cleaning and collection, receipt and processing of hazardous waste. In 2016 the Division's 135 employees (210 employees) in industrial services spent approximately 175 500 hours on customer assignments.

In 2016 the Division have been reorganised and Hazardous waste and suction-/flushing services have been transferred to Division Recycling. From 2017 the Division will focous on industrial services.

Total operating revenue in 2016 was NOK 305.1 million, down from NOK 591.3 million the year before. The decline is caused by the closure of Offshore activity at Mongstand, and reduced activity in the Offshore sector.

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; 219 000 tonnes in 2016 (215 000 tonnes). The division had 38 employees in 2016 (32 employees).

Downstream generated external trading revenue of NOK 174.0 million in 2016, compared to NOK 145.6 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 38 municipalities in Norway and Sweden.

The company has 188 own employees (162 employees) at operations in Norway and Sweden, and including partners employs around 200 people. That is, approximately 6 percent of those employed in Norsk Gjenvinning Renovasjon AS are employed by permanent sub-contractors. Of the approximately 120 heavy vehicles driving in daily service for Norsk Gjenvinning Renovasjon, 21 percent are run on biogas.

The company also has by the end of 2016 four 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 2016 was NOK 323.8 million, which is an decrease from NOK 352.7 million the year before. In 2016 the company won new contracts, assigned by Romerike avfallsforedling IKS, Asker municipality, Sarpsborg municipality, and Västblekinge Miljö Ab (Sweden).

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 9 employees (14 employees), serving around 3,000 customers and handling 4,000 tonnes of paper documents at 14 locations in Norway. Total operating revenue in 2016 was NOK 54.1 million (NOK 55.8 million in 2015).

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. In 2016 the company received 465 000 tonnes mass at three landfills. The company has 7 employees (6 employees).

Total operating revenue in 2016 was NOK 77.9 million (NOK 48.3 million in 2015).

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 127 employees (91 employees).

Total operating revenue in 2016 was NOK 226.5 million, up from NOK 213.1 million the year before. The increased revenue is driven by especially high activity on Oslo Airport Gardermoen and the project Media City in Bergen.

Innovation

Norsk Gjenvinning aims to be a leader in its market. In 2016 Norsk Gjenvinning participated in and funded several extensive innovation projects, including:

- Mobile equipment for recycling of artificial grass fields
- Increased metal output from fragmentation plants
- Sustainable recycling og wet organic waste
- Sustainable recycling of gypsum

Innovation are in increasingly degree performed in conjunction with external parties, such as customers and material supplier. One example of such cooperation is Multivecor, a Vestfold based corporation, in the development of an industrial drying technology for sustainable recycling of food waste. It is expected that this type of collaboration will be even more important for the development of new recycling solutions in the future. Norsk Gjenvinning collaborate also with several research- and university communities.

Research activities and projects, and early stage development and maintenance of existing products are treated as operating expenses.

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. As of year end 2016 there are NOK 8.4 million booked in provision for bad debts.

Price risk
The Group is exposed to price risk related to commodities. Management 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 2016:

- **Recyclable paper:** Prices were relatively flat before a strong demand gave a rise in prices in the second and third quarter before they partly fell back in the fourth quarter.
- **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:** The market for metals and prices were falling in the first three quarters of 2016. In the fourth quarter this trend turned to the extreme and copper increased with over 25 percent. The main reasons to the sharp increase where a new five-year plan with infrastructure investments in China, change of president in USA

and positive investment expectations in western countries. The steel market had a similar development with extremely low prices in the first quarter. This slowly but surely turned to stable and relatively high prices during the year.

- **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.
- **Refuse Derived Fuel:** The market in Norway and Scandinavia for refuse derived fuel continued the negative development in gate fees from 2015 in to the first half of 2016. Increased quantities of imported waste from UK was a result of more favorable foreign exchange relationships and more profitable/efficient logistic to Scandinavian handling facilities. In addition higher inventories at handling facilities affected the market. The second half of 2016 represented a leveling and stabilization of the gate-fees caused by changes in foreign exchange rates and inventory levels.

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

Events after the balance sheet date

There are not identified any events after the balance sheet date which can have material affect on the financial statements.

Report on the financial position 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 3.2 million, compared to NOK 1.0 million prior year.

Net financial income totalled NOK -102.0 million, compared to NOK -29.6 million prior year. The reduction is due to group contributions recognised as financial income in 2015.

Equity and solvency
Equity in the parent company at year end 2016 totalled NOK 216.4 million, down from NOK 281.3 million prior year. The change in parents' equity refers to this year's total comprehensive income and recognition of a group contribution to/from the owner companies (VV Holding II AS and 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 147.2 million. The parent's operating cash flow was NOK -0.2 million in 2016, compared with NOK -0.5 million prior year. Cash flow from investing activities was NOK 171.3 million (NOK 177.5 million). Net cash flow from financing activities was NOK -171.1 million (NOK -178.5 million).

Allocation of this years' result
The board suggest that this years' total loss of NOK -83.0 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 2016. 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.

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 8 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.

Compliance

Our ambition is to be the leading performer on compliance with laws and regulations in the recycling industry. We are therefore working continuously with training and development, and we invest in measures which shall ensure satisfactory standards, routines and systems at all levels.

CEO has appointed Director for organizational development and compliance as the Chief Complaisance Officer (CCO). The CCO-function is responsible for the Groups compliance program and reporting of the results. The monitoring of the compliance program is carried out in cooperation by COO, management and the subsidiaries in the Group.

Code of Conduct
Our code of conduct is the Groups guidelines for good business practices, and reflects current laws. The code of conduct sets boundaries for which behaviour is accepted when one is employed in Norsk Gjenvinning Group. All employees shall sign on the fact that code of conduct is read and understood.

In addition to being compliant to our own code of conduct, Norsk Gjenvinning Group have signed the code of conduct provided by the Norwegian Industry Committee for Recycling. We are committed to be compliant to the rules which follows from this.

Zero tolerance for corruption, handling of stolen goods, theft and disloyalty
Corruption is serious and affects also the recycling industry. Norsk Gjenvinning strongly opposes these actions. As a member of Transparency International Norway we are committed to practice zero tolerance for all forms of corruption, and to work for implementation of values, code of conduct and anti corruption programmes which cover all the businesses. We have implemented an anti corruption programme which include the most important elements in our work to prevent and fight corruption. We conduct risk identification of which positions might be exposed to corruptive actions. Employees in these positions goes through mandatory education and dilemma training.

We adapt our contract templates, and continually perform controls of risk exposed subcontractors and agents.

To ensure traceability and control of the flow of goods, we require that all vehicles shall be weighted both in and out of our waste facilities. The weights in the Group are integrated with the ERP-systems which is used to reduce risk for intentional and unintentional errors. We have a strict access control for change of master data, and the authority matrix for the group and subsidiaries must be complied. To reduce the risk for handling of stolen goods, Norsk Gjenvinning have a prohibition against cash purchase of metals.

Zero tolerance for anticompetitive behaviour
We work systematically with ensuring that the business is not and will not be involved in anticompetitive behaviour, and have implemented a program for this purpose. Risk identification for anticompetitive behaviour, and employees which are in the risk group goes through mandatory education on the rules and dilemma training. All employees in risk groups shall in even intervals report a self assessment to enlighten possible conflicts of interest.

Employees, organisation and equal opportunities

The Group had 1 230 employees (1 468 full-time equivalent) at the end of 2016. The reduction of employees is a result of the cost-cutting program NG200 and other efficiency measures. 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 been granted license from the Data Inspectorate for 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.

53 injuries were sustained in the Group, resulting in 667 days of absence. The corresponding figures for 2015 were 90 injuries and 235 days of absence. This correspond to an H-value of 7.3. This is the same H-value was as in 2015.

Total sick leave in the Norsk Gjenvinning Group was 6.0 per cent in 2016. Short-term sick leave was 1.92 percentage points and long-term sick leave was 4.09 percentage points. There are large differences in sick leave between divisions and regions. By comparison, total sick leave in 2015 was 5.9 per cent.

Employee satisfaction
Employee surveys covering all permanent employees are conducted each year. In 2016, 954 employees participated in the survey, and the response rate increased from 74 per cent in 2015 to 78 per cent in 2016. The results show a stagnation or slight decline from 2015, however with a positive development compared to 2014. Employees in Norsk Gjenvinning are committed to and proud of their jobs, and scores are especially positive within the area work environment. Around 7 out of 10 of employees know the groups values, and there is a positive development from 2015. In addition there is an increase of approximately 10 percent in the number of employees which have had an employee review with their leader during 2016. This is a positive development which we will continue to work with in 2017.

Skills development
The Group continuously work with skills development. Our channel to provide training and courses to all employees is the NG School, and in 2016 we have worked to develop the NG School to be a centre for strategic and operational training. This entails increasing the range of courses, better visualization of the training measures implemented and to focus on HSE training and management. The NG School shall provide courses to all employees, and we are continuously working on strengthening the NG Schools content and relevance.

Codetermination
Employees are assured codetermination 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 2016 two such meetings was held. In 2016 there was performed an election of three employee representatives and three deputy's to the Board of Directors. 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 1 237 employees, of whom 18 per cent are women and 82 per cent men. One woman is represented in the senior management team and 25 women hold leading positions. There are two 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 is a multicultural workplace. At the end of 2016 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

In 2016 employee representatives are elected to the Board of Directors. The composition of the Board now consist of Chairman of the Board, Deputy chairman of the board, six Directors, of which three are employee representatives. The senior management team consisted in most of 2016 of the Managing Director, three Group Directors with responsibility for corporate functions, and two Heads of Division.

Footprint

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.

The Group's complete sustainability report with greenhouse gas statements is accessible on www.nggroup.no.

Outlook

The Group goes in to 2017 with a solid operational platform and strong market position. The Board expects to see positive effects of the improvement measures implemented during recent years, and that the Group will take advantage of improved markets and economic cycle.

The group is now entering a phase with focus on industrialisation of the business, which shall ensure stable operations, strong collaboration and continuous improvements. The Board believes that the conditions are in place for targeted and profitable organic growth, and continued focus on delivered quality and innovation to the best for our customers. There is an expectation of increased focus on the development of sustainable recycling solutions, in line with the EU's package for circular economy and the coming white paper on circular economy, and the Group is well positioned to benefit from this development.

Lysaker 28. March 2017

Ole Enger Chairman of the Board	Per-Anders Hjort Deputy chairman of the Board	Erik Osmundsen Chief executive officer
Hugo Lund Maurstad Director	Maria Tallaksen Director	Pål Stampe Director
Yngve Longva Moland Director	Lasse Stenskrog Director	Cecilie Skauge Director

Group financial statements 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 1.1 – 31.12

(NOK'000)	Note	2016	2015
Revenue	4, 5	3 996 934	4 084 582
Other income	6	23 365	6 412
Total operating revenue		**4 020 299**	**4 090 994**
Cost of sales	15	1 995 383	2 026 665
Employee benefits expense	7	982 850	978 833
Depreciation and amortization expense	12, 13	233 115	255 815
Other operating expenses	8	731 427	726 370
Other (gains)/losses - net	9	1 580	(3 242)
Operating profit		**75 944**	**106 552**
Finance income	10	15 770	2 190
Finance costs	10	207 250	221 302
Net income/gain from associated companies	14	4 378	9 599
Profit / (loss) before income tax		**(111 158)**	**(102 962)**
Income tax expense	11	(25 003)	(36 081)
Profit / (loss) for the period from continuing operations		**(86 155)**	**(66 881)**
Profit / (loss) attributable to:			
Owners of the parent	19	(92 099)	(70 476)
Non-controlling interests	27	5 944	3 596

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1.1 – 31.12

(NOK'000)	Note	2016	2015
Profit / (loss) for the period		**(86 155)**	**(66 881)**
Items that will not be reclassified to profit and loss			
Actuarial gain / (loss) on post-employment benefit obligations (after tax)	19	-	50
Items that may be subsequently reclassified to profit and loss			
Currency translation differences	19	(5 106)	4 420
Interest rate swaps - cash flow hedges (after tax)	19, 25, 11	25 813	9 904
Other comprehensive income / (loss) for the year, net of income tax		**20 707**	**14 374**
Comprehensive income / (loss) for the period		**(65 448)**	**(52 507)**
Comprehensive income attributable to:			
Owners of the parent	19	(71 392)	(56 102)
Non-controlling interests	27	5 944	3 596

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(NOK'000)	Note	31.12.2016	31.12.2015
Non-current assets			
Property, plant & equipment	13	1 015 748	1 031 968
Intangible assets	12	124 649	152 007
Goodwill	12	1 235 986	1 229 559
Deferred tax assets	11	96 262	76 226
Investments in associated companies	14	15 119	12 393
Other receivables	16	39 487	28 338
Total non-current assets		**2 527 251**	**2 530 492**
Current assets			
Inventories	15	85 065	87 536
Trade receivables	16	484 561	470 490
Other receivables	16	123 103	125 819
Other financial assets	25	3 581	-
Cash and cash equivalents	17	167 724	219 819
Total current assets		**864 034**	**903 664**
Total assets		**3 391 284**	**3 434 157**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

(NOK'000)	Note	31.12.2016	31.12.2015
Equity			
Share capital and reserves attributable to owners of parent	18,19	75 126	151 321
Non-controlling interest	27	17 952	14 765
Total equity		**93 077**	**166 086**
Non-current liabilities			
Loans and borrowings	20	2 431 168	2 380 419
Other financial liabilities	25	24 885	59 635
Deferred income tax liabilities	11	31 794	41 174
Post-employment benefits	7	7 919	7 265
Provisions for other liabilities and charges	21	93 531	102 312
Total non-current liabilities		**2 589 298**	**2 590 804**
Current liabilities			
Trade payables		238 716	231 025
Other current payables	22	369 903	371 309
Current income tax	11	11 971	1 960
Loans and borrowings	20	65 432	60 519
Other financial liabilities	25	-	3 999
Provisions for other liabilities and charges	21	22 886	8 454
Total current liabilities		**708 909**	**677 267**
Total liabilities		**3 298 207**	**3 268 071**
Total equity and liabilities		**3 391 284**	**3 434 157**

Lysaker March, 28 2017

Ole Enger Chairman of the Board	Per-Anders Hjort Deputy Chairman of the Board	Erik Osmundsen Chief Executive Officer
Hugo Lund Maurstad Director	Maria Tallaksen Director	Pål Stampe Director
Yngve Longva Moland Director	Lasse Stenskrog Director	Cecilie Skauge Director

CONSOLIDATED STATEMENT OF CASH FLOWS 1.1-31.12

(NOK'000)	Note	2016	2015
Profit / (Loss) before income tax		**(111 158)**	**(102 962)**
Income tax paid		(1 579)	(10 101)
Depreciation and amortisation charges	12, 13	233 115	255 815
Gain(-)/loss on sale of non current assets and business	6, 13	(22 788)	(4 078)
Financial items without cash effect		11 939	21 115
Unrealised gain (-)/loss on foreign exchange rate variations		(353)	(677)
Items classified as investing- or financing activities		181 003	171 475
Post employment benefits	7	654	1 644
Change in provisions for other liabilities and charges	21	5 652	(15 815)
Change in inventory	15	2 905	32 939
Change in accounts receivables and other receivables	16	(19 018)	37 095
Change in accounts payables, other short term debt and other items	22	3 177	(4 332)
Net cash flow from operating activities		**283 549**	**382 118**
Purchase of fixed assets	12, 13	(200 923)	(164 683)
Sale of fixed assets	13	40 883	10 982
Purchase of shares in subsidiaries and associates	26, 14	(12 600)	-
Sale of shares in subsidiaries and associates	6, 14	-	15 957
Dividend from associated companies	14	2 002	1 500
Net cash flow from investing activities		**(170 638)**	**(136 244)**
Repayment of borrowings		(1 111)	(3 250)
Net change in credit facility		23 705	(2 808)
Dividend paid to non controlling interest	27	(2 757)	(1 575)
Net group contributions received /(paid)	18, 19	(2 347)	2 458
Net interest paid		(180 563)	(182 896)
Net cash flow from financing activities		**(163 073)**	**(188 071)**
Net increase in cash and cash equivalents		**(50 161)**	**57 803**
Effect of exchange rates		(1 934)	948
Cash and cash equivalents at beginning of period	17	219 819	161 068
Cash and cash equivalents at end of period		**167 724**	**219 819**

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 2016	**45 348**	**330 011**	**7 970**	**(232 009)**	**151 321**	**14 765**	**166 086**
Profit/(loss) for the year	-	-	-	(92 099)	(92 099)	5 944	(86 155)
Other comprehensive income	-	-	-	20 707	20 707	-	20 707
Total comprehensive income	**-**	**-**	**-**	**(71 392)**	**(71 392)**	**5 944**	**(65 448)**
Group contributions received	-	-	1 344	6 027	7 370	-	7 370
Group contributions paid	-	-	-	(12 174)	(12 174)	-	(12 174)
Dividend to non-controlling interest	-	-	-	-	-	(2 757)	(2 757)
Total transactions with owners	**-**	**-**	**1 344**	**(6 147)**	**(4 803)**	**(2 757)**	**(7 560)**
As of 31.12 2016	**45 348**	**330 011**	**9 314**	**(309 547)**	**75 126**	**17 952**	**93 077**
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**

See note 18 and 19 for further information regarding equity attributable to owners of the parent company, and note 27 for information relating to non-controlling interest.

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 March 28, 2017.

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:

<u>IFRS 15 Revenue from contracts with customers</u>

The Standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective or modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Group has at this stage not decided on which application method will be used on transition to the new standard.

During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed analysis in the coming twelve months. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments. Key activities in the group is relates to total waste management, sale of recycled materials and associated services. The preliminary analysis of the Groups contracts with customers does not indicate that there are areas in which the recognition of revenue will change significantly.

IFRS 15 provides more detailed requirements for presentation and disclosures compared to current IFRS. The presentation requirements represents a significant change from current practice and significantly increases the volume of disclosures required in Group's financial statements. Many of the disclosure requirements in IFRS 15 are completely new. The Group is working on the development of systems, internal control and policies to collect and disclose the required information under IFRS 15. At this stage, the group is not able to estimate the impact of the new rules on the group's financial statements. The standard is mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the group is 1 January 2018.

IFRS 16 Leases
The standard was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of NOK 1 595 million, see note 8. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

IFRS 9 Financial instruments
IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. Under IFRS 9 financial assets shall be classified in three measurement categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The new expected credit losses model replaces the incurred loss impairment model applied under IAS 39.

The Group has at this stage not performed a detailed analysis of the effects from implementing IFRS 9. Based on a high level analysis the Group does not expect significant effects on its balance sheet or equity as a result of the classification and measurement rules in IFRS 9.

Loans and trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measures at amortised cost under IFRS 9. The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. The Group must perform a more detailed analysis of the potential impact from the new impairment model for financial assets.

The standard is mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the group is 1 January 2018.

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. There are no new standards for 2016 with effect on the Group accounts.

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 Renovasjon AS	Tønsberg	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 %
Norsk Gjenvinning Renovasjon Service AS	Tønsberg	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 %
Sortera Norge AS	Lysaker	100 %
Norsk Gjenvinning Renovasjon Stab AS	Tønsberg	100 %
Norsk Gjenvinning Renovasjon Ressurs AS	Tønsberg	100 %
Adact AS	Lysaker	100 %
NG Startup X AS	Lysaker	100 %
NG Startup XI AS	Lysaker	100 %
R3 Entreprenør Holding AS	Ensjø	81,25 %
R3 Entreprenør AS	Ensjø	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 %

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 group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits 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.

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
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. 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.

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.

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.

Deferred tax assets / liabilities
The group recognises deferred tax assets related to tax loss carried forward which occur when the group has higher tax costs than tax revenues. Capitalisation assumes that future earnings enables the utilization of the deficit. Management's assessment of future utilization of tax losses carried forward are based on budgets that estimate future revenues and costs. The budgets are based on current strategic plans for the next three years and budgets for the following two year. There is significant uncertainty relating to the estimates in the budgets and the timing of future utilization of tax losses. See note 11 for specification of temporary differences and the estimated timing for the utilization of deferred tax assets.

Provisions for environmental liabilities
The Group has activities which over time can affect land areas in terms of environmental effects. These effects might give rise to clean-up responsibilities to be performed in the future. The provisions for these liabilities is based on management’s assessment of the likelihood that clean-up liability exist, and best estimate of the future expenses for the clean-up. There is significant uncertainty relating to the considered likelihood that a clean-up liability exist, and to estimates of future expenses, together with the expected timing for future cash outflow. See note 21 for further information regarding the provisions for environmental liabilities as of year end.

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 the overall services offered within the recycling and environmental services. The Group is divided into the divisions Recycling, Metal, Industrial & Offshore, Downstream, and focused business areas through Household Collection, 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 2016 *(NOK'000)*	**Revenue from external customers**	**Inter segment revenue**	**Total segment revenue**
Recycling	1 836 348	378 544	2 214 892
Metal	746 817	3 066	749 882
Household collection	319 599	4 240	323 839
Industry & offshore	299 963	5 110	305 073
Other businesses	784 964	38 385	823 348
HQ and eliminations	9 244	(429 345)	(420 100)
Total	**3 996 934**	**-**	**3 996 934**

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**

The group management assesses the performance of the operating segments based on EBITDA before allocation of overhead HQ costs. 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)*	**2016**	**2015**
Recycling	211 250	174 973
Metal	1 245	104 345
Household collection	44 882	34 454
Industry & offshore	5 827	59 057
Other businesses	65 602	41 080
HQ and eliminations	(19 748)	(51 541)
Total EBITDA before internal charges	**309 059**	**362 367**
Depreciation and amortization expense	(233 115)	(255 815)
Finance income	15 770	2 190
Finance costs	(207 250)	(221 302)
Net income/gain from associated companies	4 378	9 599
Profit before tax	**(111 158)**	**(102 962)**

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)*	**2016**	**2015**
Norway	3 135 135	3 221 747
Sweden	225 825	295 199
Netherlands	243 086	174 565
Denmark	100 661	84 300
Hong Kong	99 546	106 901
China	59 506	75 883
Other	133 175	125 988
Total revenue	**3 996 934**	**4 084 582**

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)*	**2016**	**2015**
Norway	2 315 114	2 361 544
Denmark	13 630	17 361
Sweden	47 638	34 629
Total	**2 376 383**	**2 413 535**

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 relates to sale or purchase of goods and services with associated companies and payment for management personnel in subsidiaries.

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

Transactions and balances with related parties *(NOK'000)*	**2016**	**2015**
Operating revenue	13 811	10 611
Operating costs	36 025	39 164
Trade- and other receivables	1 856	3 580
Trade- and other payables	2 480	3 571

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)*	**2016**	**2015**
Carrying amount 1.1	136 226	125 474
Interest expense	10 928	10 752
Carrying amount 31.12	**147 154**	**136 226**

Loan terms are disclosed in note 20.

6 Other income

(NOK'000)	2016	2015
Gain on sale of subsidiary	-	2 333
Gain on sale of property, plant and equipment	23 365	4 078
Total other income	**23 365**	**6 412**

Gain on sale of property, plant and equipment
In 2016 the Group sold three properties with a carrying value of MNOK 8.2 for a total consideration of MNOK 25.5. Other gains on sale stems from sale of cars, machines and equipment. See note 13 for further information on the disposals during the year.

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.

7 Employee benefit expense

(NOK'000)	2016	2015
Wages and salaries	794 010	814 397
Social security costs	102 407	104 436
Pension costs	24 261	21 896
Other benefits	62 172	38 105
Total employee benefits expense	**982 850**	**978 833**
Average number of employees	1 353	1 447

Specification of pension obligations:

(NOK'000)	2016	2015
Defined benefits plan	1 187	1 187
Accrual for defined contribution plans	6 732	6 078
Total pension obligations	**7 919**	**7 265**

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

Benefits to executives 2016 *(NOK'000)*	**Wages and salaries**	**Bonus**	**Pension-expense**	**Other**	**Total benefit to executives**	**Post employment salaries**
Erik Osmundsen (CEO)	3 068	1 295	215	194	4 772	12 months
Dean Zuzic (CFO)	2 020	418	215	186	2 839	6 months
Hans Fredrik Wittusen (Director Strategy and sustainability)	1 378	287	215	186	2 066	6 months
Egil Lorentzen (Director Divisions Recycling and Metal)	1 500	324	215	229	2 268	12 months
Jon Tarjei Bergan (Director Division Downstream)	1 687	264	215	178	2 344	9 months
Ingrid Bjørdal (Director organizational development and compliance)	1 265	89	163	166	1 683	12 months
Runa Opdal Kerr*	665	-	62	238	965	-
Jon Ola Stokke*	1 687	237	160	131	2 215	-

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

* Director of Legal and Director Division Recycling, both left the Group during 2016.

No loans/securities have been granted to the Chief Executive Officer or Chairman of the Board. There is not provided share based benefits or loans to key executives. Executives own shares directly in POS Holding AS, which controls VV Holding AS, and/or indirectly through their ownership in GN Invest AS.

Remunerations to board of Directors Group

Board of Directors Group has received remuneration from Norsk Gjenvinning Norge AS. Remuneration as employees is not included in the table.

(NOK'000)		**Board fee**	**Other remuneration**	**2016**	**2015**
Ole Enger	Chairman of the Board (1)	-	-	-	-
Per-Anders Hjort	Deputy chairman of the Board and chairman of the audit committee (AC) (2)	500	445	945	-
Hugo Lund Maurstad	Director (3)	-	-	-	-
Pål Stampe	Director and member of AC (4)	-	-	-	-
Maria Tallaksen	Director and member of AC (3)	-	-	-	-
Yngve Longva Moland	Director, employee representative (3)	-	-	-	-
Lasse Stenskrog	Director, employee representative (3)	-	-	-	-
Cecilie Skauge	Director, employee representative (3)	-	-	-	-
Håkon Jahr	Director and member of AC (5)	250	-	250	250
Ylva Lindberg	Director and member of AC (5)	250	-	250	250
Reynir Kjær Indahl	Chairman of the Board and member of AC (6)	250	250	500	1 000
		1 250	**695**	**1 945**	**1 500**

(1) from February 2017, (2) was Chairman of the Board from March 2016 to February 2017, (3) from August 2016, (4) from March 2016, (5) until August 2016, (6) until March 2016

8 Other operating expenses

Other operating expenses broken down in the following main categories:

(NOK'000)	**2016**	**2015**
Property related expenses*	216 522	193 147
Expenses relating to plant and equipment	310 106	319 628
External services	55 425	60 652
Insurance	27 508	22 704
Loss on receivables and onerous contracts	4 360	11 153
Other expenses	117 505	119 085
Total other operating expenses	**731 427**	**726 370**

* In 2015 the Group reversed a provision from 2014 of MNOK 10.9 which is presented as a negative cost on the line Property related expenses. The provision related to a verdict in a District Court, in which the Group was convicted to pay a recourse claim. The ruling was reversed in 2015 through a clearance in the court of appeals in which the Group won.

Expensed audit fees (excl. VAT)

(NOK'000)	**2016**	**2015**
Statutory audit (incl. technical assistance with financial statements)	4 840	5 018
Other assurance services	565	600
Tax advisory fee (incl. technical assistance with tax returns)	1 512	2 387
Other assistance	882	1 276
Total expensed audit fees	**7 799**	**9 282**

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)	**2016**	**2015**
Land, buildings and other permanent fixtures	167 569	162 328
Plants and machinery	55 136	63 425
Other operating assets	1 010	1 432
Total annual lease expenses	**223 715**	**227 185**

Land, buildings and other permanent fixtures is 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)	**2016**	**2015**
Payable within one year	195 320	178 276
Payable between 1 and 5 years	569 720	548 223
Payable later than 5 years	829 028	685 671
Total future minimum lease payments	**1 594 069**	**1 412 170**

9 Other (gains)/losses - net

(NOK'000)	**2016**	**2015**
Financial items at fair value over profit or loss		
Metal derivatives	(942)	2 649
Net foreign exchange rate differences from operating activities:		
Foreign exchange gains	(10 622)	(21 754)
Foreign exchange losses	13 144	15 863
Net other gains (-)/losses	**1 580**	**(3 242)**

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

10 Finance cost and income

The groups finance costs are primarily connected to interest on non-current financing through a senior secured note bond and interest rate swaps. Further the group has credit facility for financial leasing. See note 20 for description and lending conditions for the different loans.

(NOK'000)	**2016**	**2015**
Interest on loans from credit institutions	4 308	3 382
Interest on secured note bond	143 262	148 962
Interest on interest rate swap contracts - cash flow hedge	26 785	25 905
Interest on shareholder loan	10 928	10 756
Interest on financial leases	4 759	2 792
Other interest expense	3 969	2 615
Net foreign exchange losses	-	12 963
Other finance costs	13 238	13 927
Total finance costs	**207 250**	**221 302**

(NOK'000)	**2016**	**2015**
Interest income	2 174	1 747
Net foreign exchange gain	13 590	-
Other finance income	5	443
Total finance income	**15 770**	**2 190**

11 Taxes

Temporary differences and deferred tax

(NOK'000)	**2016**	**2015**
Excess value from acquisition (intangible assets)	133 225	164 693
Property, plant and equipment	(234 268)	(123 193)
Receivables	3 330	7 467
Leasing	1 981	(1 960)
Gain- and loss account	168 543	185 888
Accruals and provisions	(127 581)	(146 223)
Net pension funds	(7 919)	(7 265)
Financial instruments	31 231	38 340
Interest rate swaps	(24 885)	(59 635)
Net temporary differences	**(56 343)**	**58 112**
Interest reduction carried forward	(50 916)	(18 867)
Tax losses carried forward	(161 353)	(179 455)
Basis for deferred tax liability / (-asset)	**(268 611)**	**(140 210)**
Deferred tax	31 794	41 174
Deferred tax asset	(96 262)	(76 226)
Net deferred tax liability/ (-asset) in statement of financial position	**(64 468)**	**(35 052)**

Deferred tax liability relates to excess value from acquisitions.

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

(NOK'000)	**2016**	**2015**
Deferred tax liability:		
- To be recovered within12 months	5 706	7 944
- To be recovered after more than 12 months	26 088	33 230
Deferred tax asset:		
- To be recovered within12 months	-	-
- To be recovered after more than 12 months	(96 262)	(76 226)
Net deferred tax liability/ (-asset) in statement of financial position	**(64 468)**	**(35 052)**

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

(NOK'000)	**2016**	**2015**
Opening balance	**(35 052)**	**(4 987)**
Tax effect of acquisitions in financial year	(4 374)	-
Tax effect of group contribution from parent company	2 597	-
Tax effect of actuarial gain/(loss) on post-employment benefit obligation	-	17
Tax effect of interest rate swaps	8 936	3 301
Change in deferred tax in tax expense	(36 565)	(33 383)
Exchange rate differences	(10)	-
Net deferred tax liability/ (-asset) in statement of financial position	**(64 468)**	**(35 052)**

Current income tax liability

(NOK'000)	**2016**	**2015**
Current year income tax	14 456	5 601
Prepaid tax and other tax refunds	(2 484)	(3 641)
Current income tax liability	**11 971**	**1 960**

Components of income tax expense

(NOK'000)	**2016**	**2015**
Current income tax liabilities	11 116	5 601
Adjustment in respect of priors	445	(8 299)
Change in deferred tax	(36 565)	(33 383)
Income tax expense	**(25 003)**	**(36 081)**

Reconciliation of income tax expense

(NOK'000)	**2016**	**2015**
Profit before income tax	(111 158)	(102 962)
Calculated tax expense with nominal tax rate on profit	(27 790)	(27 800)
Permanent differences	29	(1 293)
Effect of change in tax rate	2 484	2 804
Effect of different tax regimes	(171)	-
Adjustments for estimated income tax expense prior years	446	(9 792)
Income tax expense	**(25 003)**	**(36 081)**
Weighted average tax rate	22,5 %	35,0 %

12 Intangible assets

Intangible assets 2016 *(NOK'000)*	**Trademarks**	**Customer contracts and relationships**	**Other intangible assets**	**Goodwill**	**Total**
Acquisition cost as of 1.1.	**35 000**	**316 341**	**71 219**	**1 229 559**	**1 652 119**
Business combinations*	-	-	-	6 427	6 427
Additions in the year	-	-	6 429	-	6 429
Reclassifications	-	661	-	-	661
Acquisition cost as of 31.12.	**35 000**	**317 002**	**77 648**	**1 235 986**	**1 665 636**
Accumulated amortization and impairment as of 1.1.	**-**	**213 097**	**57 455**	**-**	**270 552**
Amortization	-	30 680	3 770	-	34 450
Accumulated amortization and impairment as of 31.12.	**-**	**243 777**	**61 225**	**-**	**305 002**
Total carrying amount as of 31.12.	**35 000**	**73 225**	**16 424**	**1 235 986**	**1 360 635**
Estimated lifetime		5-10 years	3-5 years		
Depreciation method		Linear	Linear		

* The Group has in 2016 purchased all the shares in Sortera Norge AS, see note 26.

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	-	(5 358)	15 473	-	10 116
Acquisition cost as of 31.12.	**35 000**	**316 341**	**71 219**	**1 229 559**	**1 652 119**
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	-	(5 358)	864	-	(4 494)
Accumulated amortization and impairment as of 31.12.	**-**	**213 097**	**57 455**	**-**	**270 552**
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		

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 to each 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.

The Groups division into segments is presented in note 4. The table below shows goodwill allocation pr. operating segment.

Goodwill allocation 2016 *(NOK'000)*	**1.1.**	**Additions**	**Disposals**	**Impairment**	**Other adjustments**	**31.12.**
Recycling	721 407	6 427	-	-	130 000	857 834
Metal	182 000	-	-	-	-	182 000
Household collection	109 000	-	-	-	-	109 000
Industry & Offshore	177 000	-	-	-	(130 000)	47 000
Other	40 153	-	-	-	-	40 153
Total goodwill	**1 229 560**	**6 427**	**-**	**-**	**-**	**1 235 987**

In 2016 the business areas for hazardous waste and municipal technical services have been relocated from Division Industry & Offshore to Division Recycling.

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 & Offshore	177 000	-	-	-	-	177 000
Other	40 153	-	-	-	-	40 153
Total goodwill	**1 229 560**	**-**	**-**	**-**	**-**	**1 229 560**

Impairment testing of goodwill and trademarks
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. 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. The Group has identified activities organized in segments as respective units for impairment testing of goodwill. The impairment test revealed no need for impairment.

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 before 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 2017-2019. The strategic plan for the coming three years (NG Flow) is focused on industrialization compared to the previous plan where cost reductions has been in focus (NG 200). 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 CAPM as a method, and WACC is calculated to 12.4% before 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	**414 425**	**1 002 612**	**358 152**	**20 721**	**1 795 910**
Business combinations*	-	11 040	233	-	11 273
Additions	33 064	92 933	57 625	10 872	194 494
Reclassifications	3 308	13 388	525	(17 882)	(661)
Disposal	(18 230)	(37 396)	(457)	-	(56 084)
Scrapping	(38 432)	(219 323)	(91 137)	-	(348 892)
Foreign currency adjustments	(41)	(10 313)	(206)	2	(10 558)
Acquisition cost as of 31.12	**394 094**	**852 941**	**324 735**	**13 713**	**1 585 483**
Accumulated depreciation and impairment losses as of 1.1	**115 624**	**503 527**	**144 791**	**-**	**763 942**
Depreciation	32 633	102 657	57 366	-	192 656
Impairment losses	3 429	2 232	348	-	6 009
Disposal	(7 111)	(30 528)	(349)	-	(37 988)
Scrapping	(38 432)	(219 323)	(91 137)	-	(348 892)
Foreign currency adjustments	(28)	(5 819)	(146)	-	(5 992)
Accumulated depreciation and impairment losses as of 31.12	**106 115**	**352 746**	**110 873**	**-**	**569 735**
Carrying amount as of 31.12	**287 978**	**500 194**	**213 862**	**13 713**	**1 015 748**
Estimated lifetime (years)	10 years to infinite	5-10 years	3-10 years		
Depreciation method	Linear	Linear	Linear		

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 in the year	15 352	82 503	49 506	13 442	160 803
Reclassifications	(2 724)	2 508	(15 257)	-	(15 473)
Disposals	-	(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
Disposals	-	(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		

* The Group has in 2016 purchased all the outstanding shares of Sortera Norge AS. See note 26 for further information regarding the business combination.

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)*	**2016**	**2015**
Property, plant and equipment	21 921	34 812
Total capital commitments	**21 921**	**34 812**

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)*	**2016**	**2015**
Cost-capitalised finance lease	224 977	226 205
Accumulated depreciation	(123 416)	(161 081)
Carrying amount as of 31.12.	**101 561**	**65 124**

For further information regarding financial leases see note 20.

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. The voting interests corresponds to the stated ownership shares.

(NOK'000)	**Place of business**	**Ownership 2016**
Østlandet Gjenvinning AS	Hamar	50 %
Egersund Omsetningsgård AS	Egersund	50 %
Pasa AS	Porsgrunn	38 %
Heggvin Alun AS	Hamar	50 %

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

(NOK'000)	**1.1**	**investment**	**Dividends**	**Share of profit**	**31.12**
Østlandet Gjenvinning AS	9 271	-	(2 002)	4 375	11 644
Egersund Omsetningsgård AS	2 113	-	-	16	2 129
Pasa AS	664	-	-	26	690
Heggvin Alun AS	345	350	-	(38)	657
Sum	**12 393**	**350**	**(2 002)**	**4 378**	**15 119**

Sale of share
The ownership share in Retura Norge AS (30 %) was sold in 2015. The consideration for the sale was NOK 8.5 million.

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.

Summarised financial information Østlandet Gjenvinning group:

(NOK'000)	**2016**	**2015**
Total operating revenue	174 276	169 488
Profit for the period	8 554	7 239
Current assets	56 092	49 916
Non-current assets	43 517	48 445
Total assets	**99 609**	**98 361**
Equity	41 662	38 352
Current liabilities	31 553	29 455
Non-current liabilities	26 394	30 554
Total equity and liabilities	**99 609**	**98 361**

15 Inventories

(NOK'000)	**2016**	**2015**
Raw materials	46 504	42 399
Finished goods	33 362	36 438
Spare parts	5 199	8 698
Total inventories	**85 065**	**87 536**

(NOK'000)	**2016**	**2015**
Inventory valued at purchase cost	85 065	87 536
Total inventories	**85 065**	**87 536**

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

Inventories recognised as an expense during 2016 amounted to NOK 589 152 thousand (2015: 452 668). These where included in the cost of sales. Write-downs to net realisable value is included in cost of sales with NOK 4 756 thousand (2015: 0). The line item Cost of sales in the statement of profit or loss includes expenses 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)	**2016**	**2015**
Trade receivables (gross)	492 957	475 114
Provision for loss on trade receivables	(8 397)	(4 624)
Total trade receivables	**484 561**	**470 490**

(NOK'000)	**2016**	**2015**
Prepaid expenses	23 656	27 080
Income accruals	73 980	76 194
Scomi-receivable	9 397	10 147
Other current receivables	16 069	12 398
Total other current receivables	**123 103**	**125 819**

(NOK'000)	**2016**	**2015**
Prepaid landfill rent	33 117	21 291
Other non-current receivables	6 370	7 047
Total other non-current receivables	**39 487**	**28 338**

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.

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	6 818	27 025	-

As part of the regulatory approvals to operate landfills, the Group is obliged to make provisions for monitoring and after operations on closed landfills. Provision of TNOK 1 086 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 the Group 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)	**2016**	**2015**
Cash at bank and in hand	166 978	219 433
Restricted bank deposits	747	386
Total cash and cash equivalents	**167 724**	**219 819**

(NOK'000)	**2016**	**2015**
NOK	132 255	196 378
DKK	(5 014)	5 947
EUR	29 540	(86)
USD	11 930	1 210
SEK	(6 421)	16 171
GBP	5 434	199
Total cash and cash equivalents	**167 724**	**219 819**

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)	**2016**	**2015**
Share capital	45 348	45 348
Share premium	330 011	330 011
Other paid in capital*	9 314	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 2016 *(NOK'000)*	**Currency translation reserve**	**Pension reserve**	**Cash flow hedge reserve**	**Other Equity**	**Total other equity**
Carrying value as of 1.1	**8 996**	**(1 233)**	**(4 313)**	**(235 458)**	**(232 009)**
Profit for the year	-	-	-	(92 099)	(92 099)
Other comprehensive income for the year:					
Currency translation difference	(5 106)	-	-	-	(5 106)
Cash flow hedge	-	-	34 750	-	34 750
Tax related to cash flow hedge	-	-	(8 687)	-	(8 687)
Tax effect of change in tax rate	-	-	(249)	-	(249)
Transactions with the shareholders:					
Received group contribution	-	-	-	6 027	6 027
Paid group contribution	-	-	-	(12 174)	(12 174)
Carrying value as of 31.12	**3 890**	**(1 233)**	**21 501**	**(333 705)**	**(309 547)**

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 in tax rate	-	(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)**

20 Borrowings and financial lease contracts

(NOK'000)	**2016**	**2015**
Senior secured note bond	2 204 711	2 192 661
Borrowings from group companies	147 154	136 226
Financial lease liabilities	75 078	46 304
Promissory note loans and other borrowings	4 224	5 227
Total non-current loans and borrowings	**2 431 168**	**2 380 419**

(NOK'000)	**2016**	**2015**
Accrued interest expense on senior secured note bond	32 960	31 983
Financial lease liabilities	26 266	22 254
Promissory note loans and other borrowings	5 747	5 754
Loan facility	459	529
Total current loans and borrowings	**65 432**	**60 519**
Total loans and borrowings	**2 496 600**	**2 440 939**

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)	**2016**	**2015**	**2016**	**2015**
Senior secured note bond	2 237 671	2 224 644	2 060 670	2 149 325
Borrowings from group companies	147 154	136 226	134 772	136 441
Promissory note loans and other borrowings	9 971	10 982	9 971	10 982
Financial lease liabilities	101 344	68 558	101 344	68 558
Loan facility	459	529	459	529
Total loans and borrowings	**2 496 600**	**2 440 939**	**2 307 216**	**2 365 834**

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)	**2016**	**2015**
Principal amount	2 235 000	2 235 000
Accrued interest expense	32 960	31 983
Transaction costs	(30 289)	(42 339)
Carrying amount	**2 237 671**	**2 224 644**

As the senior secured note bond is listed on the Oslo stock exchange, the last observed price in 2016 (92.20 December 20, 2016) has been used when calculating the fair value. The fair value of the bond is calculated by measuring the principal amount at price 92.20.

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 implicit yield on the bond as of December 21, 2015 – 10.77 % (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 3 months NIBOR + 200 basis points.

(NOK'000)	**2016**	**2015**
Less than 1 year	29 109	24 781
Between 1 and 5 years	62 127	46 050
Later than 5 years	17 631	3 069
Total future minimum lease payments	**108 867**	**73 901**
Future financial charges on financial lease liabilities	7 523	5 343
Present value of financial lease liabilities	**101 344**	**68 558**

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

Maturity profile for the present value of finance lease liabilities:

(NOK'000)	**2016**	**2015**
Less than 1 year	26 266	22 254
Between 1 and 5 years	58 648	43 289
Later than 5 years	16 429	3 015
Present value of financial lease liabilities	**101 344**	**68 558**

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 3 months NIBOR + 300 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, Bingsa AS, Hegstadmoen 7 AS, Opphaugveien 6 AS, Taranrødveien 85 AS, Øra Eiendom Utvikling AS, Humlekjær & Ødegaard AS, Norsk Gjenvinning M3 AS, Løvaas Transportfirma AS and Nordisk Återvinning Service AB.

(NOK'000)	**Carrying value**	**Security**
Shares	-	3 500 000
Property, plant and equipment	973 084	3 500 000
Trade receivables	426 862	3 500 000
Inventories	82 715	3 500 000

The Group have the following guarantees as of December 31;

(NOK'000)	**2016**	**2015**
Operational guarantees	77 506	76 366
Rental guarantees	43 114	37 100
Contractual guarantees	38 357	30 453
Withheld tax guarantees	39 050	39 100

21 Provisions for other liabilities and charges

2016 *(NOK'000)*	**Rental-compensation**	**Onerous contract**	**Environmental- and clean-up commitments**	**Other provisions**	**Total provisions**
Carrying value as of 1.1	**77 500**	**9 200**	**16 737**	**7 328**	**110 765**
Additional provisions recognised	-	606	14 404	6 009	21 019
Unused amounts reversed	-	-	(3 000)	-	(3 000)
Amounts used during the year	(5 000)	(3 066)	(451)	(3 850)	(12 367)
Carrying value as of 31.12	**72 500**	**6 740**	**27 690**	**9 487**	**116 417**
Classified as:					
- Non-current liabilities	67 500	4 142	18 929	2 960	93 531
- Current liabilities	5 000	2 598	8 761	6 527	22 886

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

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 contracts
The group identified an onerous contract in the Household collection division in 2015, which runs till August 2019, with an option for two years extension, held by the counterparty. At the end of 2016 a provision of NOK 6.1 million is recognised for this contract, which is measured at discounted value of the future net unavoidable costs. An assumption that the option will be exercised is included in the estimate. In 2016 a provision of NOK 0.6 million has been recognised, relating to lease agreements on closed down plants in which there is expected that minimum lease payments exceed economic benefits.

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 from business combinations, provision for a VAT claim and other items. Contingent liabilities from business combinations comes to settlement in full in 2017.

Contingent liabilities
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.

22 Other current payables

(NOK'000)	**2016**	**2015**
Other accrued expenses	251 023	226 770
Social security, VAT and other taxes	85 095	87 858
Provision for downstream expenses*	23 443	44 730
Other current payables	10 342	11 951
Total other current payables	**369 903**	**371 309**

* 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 estimate their total exposure to foreign currency risk on a six to twelve months 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 six to twelve months. The finance department guidelines for risk management is to hedge between 50-100% of the expected cash flow six to twelve 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)	**2016**	**2015**
NOK/USD	18 151	15 589
NOK/EUR	31 953	30 010
NOK/SEK	-4 572	14 076
NOK/DKK	676	605

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)	**2016**	**2015**
Paper	33 131	31 607
Non-ferrous metals	41 535	42 543
Ferrous metals	32 568	32 925

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, 2016 *(NOK'000)*	**Less than 1 year**	**Between 1 and 5 years**	**Later than 5 years**
Borrowings	198 121	2 652 079	-
Financial lease liabilities	29 109	62 127	17 631
Trade and other payables	249 058	-	-
Financial guarantee contracts	28 135	-	-

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	46 050	3 069
Trade and other payables	242 976	-	-
Financial guarantee contracts	28 419	-	-

Loans that mature between 1-5 years consists mainly of bonds of NOK 2 235 (2015: 2 235) maturing in full 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)	**2016**	**2015**
EBITDA	**309 059**	**362 367**
Change in provision for onerous contract	-3 066	9 200
Gains on sale of real estate	-17 310	-
Close down of landfill	7 101	-
Costs related to dispute with Scomi	1 115	1 426
Provision for tax case	2 430	-
Lawsuits	-	-9 561
Gains on sale of subsidiary	-	-2 333
Net other non-recurring items	719	4 379
Adjusted EBITDA	**300 048**	**365 478**

The debt ratio as of December 31, was;

(NOK'000)	**2016**	**2015**
Cash and cash equivalents	167 724	219 819
Loan facility	459	529
Leasing facility	101 344	68 558
Senior secured note	2 273 707	2 272 737
Senior bank debt	4 224	5 227
Net debt	**2 212 010**	**2 127 231**
Adjusted EBITDA	300 048	365 478
Debt ratio	**7,37**	**5,82**

See appendix 1 for definitions and descriptions of the alternative performance indicators presented above.

24 Financial instruments

Financial instruments by category

December 31, 2016 *(NOK'000)*	**Loans and receivables**	**Assets at fair value through profit or loss**	**Derivatives used for hedging**	**Total**
Assets:				
Trade receivables	484 561	-	-	484 561
Derivative financial instruments	-	3 581	-	3 581
Other receivables excluding pre-payments	105 817	-	-	105 817
Cash and cash equivalents	167 724	-	-	167 724
Total financial assets	**758 102**	**3 581**	**-**	**761 683**
Liabilities:				
Borrowings (excluding finance lease liabilities)	2 395 256	-	-	2 395 256
Financial lease liabilities	101 344	-	-	101 344
Derivative financial instruments	-	-	24 885	24 885
Trade payables	238 716	-	-	238 716
Other payables excluding non-financial liabilities	284 808	-	-	284 808
Total financial liabilities	**3 020 124**	**-**	**24 885**	**3 045 009**

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**

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)	**2016**	**2015**
Group 1	467 673	431 597
Group 2	17 173	39 701
Group 3	8 111	3 816
Total trade receivables (gross)	**492 957**	**475 114**

Past due not impaired accounts receivables

(NOK'000)	**2016**	**2015**
Within 3 months	105 435	116 902
3 to 6 moths	2 707	814
Total past due not impaired accounts receivables	**108 141**	**117 716**

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)	**2016**	**2015**
NOK	398 475	428 103
DKK	9 631	9 346
EUR	37 445	2 819
USD	19 391	14 931
SEK	24 885	18 442
Other currencies	3 129	1 473
Total trade receivables (gross)	**492 957**	**475 114**

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

(NOK'000)	**2016**	**2015**
Provision as of 1.1.	4 624	3 890
Provisions made during the year	9 616	5 372
Receivables written off as uncollectible	(4 992)	(3 047)
Unused amounts reversed	(851)	(1 591)
Provision as of 31.12.	**8 397**	**4 624**

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, 2016 NOK 9,4 million is recognised as other current receivables (2015: NOK 10 million), see note 16.

25 Other financial assets and liabilities

December 31 *(NOK'000)*	**2016**		**2015**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps - cash flow hedge	-	24 885	-	59 635
Forward foreign exchange contracts	2 639	-	-	3 251
Metal derivatives	942	-	-	748
Total carrying value	**3 581**	**24 885**	**-**	**63 634**
Non-current items:	-	24 885	-	59 635
Current items:	3 581	-	-	3 999

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

2016

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 %	(3 024)
480 000	NOK	12.10.2015	10.07.2017	2,899 %	(4 522)
240 000	NOK	12.01.2015	10.01.2018	2,987 %	(4 743)
360 000	NOK	12.10.2015	10.01.2018	2,987 %	(7 091)
900 000	NOK	10.07.2017	10.07.2019	1,355 %	(3 931)
500 000	NOK	10.01.2018	10.01.2019	1,360 %	(1 575)
2 800 000					**(24 885)**

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)**

* 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 1.17% as of December 30, 2016 (2015: 1.13% pa). Gains and losses of the hedging instruments are recognized in other comprehensive income. The Loan margin (5.25%) are additional to the fixed rate.

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:

31.12.2016 *(NOK'000)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets/liabilities(-) at fair value through profit or loss				
Forward foreign exchange contracts	-	2 639	-	2 639
Metal derivatives	-	942	-	942
Derivatives used for cash flow hedging				
Interest rate swaps	-	(24 885)	-	(24 885)

31.12.2016 *(NOK'000)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets/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

On June 7, 2016 (acquisition date) the group gained control over Sortera Norge AS through a purchase of all the outstanding shares in the company. The primary reason for the business combination is to strengthen our position in the market for waste bags.

A total consideration of NOK 12 512 thousand was agreed upon and fully settled in cash. The consideration consisted of a down payment of existing shareholder loan in the acquiree and consideration for the outstanding shares in the company. The cash flow effect is included on the line Purchase of shares in subsidiaries and associates, net of cash and cash equivalents taken over as part of the transaction (NOK 261 thousand).

Expenses incurred in connection with the business combination has been taken to profit or loss in other operating expenses with NOK 427 thousand.

The business combination is accounted for by applying the acquisition method, in which identifiable assets acquired and liabilities assumed are measured to fair value at the acquisition date. Deferred tax assets are measured to nominal value.

(NOK'000)	**Purchase price allocation**
Deferred tax assets	4 374
Property, plant and equipment	11 273
Other non-current receivables	391
Inventories	434
Trade and other current receivables	3 460
Cash and cash equivalents	261
Trade and other current payables	(3 069)
Financial leasing liabilities	(11 040)
Net identifiable assets	**6 085**
Goodwill	6 427
Total consideration	**12 512**

The recognised goodwill reflects the expected synergies from combining the operations of Sortera Norge with those of the Recycling division in Oslo. Fair value of acquired receivables where NOK 3 851 thousand, which coincides with gross amounts receivable (NOK 4 112 thousand) less expected non-collectable amounts (NOK 261 thousand). Goodwill resulting from the business combination is not deductible for tax purposes.

The acquired business contributed revenues of NOK 12 373 thousand and a net loss of NOK 1 087 thousand from the acquisition date to December 31, 2016. If the business acquisition had occurred on January 1, 2016, consolidated pro-forma revenue and loss for the year ended December 31, 2016 would have been NOK 4 004 605 thousand and NOK 87 266 thousand respectively.

There were no acquisitions in the year ending December 31, 2015.

27 Non-controlling interests

The Group has control over 3 subsidiaries where non-controlling interest exist.

(NOK'000)	**Place of business**	**Non-controlling ownership interest**	**Share of net profit**	**Accumulated ownership interest December 31**
iSekk AS	Oslo	45 %	5 338	6 616
Østfold Gjenvinning AS	Fredrikstad	34 %	(177)	5 601
R3 Entreprenør Holding AS*	Oslo	18,75 %	783	5 734
Total			**5 944**	**17 952**

* R3 Entreprenør Holding AS controls 100% of R3 Entreprenør AS. Amounts relates to the consolidated accounts for R3 Entreprenør Holding AS with subsidiary (R3 Group). All amounts are after eliminations in the sub-group, before eliminations of transaction with other group companies.

Dividend
During 2016 a dividend of NOK 6 126 thousand (2015: 3 500) has been paid from iSekk AS, of which NOK 2 757 thousand (2015: 1 575) to non-controlling interest. Dividend to non-controlling interest is presented under cash flow from investing activities.

Summarised financial information 2016

(NOK'000)	iSekk AS	Østfold Gjenvinning AS	R3 Group
Items in profit or loss 2016			
Total operating revenue	80 323	38 419	227 694
Profit / (loss) for the period	11 862	-520	4 174
Items in financial position as of December 31, 2016			
Non-current asset	2 261	17 522	30 525
Current assets	24 968	5 791	53 187
Total assets	**27 228**	**23 313**	**83 711**
Equity	14 790	15 720	37 706
Non-current liabilities	717	2 221	9 553
Current liabilities	11 721	5 372	36 452
Total equity and liabilities	**27 228**	**23 313**	**83 711**
Cash flow 2016	6 520	-1 978	13 728

Summarised financial information 2015

(NOK'000)	iSekk AS	Østfold Gjenvinning AS	R3 Group
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

There is not identified subsequent events that could materially affect the financial statements.

Financial statements parent company

STATEMENT OF PROFIT OR LOSS 1.1-31.12

(NOK'000)	Note	2016	2015
Other operating expenses	6	3 199	998
Operating profit		**(3 199)**	**(998)**
Income on investment in subsidiaries	7	-	76 360
Interest income from group companies	7, 10	94 658	95 141
Other financial income	7	12	11
Interest expense to group companies	7, 10	10 928	10 756
Other financial expenses	7	185 706	190 369
Profit / (loss) before income tax		**(105 163)**	**(30 611)**
Income tax expense	5	(22 156)	(4 792)
Profit / (loss) for the period from continuing operations		**(83 007)**	**(25 818)**
Cash flow hedges (after tax)	5, 8	25 813	10 019
Comprehensive income for the period		**(57 193)**	**(15 799)**
Transfers			
Allocation to/from(-) other equity reserves		(57 193)	(15 799)
Total transfers		**(57 193)**	**(15 799)**

BALANCE SHEET

ASSETS			
(NOK'000)	**Note**	**31.12.2016**	**31.12.2015**
Non-current assets			
Intangible assets			
Deferred tax assets	5	10 489	43 406
Total intangible assets		**10 489**	**43 406**
Financial non-current assets			
Investment in subsidiaries	1	1 386 416	1 339 644
Loan to group companies	2, 9, 11	1 245 233	1 245 575
Total financial non-current assets		**2 631 649**	**2 585 219**
Total non-current assets		**2 642 138**	**2 628 625**
Receivables			
Receivables from group companies	2	197 906	78 201
Other current receivables	9, 11	-	122
Total receivables		**197 906**	**78 323**
Cash and cash equivalents	11, 12	1 281	1 223
Total current assets		**199 188**	**79 545**
Total assets		**2 841 326**	**2 708 170**

BALANCE SHEET

EQUITY AND LIABILITIES			
(NOK'000)	**Note**	**31.12.2016**	**31.12.2015**
EQUITY			
Share capital	3, 4	45 348	45 348
Share premium	3	330 011	330 011
Other paid in capital	3	17 429	9 314
Other equity	3	(176 367)	(103 354)
Total equity		**216 421**	**281 319**
LIABILITIES			
Other non-current liabilities			
Loans from group companies	2, 9, 11	147 154	136 226
Senior secured note bond	9, 11	2 204 711	2 192 661
Derivative financial instruments	8, 11	24 885	59 635
Total other non-current liabilities		**2 376 751**	**2 388 523**
Current liabilities			
Trade payables	11	176	63
Current income tax	5	3 339	-
Loans and borrowings	9, 11	39 166	38 266
Current payables to group companies	9	202 906	-
Other current payables	9	2 566	-
Total current liabilities		**248 154**	**38 328**
Total liabilities		**2 624 905**	**2 426 851**
Total Equity and liabilities		**2 841 326**	**2 708 170**

Lysaker March, 28 2017

Ole Enger Chairman of the Board	Per-Anders Hjort Deputy Chairman of the Board	Erik Osmundsen Chief Executive Officer
Hugo Lund Maurstad Director	Maria Tallaksen Director	Pål Stampe Director
Yngve Longva Moland Director	Lasse Stenskrog Director	Cecilie Skauge Director

STATEMENT OF CASH FLOW 1.1.-31.12

(NOK'000)	Note	2016	2015
Profit / (Loss) before income tax		**(105 163)**	**(30 611)**
Adjustments for:			
Group contributions recognised in profit or loss	7	-	(76 360)
Financial items without cash effect		(70 780)	(72 369)
Items classified as investing- or financing activities	7	172 894	178 454
Change in other receivables	9	122	548
Change in accounts payable and other current payables		2 679	(184)
Net cash flow from operating activities		**(248)**	**(522)**
Net group contributions received/paid (-) from/to subsidiaries	2	76 360	1 390
Net change in borrowings to group companies	9	95 000	176 125
Net cash flow from investing activities		**171 360**	**177 515**
Net group contributions received/paid (-) from/to parent	2	1 841	-
Paid interest expense		(172 894)	(178 454)
Net cash flow from financing activities		**(171 054)**	**(178 454)**
Net increase in cash and cash equivalents		**59**	**(1 461)**
Cash and cash equivalents at beginning of period		1 223	2 684
Cash and cash equivalents at end of period		**1 281**	**1 223**

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	127 165	8 844	1 386 416

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)	2016	2015
Financial non-current assets		
Loan to Norsk Gjenvinning Norge AS	1 245 233	1 245 575
Total	**1 245 233**	**1 245 575**
Other non-current liabilities		
Loan from VV Holding II AS	147 154	136 226
Total	**147 154**	**136 226**
Receivables from group companies		
Receivable group contributions	197 906	78 201
Total	**197 906**	**78 201**
Current payables to group companies		
Payable group contributions	202 906	-
Total	**202 906**	**-**

Note 3 Shareholders' equity

During 2016 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**	**9 314**	**(103 354)**	**281 319**
Current year loss	-	-	-	(83 007)	(83 007)
Other comprehensive income	-	-	-	25 813	25 813
Group contributions received	-	-	8 115	-	8 115
Group contributions paid	-	-	-	(15 820)	(15 820)
Carrying value 31.12	**45 348**	**330 011**	**17 429**	**(176 368)**	**216 421**

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)*	**2016**	**2015**
Temporary differences		
Transactions cost loans	30 289	42 339
Interest rate swaps (change in deferred tax not recognised in the profit or loss accounts)	(24 885)	(59 635)
Net temporary differences	**5 404**	**(17 296)**
Tax losses carried forward	(49 107)	(156 330)
Basis for deferred tax/(deferred tax asset)	**(43 703)**	**(173 626)**
Deferred tax/(deferred tax asset) 24% / 25%	(10 489)	(43 406)

Basis for income tax expense, changes in deferred tax and tax payable *(NOK'000)*	**2016**	**2015**
Profit/(loss) before tax	(105 163)	(30 611)
Permanent differences	2 430	-
Change in tax losses carried forward	(107 224)	16 754
Change in temporary differences with influence on taxable income	12 050	12 016
Basis for payable tax in the statement of profit or loss	**(197 906)**	**(1 841)**
+/÷ Group contributions received/(given)	197 906	1 841
Taxable income (basis for payable taxes in the balance sheet)	**-**	**-**

Components of the income tax expense *(NOK'000)*	**2016**	**2015**
Payable tax on current year result	-	-
Adjustments in respect of prior years	3 339	-
Total payable tax	**3 339**	**-**
Change in deferred tax	32 917	(589)
Tax effect of group contributions not recognised in profit or loss	(49 477)	(497)
Correction for tax on differences recognised directly in the balance sheet (interest rate swaps) which are included in the calculation of deferred tax	(8 936)	(3 706)
Tax expense/(income)	**(22 156)**	**(4 792)**

Reconciliation of the income tax expense *(NOK'000)*	**2016**	**2015**
Profit before tax	**(105 163)**	**(30 611)**
Calculated tax 25/27%	(26 291)	(8 265)
Tax expense/(income) in statement of profit or loss	(22 156)	(4 792)
Difference	**(4 135)**	**(3 473)**

The difference consist of:		
25/27% of permanent differences	608	-
Change in deferred tax due to change in tax rate	188	3 473
Change in deferred tax related to derivative	8 936	3 706
Tax expense in other comprehensive income for the year	(8 936)	(3 706)
Other differences	3 339	-
Total explained differences	**4 135**	**3 473**

Reconciliation of tax expense in comprehensive income for the year	2016	2015
Cash flow hedge before tax	34 750	13 725
Tax espense	8 936	3 706
Cash flow hedge after tax	**25 813**	**10 019**

Payable tax in the balance sheet *(NOK'000)*	**2016**	**2015**
Payable tax in the tax expense	3 339	-
Payable tax in the balance sheet	**3 339**	**-**

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)*	**2016**	**2015**
Statutory audit (including technical assistance with financial statements)	70	151
Other assurance services	34	-
Tax advisory fee (including technical assistance with tax return)	251	219
Total audit fee (excl. VAT)	**355**	**370**

Note 7 Financial income and expenses

Financial income *(NOK'000)*	**2016**	**2015**
Interest income from group companies	94 658	95 141
Other interest income	12	11
Income from investment in subsidiaries.	-	76 360
Total financial income	**94 670**	**171 512**

Financial expenses *(NOK'000)*	**2016**	**2015**
Interest expense to group companies	10 928	10 756
Other interest expense	185 134	177 723
Other financial expenses	573	12 646
Total financial expenses	**196 635**	**201 126**

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 rate swap 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, 2016 was NOK 2 800 000 thousand (2015: NOK 2 800 000 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, 2016 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 1.17 % as of December 31, 2016 (2015: 1.13 %) 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)	**2016**	**2015**
Asset	-	-
Liabilities	24 885	59 635

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)	**2016**	**2015**
Current receivables		
Receivables at nominal value	-	122
Current receivables from group companies	197 906	78 201
Total	**197 906**	**78 323**
Non-current receivables		
Loan to group company (Norsk Gjenvinning Norge AS)	1 245 233	1 245 575
Total	**1 245 233**	**1 245 575**
Current liabilities		
Accrued interest expense bond and interest rate swaps	38 707	37 737
Debt to credit institutions	459	529
Trade payables	176	63
Payable group contributions	202 906	-
Other current payables	2 566	-
Total	**244 815**	**38 328**
Non-current liabilities		
Senior secured note	2 204 711	2 192 661
Debt to group company (VV Holding II AS)	147 154	136 226
Total	**2 351 866**	**2 328 888**

On July 10, 2014, VV Holding AS issued 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

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 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, Bingsa AS, Hegstadmoen 7 AS, Opphaugveien 6 AS, Taranrødveien 85 AS, Øra Eiendom Utvikling AS, Humlekjær & Ødegaard AS, Norsk Gjenvinning M3 AS, Løvaas Transportfirma AS and Nordisk Återvinning Service AB.

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 2016 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)*	**2016**	**2015**
Interest income from borrowings	94 658	95 141
Interest expense from loans	10 928	10 756

Note 11 Financial instruments by category

(NOK'000)	**Loan and receivables**	**Derivatives designated as hedging instrument**
Assets		
Borrowings	1 245 233	-
Andre fordringer	197 906	-
Cash and cash equivalents	1 281	-
Total assets	**1 444 421**	**-**
Liabilities		
Loans	2 391 032	-
Derivative financial instruments	-	24 885
Trade and other payables excluding non-financial liabilities	203 219	-
Total liabilities	**2 594 250**	**24 885**

Note 12 Cash and cash equivalents

(NOK'000)	**2016**	**2015**
Cash and bank deposits	1 281	1 223
Cash, cash equivalents and used drawing rights	**1 281**	**1 223**

The company has an unused loan facility (revolver) of MNOK 200 as of December 31, 2016.

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, 2016, 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 March, 28 2017

Ole Enger Chairman of the Board	Per-Anders Hjort Deputy Chairman of the Board	Erik Osmundsen Chief Executive Officer
Hugo Lund Maurstad Director	Maria Tallaksen Director	Pål Stampe Director
Yngve Longva Moland Director	Lasse Stenskrog Director	Cecilie Skauge Director

Independent auditor's report

To the General Meeting of VV Holding AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VV Holding AS. The financial statements comprise:

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

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of goodwill and intangible assets	
(See also note 12) As of December 31, 2016 the group has recognised MNOK 1 236 in goodwill, and MNOK 125 in intangible assets. We focus on this area due to the significance of the balance sheet items and because the valuation is based on management's assumptions and judgement. The recognised amounts depend on management's estimates related to, among other factors, future cash flow and discount rate.	We obtained and reviewed the model prepared by management to assess impairment on cash generating units with allocated goodwill or intangible assets. We found the model to be consistent with the IFRS principles described in the notes. Further, we challenged management's assumptions related to future cash flows by comparing these with forecasts and strategic plans for the group as approved by the Board of Directors. Long-term growth in the model is compared with market expectations of long-term inflation. We found that the assumptions were in line with forecasts, strategic plans and market expectations for long-term inflation. We challenged management's historical accuracy by comparing prior years assumptions related to future cash flows to current year achievements. We found the estimate to be reasonable compared to the results achieved. The discount rate used by management was assessed as reasonable by comparing the components of the discount rate with our own opinions and market expectations.
Valuation of deferred tax asset	
(See also note 11) The Group has recognised a deferred tax asset of MNOK 96. The value of the recognised tax asset is mainly determined by the group's ability to utilize tax losses carried forward with future taxable profits. The estimate depends on management's assumptions and judgement. We focus on deferred tax asset because of the significance of the balance sheet item and the degree of judgement involved.	We reviewed management's model for calculation of the Group's deferred tax asset. Our review shows that the model nets internal temporary differences within the same tax regime and utilizes group contributions for tax planning purposes. We challenged management's estimates on future taxable profits. Management's model is based on equivalent future cash flows as used in impairment test of goodwill and intangible assets.
Provisions for environmental liabilities	
(See also note 21) The Group has recognised a provision of MNOK 28 related to environmental liabilities. Over time, the business has	We reviewed management's estimate for future environmental provisions. We challenged the communication made by the Group about environmental liabilities in the annual accounts. Further, we assessed consistency concerning

caused environmental effects on land that may require future clean-up. Environmental liabilities requires significant use of judgement, both in regards to the method used for clean-up, the extent of the future cash flows, governmental regulations and quantity of hazardous emissions. The provision for environmental liabilities is based on management's assumptions and judgement, and is therefore a focus area.	requirements in the accounting standards. To assess the recognised provision we conducted meetings with in-house legal counsel to discuss status on known matters. To assess the potential of other matters that may have been included in the provision we have made inquiries to the Group's external lawyers and reviewed board minutes. We also performed inquiries to management where we among other factors discussed regulatory terms. To evaluate the accuracy in prior year's provisions we assessed these against actual costs. We did not identify any material deviations.

Other information

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

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

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

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

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

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 and statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Oslo, 28 March 2017
PricewaterhouseCoopers AS

Hallvard Helgetun
State Authorised Public Accountant

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

Appendix 1 – Alternative Performance Measures (APM)

In the financial statements the Group presents performance measures which are not defined under IFRS. These performance measures is categorised as Alternative Performance Measures (APM).

APM	Definition	Why APM gives useful information
Operating profit	The number comes from the statement of profit or loss	Much used measure of profitability.
EBITDA	Calculated as profit before depreciation, impairment, financial income, financial expense, income from associated companies and tax. The number comes directly from the statement of profit or loss.	Much used measure of profitability.
Adjusted EBITDA	= EBITDA +/- any element (positive or negative) with character of being a one-time event, non-recurring, extra ordinary, unusual or exceptional.	Group management believe that the adjusted performance measure gives more relevant information for analytical purposes and to make representations. The elements which are excluded is considered to give limited relevance for evaluation of historic and future performances for the Group as it is at period end.
EBITDA before internal charges	= EBITDA before allocation of headquarter cost to the segments.	Group management believe that the adjusted performance measure gives more relevant information for consideration of profitability and resource allocation to segments.
Net debt	= non current debt to credit institutions + current debt to credit institutions + nominal value senior secured note bond + incurred interest expense senior secured note bond – cash and cash equivalents	Much used measure of a companies debt financing.
Debt ratio	= adjusted EBTIDA / net debt	Much used measure for capital management.