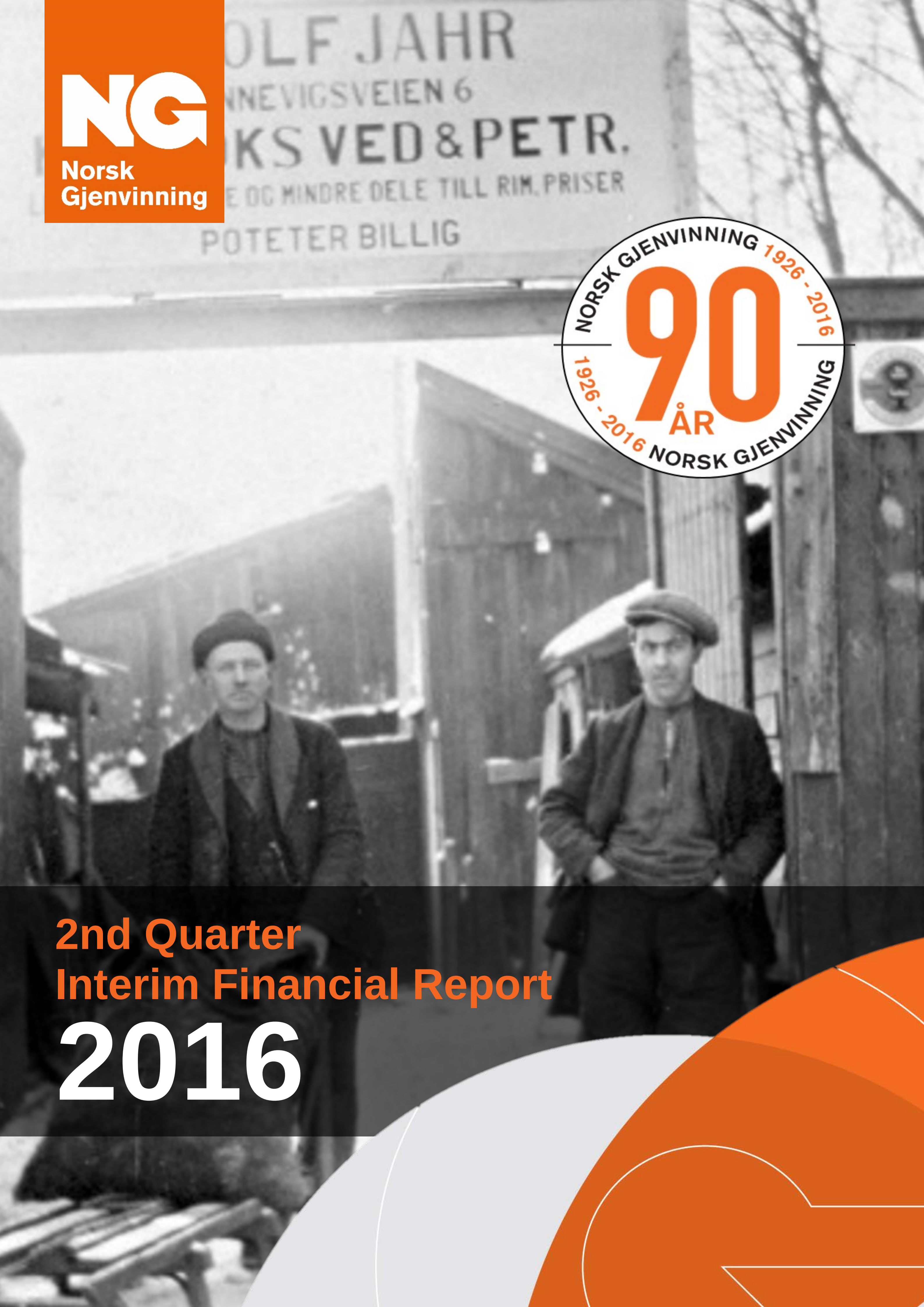
Norsk Gjenvinning



2nd Quarter Interim Financial Report 2016

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DISCLAIMER

VV Holding AS is providing the following interim financial statements for Q2 2016 to holders of its NOK 2,235,000,000 Senior Secured Floating Rate Notes due 2019.

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

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

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

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

PRESENTATION OF THE GROUP

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

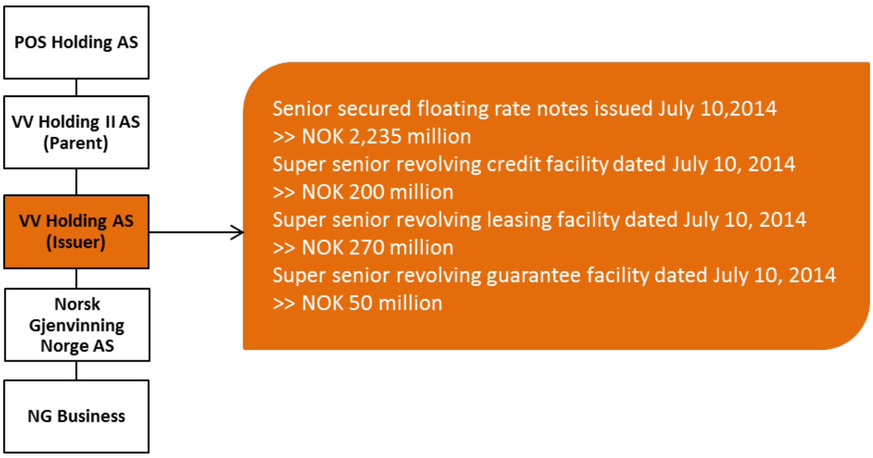
Norsk Gjenvinning is present in two markets; upstream and downstream;

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

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

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

The following illustrates the Group Structure:



The Group's businesses consist of the following divisions:

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

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

Consolidated companies:

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

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

If not explicitly mentioned otherwise, the financial information contained in this report relates to the unaudited financial information on a consolidated basis at the Issuer level for the three and six months ended June 30, 2016 and June 30, 2015 respectively.

COMMENTS BY THE CEO

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

HIGHLIGHTS Q2 2016

- A reduction in operating revenue of 1.9 % compared to Q2 2015
- 2.6% increase in waste volumes compared to Q2 2015
- 0.4% drop in gross margins
- Adjusted EBITDA of NOK 107.4 million
- NG200 cost and productivity initiatives being implemented according to plan operating costs reduced by gross NOK 40.2 million, net NOK 26.1 million in NG core divisions

During the quarter, we continued to experience challenging markets. As an intermediary, we should ideally be able to offset upstream and downstream against each other. However, we were only partly able to offset in the upstream market a new decline in metal prices, increased RDF gate fees, and a significant downstream deterioration of the woodchip market due to low demand from incineration plants based on high inventories due to mild winters. We were however able to reduce inventories to a comfortable level, and have secured contracts for remaining inventories and production going forward.

Volumes in Q2 were up 2.6% compared to the same quarter of last year, from 359,880 tons in 2015 to 369,103 tons in 2016. Both recycling and metals fractions were up due to seasonality (Easter being in Q1 in 2016 compared to Q2 in 2015). We also continue to see reduced activity and reduced volumes from customers in the Oil and Offshore sector, certain industrial sectors in south-east of Norway and a weakening retail sector.

Scrap ferrous prices (CELSA index) increased rapidly and significantly in April, just to fall back, as sharply, to record low levels in May and June. Non-ferrous metal prices were flat to slightly positive. As mentioned in previous reports, extremely low scrap ferrous prices have a direct negative effect on gross profit in the Recycling division, since these metals are sorted out from the processing of waste. In the metals division, extremely low prices effect both volumes and gross margins. Furthermore, we have seen a decreased content of metals in ferrous scrap, putting additional pressure on margins in the metals division. We are continuously trying to adjust upstream prices to reflect the lower quality of ferrous volumes, but this has proven difficult to implement due to fierce competition in the upstream markets.

RDF markets were still challenging in Q2. Incineration gate fees were higher than a year earlier by approximately NOK 100 per ton. Inventories at incineration plants are still high, but the situation has improved during Q2. To mitigate increased downstream gate fees, we continued to increase upstream prices in Q2, without losing our competitive edge as competitors are acting correspondingly to pass on their increased downstream costs. We will continue to increase upstream prices and focus on increased quality of finished products, more efficient freight solutions to downstream customers and increased sales of ancillary services to outweigh the negative gross profit effects from increased gate fees.

Overall, our adjusted EBITDA fell by NOK 2.3 million year over year, however adjusted for Easter being in Q1 this year the reduction was larger. We are not satisfied with these results and our response to these challenging market conditions will continue to be costs cutting and measures to increase productivity, combined with efforts to improve gross margins through increased upstream prices. This will be our major focus in the remainder of 2016.

Our focused businesses incl. Division Household Collection continue to show improvement. Together these four businesses saw an increase in EBITDA of more than 85% from 22.2 MNOK in Q2 2015 to 41.1 MNOK in Q2 2016.

All in all, our results in Q2 were weak and as mentioned in previous reports, we expect the market in 2016 to remain challenging. We will continue our aggressive drive to cut costs and increase productivity, combined with efforts to maintain and improve gross margins through increased upstream prices. This will be our major focus in 2016. The NG group is now repositioned in a very positive way and when market conditions improve we expect to be able to ripe the full benefits of our reduced cost base and strong position.

Erik Osmundsen
CEO

KEY FINANCIAL FIGURES

(NOK'000)	**Q2 2016**	**Q2 2015**	**Variance**	**YTD Q2 2016**	**YTD Q2 2015**	**Variance**
Operating revenue	1 050 981	1 071 071	(20 090)	1 971 986	2 071 850	(99 864)
Gross profit	543 994	558 732	(14 738)	1 000 096	1 060 327	(60 231)
Gross margin	*51,8 %*	*52,2 %*	*(0,4 %)*	*50,7 %*	*51,2 %*	*(0,5 %)*
EBITDA (1)	107 539	112 020	(4 481)	142 494	181 780	(39 286)
EBITDA margin	*10,2 %*	*10,5 %*	*(0,2 %)*	*7,2 %*	*8,8 %*	*(1,5 %)*
Adjusted EBITDA (2)	107 388	109 687	(2 299)	141 585	179 447	(37 862)
Adjusted EBITDA margin	*10,2 %*	*10,2 %*	*(0,0 %)*	*7,2 %*	*8,7 %*	*(1,5 %)*
Net cash flow from operating activities				41 613	82 874	(41 261)
Capital expenditures				(112 112)	(75 567)	(36 545)
Net interest bearing debt (3)				2 439 976	2 398 701	41 275
Total assets				3 427 454	3 445 657	(18 204)

Consolidated unaudited figures.

(1) EBITDA represents operating results before depreciation and amortization.
(2) Adjusted EBITDA represents EBITDA as adjusted for certain non-recurring and/or non-cash costs. Adjusted EBITDA is presented because it may be a relevant measure for assessing underlying performance for a given period. This measure is not a defined financial indicator under IFRS.
(3) Net interest bearing debt includes a shareholder loan from the parent in the amount of NOK 141 million as of June 30, 2016 (including accrued interest). The shareholder loan is subordinated to all secured senior obligations.

RESULTS OF OPERATIONS

Operating revenue decreased by NOK 20.1 million or 1.9% from NOK 1,071.1 in Q2 2015 to NOK 1,051.0 million in Q2 2016. This was primarily due to continuing low scrap ferrous prices in metals and lower activity in Division Industry & Offshore.

Gross profit decreased by NOK 14.7 million, or 2.6% from 558.8 in Q2 2015 to NOK 544.0 million in Q2 2016. The gross margin fell from 52.2% in Q2 2015 to 51.8% in Q2 2016. A reduction in ferrous metals prices has a direct negative effect on gross profit in the Recycling division, since these metals are sorted out from the processing of waste. Furthermore, incineration gate fees were slightly higher than a year earlier due to lower demand in lieu of a mild winter. We saw an additional weakening of the downstream market for woodchips in Q2, a development we believe will continue into Q3 and Q4. We continue our focus on increased quality of finished products, better pricing, more efficient freight solutions to downstream customers and increased sales of ancillary solutions to counteract negative pressures on gross profit in division Recycling.

In the Metals Division, ferrous prices increased sharply in April, but then fell back in May and June ending the quarter 27% lower compared to 2015. We also saw a reduced metals content in ferrous scrap in Q2. We are continuously trying to adjust upstream prices to reflect the lower quality of ferrous volumes. In Division Industry and Offshore gross profit fell as a result of lower activity. Other businesses continued to contribute positively to group EBITDA in Q2.

Our cost reduction initiatives are being implemented according to plan, lowering adjusted operating costs by NOK 26.1 million YTD Q2 2016 compared to YTD Q2 2015. Consequently, adjusted EBITDA decreased by NOK 2.3 million or 2.1% from NOK 109.7 million in Q2 2015 to NOK 107.4 million in Q2 2016.

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

(NOK'000)	**YTD Q2 2016 Consolidated unaudited**	**YTD Q2 2015 Consolidated unaudited**
EBITDA	**142 494**	**181 780**
Change in provision for onerous contract(1)	(909)	-
Gains on sale of subsidiary	-	(2 333)
Adjusted EBITDA	**141 585**	**179 447**

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

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

CAPITAL EXPENDITURES

Capital expenditures increased by NOK 36.5 million, or 48.4%, from NOK 75.6 million in the first six months of 2015 to NOK 112.1 million in the first six months of 2016. Growth capital investments in 2016 was NOK 26.5 million related to new collection vehicles in Division Household collection. Maintenance capital expenditures are according to plan and expected to come in between 140 and 150 MNOK in 2016.

CASH FLOW

(NOK'000)	**YTD Q2 2016 Consolidated, unaudited**
Net cash flow from operating activities	41 613
Net cash flow from investing activities	(115 795)
Net cash flow from financing activities	(72 747)
Net change in cash and cash equivalents for the period	**(146 929)**
Effect of exchange rate changes	(1 107)
Cash and cash equivalents at the beginning of the period	219 819
Cash and cash equivalents at the end of the period	**71 783**

Cash from operating activities in the first six months of 2016 showed a net inflow of NOK 41.6 million, which was NOK 41.3 million lower than the same period previous year. This was due to weaker operating results and negative cash effect from net working capital driven primarily by higher trade receivables, which is a normal seasonal pattern.

Cash outflow from investing activities in the first six months of 2016 was NOK 115.8 million compared to NOK 73.6 million in previous year. The change in cash outflow was caused by the net effect of higher capital expenditures paired with higher proceeds from sale of non-current assets in the period. Further the purchase of shares in Sortera Norge AS gave rise to an net cash outflow of NOK 12.6 million.

Cash outflow from financing activities was NOK 72.7 million in the first six months of 2016 compared to NOK 90.9 million in the same period previous year. The primary reason for the variation in cash flow from financing activities was a net increase in the credit facility in the first half of 2016, driven by investments in new collection vehicles in Division Household collection.

Cash and cash equivalents fell by NOK 146.9 million year to date 2016 from NOK 219.8 million per December 31, 2015 to NOK 71.8 million as of June 30, 2016.

FINANCIAL POSITION

NET INTEREST BEARING LIABILITIES

Net interest bearing debt of the Issuer and its subsidiaries, on a consolidated basis was NOK 2,440.0 million as of June 30, 2016, compared to NOK 2,263.5 as of December 31, 2015. Net interest bearing debt has increased due to the decrease in cash and cash equivalents during the first two quarters of 2016.

As of June 30, 2016 NOK 1,400 million of the interest bearing debt is swapped from floating to fixed interest rate and will remain at this level until maturity of the bond.

CAPITALISATION

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

(NOK '000)	**As of June 30, 2016**	**As of December 31, 2015**
Cash and cash equivalents	**71 783**	**219 819**
Indebtedness:		
Revolving credit facility (1)	512	529
Leasing facility (2)	94 774	68 558
NOK Senior secured notes (3)	2 272 512	2 272 737
Senior bank debt	2 500	5 228
Total third-party indebtedness	**2 370 298**	**2 347 052**
Shareholder loan	141 461	136 226
Total equity	119 095	166 086
Total capitalization	**2 630 854**	**2 649 364**

(1) The Issuer has entered into a Revolving Credit Facility Agreement on July 10, 2014 to provide for a Revolving Credit Facility in the amount of NOK 200.0 million to finance or refinance the general corporate and ongoing working capital needs of the Group. As of June 30, 2016, the Revolving Credit Facility is undrawn. Accrued, unpaid interest amounted to NOK 0.5 million.

(2) The Issuer has entered into a Leasing Facility Agreement on July 10, 2014 in the amount of NOK 270.0 million to finance the needs of the Group and for investments in collection vehicles in Division Household collection. As of June 30, 2016, the Leasing facility is drawn by NOK 94.8 million.

(3) On July 10, 2014 the Issuer conducted a successful placement of a senior secured floating rate note in the amount of NOK 2,235.0 million. As of June 30, 2016 the total amount outstanding, including accrued unpaid interest and unpaid amounts on interest rate swaps are NOK 2,272.5 million. The issuer may, provided that an incurrence test is met, at one or more occasions issue additional bonds under the existing bond agreement up to the amount of NOK 500 million.

OPERATING AND FINANCIAL REVIEW

Adjusted EBITDA in the operating and financial review of the main divisions represents EBITDA as adjusted for certain non-recurring and/or non-cash costs and before allocation of overhead HQ costs. From 2016 all internal rent charges are allocated to the divisions. Furthermore, and as part of the NG200 program, hazardous waste and municipal technical services have been relocated from Division Industry & Offshore to Division Recycling. In order to be able to compare 2016 with 2015, Q2 2015 figures have been pro forma adjusted to reflect these changes.

DIVISION RECYCLING

(NOK'000)	Q2 2016	Q2 2015 Reported	Q2 2015 pro forma	Variance	YTD Q2 2016	YTD Q2 2015 Reported	YTD Q2 2015 pro forma	Variance
Total revenue	578 047	505 389	570 084	7 963	1 069 408	961 863	1 086 460	(17 052)
Adjusted EBITDA	65 214	53 995	67 233	(2 019)	87 029	75 096	93 331	(6 302)
Adjusted EBITDA margin	*11,3 %*	*10,7 %*	*11,8 %*	*(0,5 %)*	*8,1 %*	*7,8 %*	*8,6 %*	*(0,5 %)*

	YTD Q2 2016	YTD Q2 2015	Variance
Collection assignments	1 587 005	1 682 629	-5,7 %
Total waste treated (tons)	567 750	582 067	-2,5 %

Total revenues in Division Recycling increased by NOK 8.0 million, or 1.4%, from NOK 570.1 million in Q2 2015 pro forma to NOK 578.0 million in Q2 2016. The increase in revenue is due to Easter falling in Q2 2015, while in Q1 in 2016. Year to date total operating revenues declined by NOK 17.1 million or 1.6% from NOK 1,086.5 million in 2015 to NOK 1,069.4 million in 2016. The decline in revenue and EBITDA is due to a 5.7% decline in collection assignments and a 2.5% decline in waste volumes, both due to loss of a few major contracts. In addition lower scrap metal prices reduced revenue.

Adjusted EBITDA before internal charges decreased with NOK 2.0 million, from NOK 67.2 million in Q2 2015 pro forma to NOK 65.2 million in Q2 2016. YTD EBITDA decreased with NOK 6.3 million from NOK 93.3 million in 2015 to 87.0 million in 2016. The decline in adjusted EBITDA is due to lower volumes and collection assignments, pressure on gross profit from falling scrap metal ferrous prices and increased incineration gate fees. From Q2 the downstream cost of wood chips has increased significantly compared to 2015, while a significant share of upstream volume is tied in fixed price contracts. The decline is partly offset by NG200 measures and upstream price increases where possible.

DIVISION METAL

(NOK'000)	Q2 2016	Q2 2015 Reported	Q2 2015 pro forma	Variance	YTD Q2 2016	YTD Q2 2015 Reported	YTD Q2 2015 pro forma	Variance
Total revenue	206 157	220 610	220 610	(14 453)	365 779	448 134	448 134	(82 355)
Adjusted EBITDA	9 117	29 119	21 478	(12 361)	7 491	63 571	48 289	(40 799)
Adjusted EBITDA margin	*4,4 %*	*13,2 %*	*9,7 %*	*(5,3 %)*	*2,0 %*	*14,2 %*	*10,8 %*	*(8,7 %)*

	YTD Q2 2016	YTD Q2 2015	Variance
Ferrous volumes (tons)	100 427	102 577	-2,1 %
Non-ferrous volumes (tons)	15 621	16 426	-4,9 %

Total revenues in Division Metal fell by NOK 14.5 million, or 6.6%, from NOK 220.6 million in Q2 2015 pro forma to NOK 206.2 million in Q2 2016. The decrease was due to low scrap ferrous prices and changes in product mix for non-ferrous volumes, with less high value cable. The decline was partly offset by increased upstream volumes for ferrous metals in Q2 2016 compared to Q2 2015. Year to date total revenues fell by NOK 82.4 million, or 18.4%, driven by extremely low volumes in Q1 and low prices in the first six months of 2016 compared to 2015. Prices picked up significantly in the first part of the second quarter, however these prices fell back sharply in the latter part of Q2.

Adjusted EBITDA before internal charges fell by NOK 12.4 million, from NOK 21.5 million in Q2 2015 pro forma to NOK 9.1 million in Q2 2016. The decline is driven by lower gross profit on both ferrous and non-ferrous metals, which is a result of lower prices and the product mix. The decline in both volumes and prices has resulted in a year to date adjusted EBITDA before internal charges which is NOK 40.8 million lower than in the comparable period of 2015.

DIVISION INDUSTRY & OFFSHORE

(NOK'000)	**Q2 2016**	**Q2 2015 Reported**	**Q2 2015 pro forma**	**Variance**	**YTD Q2 2016**	**YTD Q2 2015 Reported**	**YTD Q2 2015 pro forma**	**Variance**
Total revenue	74 762	161 440	105 277	(30 515)	163 493	295 910	199 483	(35 990)
Adjusted EBITDA	5 122	24 881	10 760	(5 638)	2 548	34 299	14 296	(11 748)
Adjusted EBITDA margin	*6,9 %*	*15,4 %*	*10,2 %*	*(3,4 %)*	*1,6 %*	*11,6 %*	*7,2 %*	*(5,6 %)*

Total revenue in Division Industry & Offshore decreased by NOK 30.5 million, or 29.0%, in Q2 2016 from NOK 105.3 in Q2 2015 pro forma to NOK 74.8 million in Q2 2016. The decrease was mainly due to close down of the offshore activity at Mongstad, and reduced activity in the offshore sector located in midwest Norway. On a year to date basis these events are the primary reason for the decrease in total operating revenue of NOK 36.0 million, or 18,0%.

Adjusted EBITDA before internal charges fell by NOK 5.6 million from NOK 10.7 million in Q2 2015 pro forma to NOK 5.1 million in Q2 2016. The reduction in EBITDA was due to a decrease in gross margins (combination of both price and product mix), lower volumes, and close down costs for Mongstad. Year to date adjusted EBITDA fell from 14.3 million to 2.5 million. The slow start in some markets had a strong negative impact on the EBITDA. The reduction of personnel and other operating costs compared to last year was not large enough to compensate for the lost revenue and gross margin.

DIVISION HOUSEHOLD COLLECTION

(NOK'000)	**Q2 2016**	**Q2 2015 Reported**	**Q2 2015 pro forma**	**Variance**	**YTD Q2 2016**	**YTD Q2 2015 Reported**	**YTD Q2 2015 pro forma**	**Variance**
Total revenue	90 336	88 609	88 609	1 728	174 323	171 298	171 298	3 026
Adjusted EBITDA	13 156	12 950	12 950	206	22 735	22 317	22 317	418
Adjusted EBITDA margin	*14,6 %*	*14,6 %*	*14,6 %*	*(0,1 %)*	*13,0 %*	*13,0 %*	*13,0 %*	*0,0 %*

Total operating revenue increased by NOK 3.0 million, or 1,8%, from NOK 171.3 million YTD Q2 2015 to NOK 174.3 million YTD Q2 2016, and NOK 1.7 million or 1.9% comparing Q2 2015 and Q2 2016. The increase in revenues relates to higher activity on existing contracts, start up of new contracts and index adjustments. Adjusted EBITDA has increased both YTD and in Q2 YOY. Adjusted EBITDA margin is steady YOY both Q2 and YTD, while the adjusted EBITDA margin has increased compared to both Q1 2015 and Q1 2016.

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

In Norway, we have not been awarded any new contracts in 2016, in our opinion, due to unsustainable price points. We maintain our view that this business should be run from a bottom line perspective and we intend to maintain the same pricing discipline in upcoming tenders.

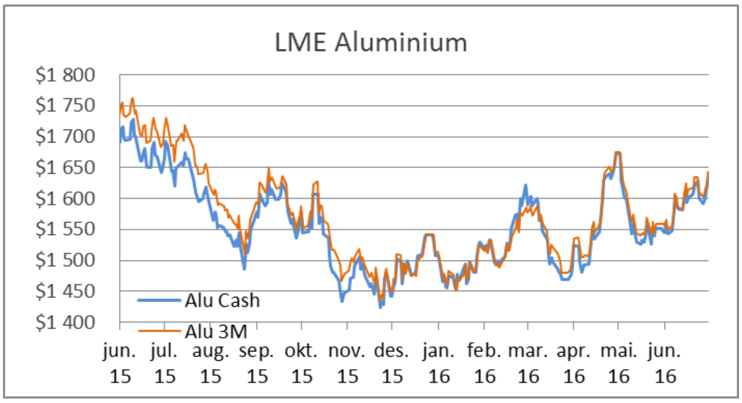
MARKET CONDITIONS

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

DEVELOPMENT IN METAL PRICES

ALUMINIUM

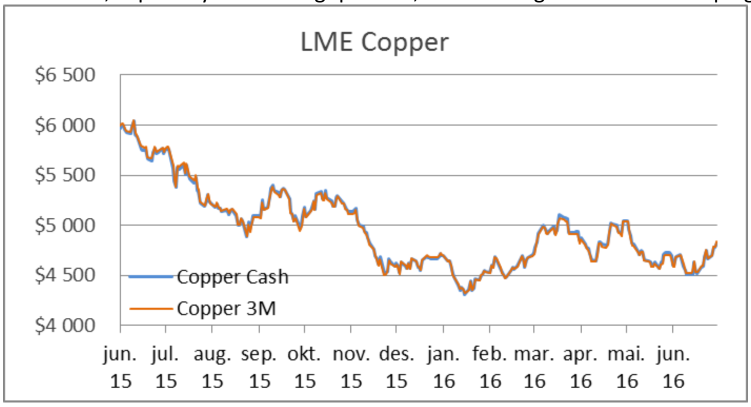
Aluminum prices continued to trade between $1 500 and $1 700 in Q2. Production cuts have started to kick in and inventories have fallen with 15% since the start of the year. Higher energy costs have supported the correction in production capacity. Any further price increase will undermine further capacity decrease and new, more cost effective capacity is about to open up. Fundamental demand expectations are encountered with still existing invisible inventories. NG European and Chinese customers have solid expectations for the rest of the year.



LME Aluminium – 2015 and 2016

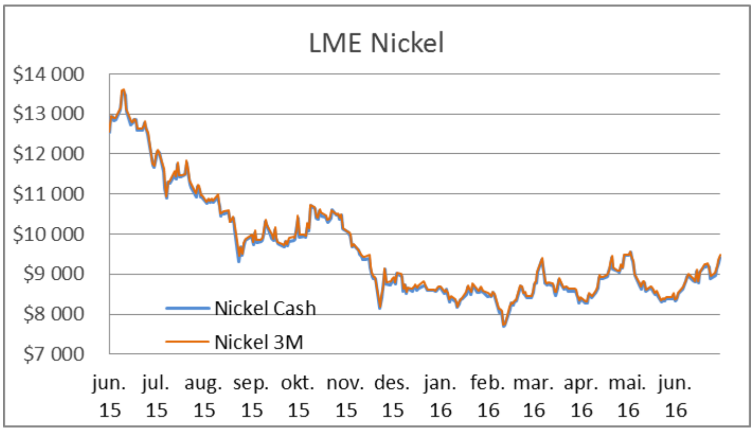
COPPER

Copper prices have consolidated in Q2, trading between $4 500 and $5 000. The market seems to be in balance. NG customers, especially for refining qualities, show strong demand and keeping treatment and refining charges at low levels.



LME Copper – 2015 and 2016

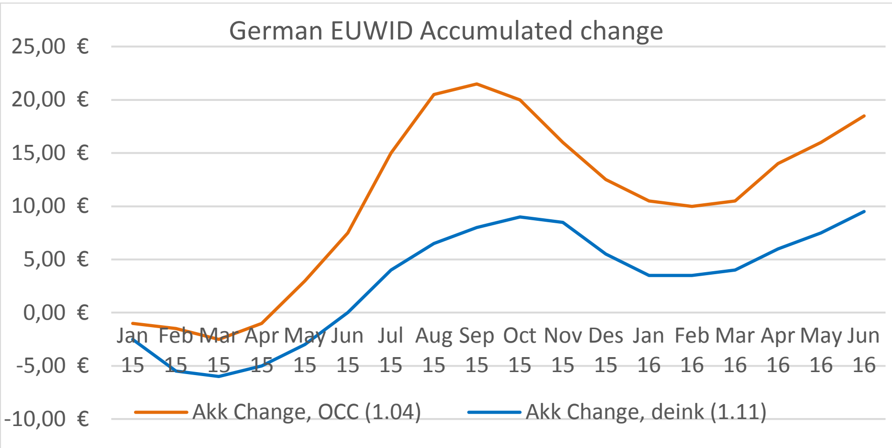
NICKEL
The metal has continued its volatile ride in Q2, though on a higher level – from the low $8000s to mid $9000s. Main reasons are increased Chinese construction activity and decreased output of Nickel ore from the Philippines, due to governmental regulations. Current known inventories equal 25+% of annual consumption and will sooner or later restrict any further upward movements. NG customers expect firm demand for the 2nd half of 2016.



LME Nickel – 2015 and 2016

IRON ORE & STEEL
Iron ore prices have consolidated in Q2 and found their level between $50 to $55 per ton. Steel scrap prices have rallied at the beginning of the quarter with an increase of $100 to $150, depending on quality and geographical region. Main reasons were more expensive Chinese billet prices, higher iron ore prices and higher demand in some regions. Prices decreased rapidly after an almost month long purchasing drought in the benchmark Turkish market.

DEVELOPMENT IN PAPER PRICES
European recovered paper prices continued to increase in Q2 and were by the end of the quarter roughly EUR 10 higher than end of Q2 2015. We expect the price increase to continue into Q3. China recovered paper prices were fairly stable until June, but have seen a strong increase towards the end of Q2. Prices are expected to increase into the first part of Q3. We see a stable demand on a high level both in the European and Asian markets



DEVELOPMENT WASTE-TO-ENERGY

WOODCHIPS
A mild winter resulted in lower demand than normal, which in turn put pressure on prices in Q2. Storage levels are higher than normal going into summer season.

REFUSE DERIVED FUEL (RDF)
The prices on RDF continued to be stable during Q2. We see a trend in reduced storage at many incineration plants compared to previous year, which may result in an increased "just in time" focus on RDF in Q3 and Q4.

UPDATE OF MATERIAL RISK FACTORS AND EVENTS AFTER REPORTING PERIOD

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

MATERIAL CHANGES IN LIQUIDITY AND CAPITAL RESOURCES

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

EVENTS AFTER REPORTING PERIOD

No significant events.

CONDENSED INTERIM FINANCIAL STATEMENTS

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(NOK'000)	Q2 2016	Q2 2015	YTD Q2 2016	YTD Q2 2015
Revenue	1 050 420	1 067 140	1 969 806	2 067 589
Other income	561	3 931	2 180	4 261
Total operating revenue	**1 050 981**	**1 071 071**	**1 971 986**	**2 071 850**
Cost of goods sold	506 987	512 339	971 889	1 011 523
Employee benefits expense	247 372	257 109	499 306	510 148
Depreciation and amortization expense	55 264	62 321	114 480	122 285
Other operating expenses	189 230	188 758	356 334	370 315
Other (gains)/losses - net	(147)	846	1 962	(1 916)
Operating profit	**52 275**	**49 699**	**28 013**	**59 495**
Finance income	4 768	476	9 356	1 309
Finance costs	52 972	52 635	102 824	110 359
Net income from associated companies	1 434	-	1 434	-
Profit / (loss) before income tax	**5 505**	**(2 461)**	**(64 021)**	**(49 556)**
Income tax expense	(4 498)	(971)	(23 923)	(13 380)
Profit / (loss) for the period from continuing operations	**10 003**	**(1 490)**	**(40 098)**	**(36 176)**
Profit / (loss) attributable to:				
Owners of the parent	7 583	(2 975)	(42 916)	(37 703)
Non-controlling interests	2 420	1 485	2 818	1 527

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK'000)	**Q2 2016**	**Q2 2015**	**YTD Q2 2016**	**YTD Q2 2015**
Profit / (loss) for the period	**10 003**	**(1 490)**	**(40 098)**	**(36 176)**
Items that may be subsequently reclassified to profit and loss				
Currency translation differences	(778)	1 146	(1 958)	(1 055)
Interest rate swaps - cash flow hedges (after tax)	6 756	13 790	2 626	23 356
Net other comprehensive income / (loss) for the period	**5 978**	**14 936**	**668**	**22 301**
Comprehensive income / (loss) for the period	**15 981**	**13 446**	**(39 430)**	**(13 875)**
Comprehensive income attributable to:				
Owners of the parent	13 561	11 961	(42 248)	(15 402)
Non-controlling interests	2 420	1 485	2 818	1 527

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(NOK'000)	**30.06.2016**	**31.12.2015**
Non-current assets		
Property, plant & equipment	1 048 176	1 031 968
Intangible assets	135 506	152 007
Goodwill	1 235 986	1 229 559
Deferred tax assets	98 200	76 226
Investments in associated companies	14 177	12 393
Other non-current receivables	34 836	28 338
Total non-current assets	**2 566 881**	**2 530 492**
Current assets		
Inventories	94 680	87 536
Trade and other receivables	689 798	596 309
Derivative financial instruments	4 312	-
Cash and cash equivalents	71 783	219 819
Total current assets	**860 573**	**903 664**
Total assets	**3 427 454**	**3 434 157**

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

(NOK'000)	**30.06.2016**	**31.12.2015**
Equity attributable to owners of the parent		
Ordinary shares	45 348	45 348
Share premium	330 011	330 011
Additional paid in capital	9 314	7 970
Retained earnings	(280 404)	(232 009)
Total equity attributable to owners of the parent	**104 269**	**151 321**
Non-controlling interest	14 826	14 765
Total equity	**119 095**	**166 086**
Non-current liabilities		
Loans and borrowings	2 415 288	2 380 419
Derivative financial instruments	56 134	59 635
Deferred income tax liabilities	41 513	41 174
Post-employment benefits	7 477	7 265
Provisions for other liabilities and charges	98 377	102 312
Total non-current liabilities	**2 618 789**	**2 590 804**
Current liabilities		
Trade and other payables	620 385	602 335
Current income tax	-	1 960
Loans and borrowings	60 169	60 519
Derivative financial instruments	1 032	3 999
Provisions for other liabilities and charges	7 983	8 454
Total current liabilities	**689 570**	**677 267**
Total liabilities	**3 308 359**	**3 268 071**
Total equity and liabilities	**3 427 454**	**3 434 157**

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK'000)	YTD Q2 2016	YTD Q2 2015
Profit / (Loss) before income tax	**(64 021)**	**(49 556)**
Adjustments for:		
Income tax paid	(2 457)	(988)
Depreciation and amortization charges	114 480	122 285
Items reclassified to investing and financing activities	92 544	102 718
Other P&L items without cash effect	(8 339)	(2 614)
Changes in other short term items	(90 594)	(88 972)
Net cash flow from operating activities	**41 613**	**82 874**
Payments for purchases of shares and businesses	(12 940)	-
Payments for purchases of non-current assets	(112 112)	(75 567)
Proceeds from sale of non-current assets	9 257	2 000
Net cash flow from investing activities	**(115 795)**	**(73 567)**
Repayment of borrowings	(2 682)	(5 674)
Net change in credit facility	16 803	3 397
Dividend paid to non-controlling interest	(2 757)	(1 575)
Net group contributions received/(paid)	-	2 546
Net interest paid	(84 112)	(89 602)
Net cash flow from financing activities	**(72 747)**	**(90 907)**
Net increase in cash and cash equivalents	**(146 929)**	**(81 601)**
Effect of exchange rate changes	(1 107)	-
Cash and cash equivalents at beginning of period	219 819	161 068
Cash and cash equivalents at end of period	**71 783**	**79 467**

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONDENSED STATEMENT OF CHANGES IN EQUITY – Q2 2016

(NOK'000)	Attributable to the owners of the parent	Non-controlling interest	Total equity
At 1 January 2016	**151 321**	**14 765**	**166 086**
Profit / (loss)	(42 916)	2 818	(40 098)
Net other comprehensive income / (loss)	668	-	668
Transactions with non-controlling interest	-	(2 757)	(2 757)
Group contributions	(4 803)	-	(4 803)
At 30 June 2016	**104 269**	**14 826**	**119 095**

CONDENSED STATEMENT OF CHANGES IN EQUITY – Q2 2015

(NOK'000)	Attributable to the owners of the parent	Non-controlling interest	Total equity
At 1 January 2015	**206 399**	**14 218**	**220 617**
Profit / (loss) YTD	(37 703)	1 527	(36 176)
Net other comprehensive income / (loss)	22 301	-	22 301
Transactions with non-controlling interest	795	(2 820)	(2 025)
Group contributions	64	-	64
At 30 June 2015	**191 857**	**12 925**	**204 782**

The interim financial information has not been subject to audit.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING PRINCIPLES

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

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

Accounting principles applied in the preparation of these condensed consolidated interim financial statements for the period ended June 30, 2016, are consistent with those applied in the annual consolidated financial statements for 2015. Comparative prior period information has been prepared on the same basis as current period information. All figures refer to thousands of Norwegian kroner (NOK'000) unless otherwise specified

NOTE 2 - FINANCIAL ITEMS

(NOK'000)	**Q2 2016**	**Q2 2015**	**YTD Q2 2016**	**YTD Q2 2015**
Interest income	467	476	899	1 309
Other financial income	4 301	-	8 457	-
Financial income	**4 768**	**476**	**9 356**	**1 309**
Non cash interest expenses	2 617	2 424	5 235	5 486
Cash interest expenses	44 380	45 620	88 471	91 235
Other financial expenses	5 975	4 591	9 119	13 639
Financial expenses	**52 972**	**52 635**	**102 824**	**110 360**
Net financial income (expenses)	**(48 204)**	**(52 159)**	**(93 468)**	**(109 051)**

NOTE 3 - SENIOR SECURED FLOATING RATE NOTES

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

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

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

NOTE 4 - SEGMENT NOTE

REVENUE 2016 *(NOK'000)*	**Revenue from external customers**		**Inter segment revenue**		**Total segment revenues**	
	Q2 2016	**YTD Q2 2016**	**Q2 2016**	**YTD Q2 2016**	**Q2 2016**	**YTD Q2 2016**
Recycling	479 822	878 302	98 225	191 106	578 047	1 069 408
Metal	205 501	364 574	656	1 205	206 157	365 779
Household collection	88 874	172 547	1 462	1 777	90 336	174 323
Industry & Offshore	76 943	163 972	(2 188)	(813)	74 755	163 159
Other businesses	197 440	386 451	30 892	(11 947)	228 331	374 504
HQ and eliminations	1 841	3 960	(129 048)	(181 327)	(127 207)	(177 367)
Total	**1 050 420**	**1 969 806**	**-**	**-**	**1 050 420**	**1 969 806**

REVENUE 2015 *(NOK'000)*	**Revenue from external customers**		**Inter segment revenue**		**Total segment revenues**	
	Q2 2015	**YTD Q2 2015**	**Q2 2015**	**YTD Q2 2015**	**Q2 2015**	**YTD Q2 2015**
Recycling	418 905	793 548	86 484	168 315	505 389	961 863
Metal	219 873	441 613	737	6 521	220 610	448 134
Household collection	88 494	171 085	114	213	88 609	171 298
Industry & Offshore	157 143	289 440	4 297	6 470	161 440	295 910
Other businesses	180 752	368 832	74 442	140 511	255 194	509 343
HQ and eliminations	1 974	3 071	(166 075)	(322 029)	(164 101)	(318 958)
Total	**1 067 140**	**2 067 589**	**-**	**-**	**1 067 141**	**2 067 589**

EBITDA BEFORE INTERNAL CHARGES

(NOK'000)	**Q2 2016**	**Q2 2015**	**YTD Q2 2016**	**YTD Q2 2015**
Recycling	65 214	53 995	87 029	75 096
Metal	9 117	29 119	7 491	63 571
Household collection	13 306	12 765	23 643	22 132
Industry & Offshore	5 122	24 881	2 548	34 299
Other businesses	27 804	9 411	43 277	25 215
HQ and eliminations	(13 025)	(18 152)	(21 495)	(38 532)
Total	**107 539**	**112 020**	**142 493**	**181 780**
Depreciation and amortization expense	(55 264)	(62 321)	(114 480)	(122 285)
Finance income	4 768	476	9 356	1 309
Finance costs	(52 972)	(52 635)	(102 824)	(110 359)
Net income from associated companies	1 434	-	1 434	-
Profit before tax	**5 504**	**(2 460)**	**(64 022)**	**(49 555)**

By an unfortunate clerical error the segment table for revenues in the Q1 report contained one misclassification between the two segments, Other businesses and HQ and eliminations, in the column for inter segment revenues. The following table is the correct version which should have been presented in the Q1 2016 report:

REVENUE Q1 2016 *(NOK'000)*	**Revenue from external customers**	**Inter segment revenue**	**Total segment revenues**
	Q1 2016	**Q1 2016**	**Q1 2016**
Recycling	398 480	92 881	491 361
Metal	159 073	549	159 622
Household collection	83 672	314	83 987
Industry & Offshore	87 029	1 375	88 404
Other businesses	189 012	(42 839)	146 173
HQ and eliminations	2 119	(52 280)	(50 161)
Total	**919 386**	**-**	**919 386**

NOTE 5 – BUSINESS COMBINATION

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 12.5 million has been agreed upon, and will be fully settled in cash. The consideration consist of a down payment of existing shareholder loan in the acquiree and consideration for the outstanding shares in the company. As of June 30, 2016 a total of NOK 12.9 has been paid, the remaining receivable amount of NOK 0.4 million is settled in July of 2016. The cash flow effect is presented in the statement of cash flow net of cash and cash equivalents taken over as part of the transaction (NOK 0.3 million).

A provisional purchase price allocation has been performed as of the acquisition date. The purchase price allocation is subject to potential changes as the measurement of property, plant and equipment, deferred tax assets and financial leasing liability is not completes as of the date for these interim financial statements.

(NOK'000)	**Provisional purchase price allocation**
Deferred tax assets	4 374
Property, plant and equiptment	11 273
Inventory	434
Trade and other receivables	3 851
Cash and cash equivalents	261
Financial leasing liability	(11 040)
Trade and other payables	(3 069)
Total identifiable net 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.

Year to date and in the second quarter of 2016 a total revenue of NOK 1.7 million and a pre tax loss of NOK 0.5 million from Sortera Norge is included in these consolidated interim financial statements. If the acquisition date had been as of the beginning of the annual reporting period (1st of January), a consolidated year to date total revenue of NOK 1,979.2 million and a pre tax loss of NOK 66.0 million would have been reported in these interim financial statements.

NOTE 6 - EVENTS AFTER THE REPORTING PERIOD

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

RESPONSIBILITY STATEMENT

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

Lysaker, August 24, 2016

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

Erik Osmundsen
Chief Executive Officer
(sign.)

Hugo Lund Maurstad
Director
(sign.)

Maria Tallaksen
Director
(sign.)

Pål Stampe
Director
(sign.)

Yngve Longva Moland
Director
(sign.)

Lasse Stenskrog
Director
(sign.)

Cecilie Skauge
Director
(sign.)

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