Group Annual Report 2014

VV Holding AS

April 22, 2015

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

All out effort for sustainable development and circular economy

VV Holding AS owns Norsk Gjenvinning, 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 2014 it strengthened its position within sustainable development and the future's circular economy.

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

The Group reports total operating revenue of NOK 4,136 million that is a slight decrease on the previous year. Lower prices and margin pressures hampered revenue growth and reduced profitability. The result was also affected by costs related to investments in improvement programs. As a result of the above, the operating profit for 2014 declined from NOK 186.2 million in 2013 to NOK 89.3 million in 2014. The net profit after tax was NOK -128.0 million, compared with NOK -0.4 million the year before.

2014 was a challenging year operationally, but thanks to the investments and the efforts being 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 over the coming years.

Highlights of 2014

- Efforts to improve the industry continue with undiminished strength. The measures will help to further increase quality and the standard. A new management system and control procedures, intensified internal control, enhanced security at facilities, increased control of subcontractors and a separate anti-corruption programme are some of the measures being implemented.

- A stronger focus on social responsibility and the circular economy. To establish the strongest reputation in the industry, the company will also seek to raise awareness of corporate social responsibility issues and explain their role in the future's circular economy. In the circular economy, goals for increased recycling are achieved through a well-functioning market. During the year, Norsk Gjenvinning has acquired many cooperative partners and collaborators in the all out efforts to achieve a circular economy.

- Refinancing of the Group. In June 2014, the Group was able to issue a senior secured bond of NOK 2,235 billion. The refinancing was completed first and foremost because it provides the Group with better terms and better flexibility to adapt to the sector's everyday operation life. The bond was primarily use to repay existing debt.

- The NG200 cost-cutting programme was initiated in autumn 2014. The programme will run until the end of 2016 and aims to cut operating expenses by NOK 200 million net. The goal is ambitious, but necessary to sharpen competitiveness in the coming years. Before the end of 2014, cost reduction initiatives of NOK 147 million were decided. Adjusted for systemic cost increases and implementation costs, a net cost reduction of NOK 55 million is expected for 2015.

- Industrial investments in Øra Miljøpark. The metal separation facility at Øra in Fredrikstad was opened in 2012 and a new shredder was put in production in 2014. Thus far, over NOK 200 million has been invested in Øra, of which NOK 64.9 in 2014.

- Changes in Group management and Group structure. To increase operational focus we have decided to split the group in two, (i) a core consisting of Division Recycling, Division Metal, Division Industry & Offshore and Division Downstream, and (ii) "Focused business". The core divisions will report directly to the CEO. The "Focused business" are spun-out in separate corporations and will report through their respective boards to the CFO. Changes in group management have also been made to mirror the new organization.

- Metals in circulation. Norsk Gjenvinning is one of three main operators who have signed an agreement with Autoretur for the treatment of vehicle wrecks in the period from 2015 to 2019. Vehicle wrecks are important raw materials for the newly established shredder at Øra. A total of 94.6 percent of the vehicle's weight was recycled or reused in the Group's value chain in 2014. This is expected to increase to 95 percent in 2015.

- Professionalising of downstream activities continued in 2014 with the audit of raw materials customers in Asia and European carriers, as well as increased focus on internal training and control. Efforts to strengthen our role as a major supplier of raw materials continued in 2014 with the opening of new sales offices for waste paper, plastics and metal in Shanghai and the start of iron export to customers in Europe.

- Several development projects have taken place in 2014 together with different research environments, among others linked to the projects: Catalyst lift, Development of mechanised grinding process for fuel and Order to cash.

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. VV Holding AS is the parent company of the Group. The Group has operations across the country and is headquartered in Lysaker outside Oslo. The Group has just under 1,400 employees and also has 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 VV Holding Group ("the Group").

Services and priorities

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

The services include waste management, metal recycling, industrial services, hazardous waste, household waste collection, demolition, decontamination and security shredding. With over 90 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 40,000 customers. The Group has waste collection contracts with over 50 Norwegian local authorities and provides waste management services to private- and public-sector companies in Norway, Sweden, Denmark and the United Kingdom. Norsk Gjenvinning also sells raw materials to industrial businesses in Scandinavia, Europe and Asia.

New regulatory environment drives development

As awareness of the need for sustainable waste management has grown, waste management has also become subject to an increasing number of new laws, regulations and regulatory requirements. At the same time many businesses are striving to meet their own obligations under various environmental and quality standards. As a result of these developments, the services offered by Norsk Gjenvinning have become an important part of the nation's infrastructure. As regulatory requirements are continually being revised and tightened, Norsk Gjenvinning continues to develop its services to help customers meet new requirements. The landfill ban introduced in 2009 led to major changes in waste management in Norway, and Norsk Gjenvinning offers solutions which make it easy for customers to comply with regulatory 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

Norsk Gjenvinning'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 its four core values of salesmanship, proactivity, responsibility and team spirit.

The Group's overall strategic objectives are:

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

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

Comments on the consolidated financial statements

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

VV Holding AS has not previously prepared consolidated financial statements. Pursuant to IFRS 1, an opening balance for the Group has been prepared as at 1.1.2013. Full IFRS was employed in the preparation of the consolidated financial statements.

Related to first-time adoption of IFRS in the consolidated financial statements the Group has performed a new assessment of all significant agreements in the Group. The assessment identified that compensation received in connection with entering into a new rent agreement at Haraldrud in 2011, was accrued over the remaining period of the original rent agreement (10 years). The new rent agreement entered in 2011 is for 20 years from the time of renegotiation until 2031. IAS 17 and SIC 15 requires all incentives from the lessor to be accrued straight-line basis over the rent period, which in this case is 20 years. The misstatement is, in connection with the preparation of these accounts, corrected in the consolidated financial statements with effect from January 1, 2013.

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

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

Income statement

The Group generated total operating revenue of NOK 4,136.3 million (4,150.6) and incurred operating expenses of NOK 4,047.0 million (3,964.4). The increased expenses are mainly due to the impact of acquisitions completed in 2014 as well as significant investments in compliance and improvements. The Group's operating profit for 2014 therefore declined to NOK 89.3 million (186.2).

The Group's net financial expense in 2014 was NOK -272.4 million (-186.0). Financial items mainly comprise interest on loans and costs related to the refinancing.

The consolidated profit before tax was NOK -183.1 million (0.1). The consolidated net profit was NOK -128.0 million (-0.4).

Comprehensive income for the year was NOK -107.8 million (-10.8).

Balance sheet, financing and liquidity

Total non-current assets at year-end 2014 were NOK 2,608.8 million (2,575.3). Intangible assets were NOK 1,417.5 million (1,464.6). The Group has invested NOK 258.8 million in property, plant and equipment. The investments are designed to maintain and develop the company's container and car fleet, and include strategic investments in machinery and equipment. Financial assets in 2014 totalled NOK 40.6 million (35.7). The increase is primarily related to infrastructure investments in connection with the construction of landfills for clean and inert masses in Norsk Gjenvinning Miljøprosjekt AS.

Current assets were NOK 919.1 million (972.8), of which NOK 635.8 million (723.8) refers to receivables and NOK 161.1 million (136.2) to bank deposits and cash.

Consolidated equity at 31 December was NOK 220.6 million (328.4), representing an equity ratio of 6.3 per cent (9.3). Changes in equity consist of other comprehensive income.

Total liabilities at 31 December were NOK 3,307.3 million (3,219.8). Net interest-bearing liabilities were NOK 2,419.3 million, of which NOK 2,235 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 NIBOR +525 basis points.

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 with Nordea and DNB which is unused as of year-end 2014.

Cash flow

Cash flows for the year are characterized by large, forward-looking investments funded by the operations. The Group's operating cash flow was NOK 385.9 (306.5). The difference between the Group's operating profit and operating cash flow represents the Group's finance costs, changes in working capital and taxes paid for the period. The net cash flow from investing activities was NOK -244.2 million (-326.4). The net cash flow from financing activities was NOK -116.8 million (-51.2). Cash and cash equivalents at the end of 2013 were NOK 161.1 million. The corresponding figure for 2013 was NOK 136.8 million.

Business areas

The Group structure was changed from six to four divisions in December 2014. The four divisions are Recycling, Metal, Industry & Offshore and Downstream. The previous divisions Household Collection and Growth are defined from December 2014 as niche companies that report through their respective boards to the Group's CFO.

In the accounts, the results are reported according to the old structure with six divisions and one niche company: Norsk Gjenvinning Entreprenør AS.

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 company also offers disposal and destruction of sensitive material, which is organised as a separate company in 2014.

The division has 577 employees and handled around 1.15 million tonnes of waste (adjusted for internal transactions) in 2014. Total operating revenue in 2014 was NOK 1,812.3 million (1,800.2). The year was marked by restructuring, reorganisation and personnel replacements in the organisation, including some changes to management. Competition in the market was tough, resulting in slightly lower fraction prices. The company has worked on its values and goals, and has launched a major effort aimed at improving traceability and control, creating a more efficient plant footprint and systematising customer follow-up and sales activities.

Division Metal

Recycling of metal covers the collection, receipt and processing of steel, metals, WEEE waste, cables and ash. Metal has 11 facilities for recycling steel and metals. The division has 147 employees and handles around 260,000 tonnes of steel and 90,000 tonnes of metals each year. Total operating revenue in 2014 was NOK 859.7 million, down from NOK 867.2 million the year before.

Division Metal continues its efforts to tidying the facilities structure and industrialising the operations. After a successful start-up of the new shredder at Øra Miljøpark, Fredrikstad, the shredders in Tønsberg and Onsøy, as well as the metal separation facility at Orkanger were closed and moved to Øra. The division also started a treatment facility for WEEE waste in Sarpsborg in connection with a signed collection and treatment agreement with the recycling company RENAS.

Division Industry and Offshore

Division Industry and Offshore offers a broad spectrum of services in industrial cleaning and collection, receipt and processing of hazardous waste. In 2014, our division's 330 employees in industrial services spent 410,000 hours on customer assignments. The Industry and Offshore Division has a total of 13 handling and processing facilities in the south of Norway, as well as partners in the north of Norway. Ten of the facilities are receiving facilities for hazardous waste where Norsk Gjenvinning handles about 74,000 tonnes of hazardous waste a year.

Total operating revenue in 2014 was NOK 672.0 million, down from NOK 673.2 million the year before. The division has implemented major cost-saving measures through the NG200 programme with discontinuation of activities in Fredrikstad and Sweden. Activities have also been concentrated in Grenland by merging five facilities at Herøya Industripark. Operation was otherwise characterised by a generally high level of activity both onshore and offshore with good volume input from the oil companies. Shell in Kristiansund made use of an option to extend a contract for Integrated Waste Management, industrial services and tank cleaning services that also includes Shell's development of Ormen Lange.

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. Downstream generated external trading revenue of NOK 74.5 million in 2014.

In 2014 the division opened a new sales office for recovered paper and metal in Shanghai. The export of iron to customers in Europe was also started.

Development in raw materials prices in 2014:

- **Recovered paper:** The market trended downwards and was characterised by a general decline in raw material prices, and falling demand in China.

- **Plastic:** Prices were stable, rising through the first three quarters with a fall in the fourth quarter that was reflected by declining oil prices.

- **Steel and metals:** Uncertainty about economic growth in China led to negative market sentiment and falling prices. The steel market was characterised by excess production capacity, which together with lower demand, led to a decrease in prices of finished goods from Eastern Europe, China and Asia. The exception was nickel, which had a sharp price increase at the beginning of 2014 when Indonesia introduced export bans for several minerals, which meant worries for China's production.

- **Woodchip:** The market in Norway and Scandinavia was characterised by two mild winters in a row. Increased storage, price decline for competitive energy products and a downward adjustment of demand led to falling prices.

- **Combustible waste:** The domestic market in Norway for combustible waste had significant price growth. Increased amount of imported waste from the UK combined with more profitable and efficient logistics to Norwegian works influenced the Norwegian and Swedish markets.

It is positive to note that the market both nationally and internationally is characterised by a strong focus on quality. The sector has become more commercialised and contract management shows an increasing degree of professionalism.

Niche company: Norsk Gjenvinning Renovasjon AS (Household collection)

Norsk Gjenvinning Renovasjon AS is a supplier of refuse collection services throughout Norway and is a leading player in this market, collecting household waste on behalf of municipalities and intermunicipal companies in about 50 municipalities in Norway. The company has 139 own employees at operations in Norway and Sweden, and including partners employs around 280 people. That is, approximately 50% of those employed in Norsk Gjenvinning Renovasjon AS are employed by permanent sub-contractors. Of the approximately 150 heavy vehicles driving in daily service for Norsk Gjenvinning Renovasjon, 42% are run on biogas.

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

Total operating revenue in 2014 was NOK 334.2 million, which is an increase from NOK 306.4 million the year before. A major focus in 2014 has been on improving margins on contracts.

Niche company: NG Sikkerhet AS (name changed to Norsk Makulering in January 2015)

Norsk Makulering is the leading supplier of shredding and destruction of sensitive material on paper and electronic storage media in Norway. The company has 12 employees, serving around 3,000 customers and handling 4,000 tonnes of paper documents at 14 locations in Norway.
The company is newly established in 2014. Total operating revenue in 2014 was NOK 49.7 million. Given the company's growth, there was a need in 2014 to strengthen and professionalise the organisation at all levels.

Niche company: Norsk Gjenvinning Miljøprosjekt AS

Norsk Gjenvinning Miljøprosjekt 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.

Total operating revenue in 2014 was NOK 35.5 million.

Niche company: Norsk Gjenvinning Entreprenør AS (name changed to R3 Entreprenør AS in March 2015)

Norsk Gjenvinning Entreprenør AS' 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 last part of 2013 and first quarter of 2014 were characterised by restructuring in all operational units. Two branch offices were closed while the remaining offices made significant reductions in the number of employees and other operational costs. Total operating revenue in 2014 was NOK 158 million, down from NOK 185 million the year before. This was due to limited activity while two of the offices were closed.

In October 2014, the owners of Norsk Gjenvinning Entreprenør AS and 13 Gruppen AS merged their businesses; both companies are now owned by Rivningsspesialisten AS. The companies are now united under the new name R3 Entreprenør, which was launched in March 2015.

Research and development

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

In 2014, Norsk Gjenvinning participated in and funded several extensive research projects in collaboration with various research bodies, including:

- Catalyst lifting
- Development of mechanized grinding process for fuel
- Order to cash

In partnership with Nespresso and Hydro, Norsk Gjenvinning have developed a value chain for the recycling coffee capsules from Nespresso. Furthermore, Norsk Gjenvinning is involved in several partnerships to develop new and innovative ways of dealing with today's waste management issues. Among others, Norsk Gjenvinning is collaborating with Østfoldforskning regarding a project concerning the handling of food waste, and with GreeNudge and Scandinavian Design Group in a project regarding green growth in the food industry.

Research activity and projects at an early stage, as well as maintenance of existing products are expensed when incurred. The above projects were in 2014 expensed by NOK 7.1 million.

Operational risk and risk management

Risk management in the VV Holding 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. 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 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 long-term 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.

For more information about the Group's risk management please see note 23 in the annual accounts.

Liquidity risk

The company has limited liquidity risk. The company actively monitors its liquidity management through budgets and forecasts. The Group's long-term financing needs are covered through bank debt and loans from shareholders.

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. According to requirements in the Norwegian Accounting Act it is booked NOK 3,9 millions in provision for bad debts.

For further details regarding Groups' risk management see note 23 in the consolidated Financial Statements.

Events after the balance sheet date

In Q3 2014, the group engaged DNV-GL to investigate the operation in Norsk Gjenvinning Industri AS (NGI) at the Mongstad Base. A final report in December 2014 showed three different uncontrolled spills of hazardous waste from the processing plant. The spills took place in 2013 and 2014. The company immediately stopped all controlled disposal of hazardous waste from the plant until further notice. The plant reopened in March 2015 when all of the deviations were sufficiently corrected. The incident is fully described under the Corporate Responsibility (environment) section.

Allocation of profit

The Board of Directors proposes that the loss for the year of NOK 106.8 million in the parent, VV Holding AS, be covered through a transfer from retained earnings.

Report on the financial statements of the parent company

Nature of operations

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

Income statement

The parent has no operating revenues. The parent company's operating profit was reduced by NOK 0.2 million from 2013 to 2014, and totalling NOK -0.3 million.

Net financial income totalled NOK -169.1 million, a decrease of NOK 162 million compared to 2013. The decrease is mainly due to costs related to the refinancing in 2014, and also a decrease in Group contribution.

Investments

The parent company did not invest in property, plant and equipment's in 2014.

Equity and solvency

Equity in the parent company totalled NOK 268.3 million at 31 December 2014, down from NOK 375.1 million at 31 December 2013. The change in parents' equity refers to this year's profit.

Financing and cash flow

The parent company is funded through long-term borrowings totalling NOK 2360.6 million, of which NOK 2 235 million refers to a senior secured note bond. The parent's operating cash flow was NOK -171.4 million in 2014, compared with NOK -111.6 million in 2013.

Corporate social responsibility

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.

During 2014, Norsk Gjenvinning has implemented new reporting procedures for CSR and sustainability. 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.

Sustainability and CSR are not new concepts for Norsk Gjenvinning, but this decision follows a more targeted and systematic effort to implement improvements and report on real sustainable development.

Environment

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

During the summer of 2014, Norsk Gjenvinning received **information** that there had been two illegal discharges from Norsk Gjenvinning Industri AS's (NGI) plant at Mongstad. According to the **information**, oil slop had spilled into the sea, without being properly treated. Immediately after receiving the **information**, DNV-GL was hired to investigate the allegations and the Norwegian Environment Agency was notified of the proceedings. In September, **DNV-GL** made their initial conclusion. Twice in 2013 and once in 2014, illegal discharges from the treatment plant at Mongstad had occurred. In all, between 150-350 m3 oily liquid was discharged into the Fensfjord, through an oil separator. NGI immediately stopped all discharges from the plant. The company has completed a full review of all documentation and procedures regarding the operation of the plant, in order for it to run in accordance with the authorization from the Norwegian Environment Agency. The company has as well appointed a new operations manager at the treatment plant, which has worked closely with the rest of the management at the refinery to make the necessary corrections. Rambøll which was hired to conduct an impact assessment, concluded that emissions only had minor impact on a small area at the point of discharge, and that there will be no lasting consequences for marine organisms in the fjord. Wednesday March 25, 2015 the facility opened for normal operation again. The decision was notified to the Norwegian Environment Agency.

Employees, organisation and equal opportunities

The Group had 1,378 employees at the end of 2014, reduced from 1,426 at the beginning of the year.

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. In 2015, this function is extended to include an external channel for whistleblowing, 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. In 2014, 73 injuries were sustained in the Group, resulting in 228 days of absence. The corresponding figures for 2013 were 68 injuries and 81 days of absence.

Total sick leave in the Norsk Gjenvinning Group was 5.0 percent in 2014, of which 1.5 percentage points refer to short-term sick leave and 3.5 percentage points to long-term sick leave. By comparison, total sick leave in 2013 was 6.3 percent. Some divisions have improved significantly from 2013 to 2014. Definite actions taken are more involvement from management, focus on adaption of the working situation and improvement in the work environment. There are big differences in sick leave between the different divisions and regions. The Group, represented with the Division Recycling, participated in 2014 in a research project in direction of STAMI to further investigate the causality between sick leave and follow-up/leadership. The project will last for minimum 2-3 years.

Employee satisfaction

Employee surveys covering all permanent employees are conducted each year. In 2014, the response rate was 81 per cent, and the results show a positive development from 2013 for almost all divisions. The survey shows that employees of Norsk Gjenvinning are committed to and proud of their jobs, and scores for motivation and leadership are especially high. In Division Metal and Norsk Gjenvinning Entreprenør AS the results shows a somewhat weaker development. These divisions have been through comprehensive changes in the period. Division Industry and Offshore and Division Downstream shows weaker results than other units in the Group, but they still show a significant improvement from 2013. Measures have been initiated to improve the situation.

Skills development

Skills development is a continuous process, partly through the NG School, where the goal is to offer courses to all employees. As part of the Group's comprehensive compliance program and risk reduction measures, an effort has been initiated with the aim of identifying courses that should be mandatory for certain categories of employee. Further risk analysis to identify skills and need for training will be prioritized.

The Board deems the working environment and the collaboration with the employee representatives as good. Employee participation is ensured at several levels of Norsk Gjenvinning. At central level a Group committee has been appointed where chief employee representatives from the various divisions and representatives of senior management come together to exchange information and discuss issues which concern several areas of operation. In 2014 two such meetings were held.

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 1,378 employees, of whom 19 per cent were women and 81 per cent men. One woman is represented in the senior management team and 24 women hold leading positions. It is one female members of the Group's Board of Directors. The environment and recycling industry has traditionally been male-dominated, and the Group is working to recruit more women.

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

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

Norsk Gjenvinning is a multicultural workplace. At the end of 2014 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 June 2014 the Board where strengthened with one Board Member and now consists of Chairman of the Board, three Board Members and one Deputy Member. The senior management team was in December 2014 reduced from ten to eight persons and consists of the Managing Director, three Group Directors with responsibility for corporate functions and four Heads of Division.

Outlook

2014 was a challenging year operationally and the Board expects that the challenges will continue in 2015. It is expected continued low activity in the building and construction industry, low activity in the operations along the coast that are affected by the fall in oil price and a reduction in general industrial activities. The Group will meet these challenges with targeted cost reduction actions and continued industrialization of the Group's processes and installations.

In addition to reduced activity, the challenges for 2015 relate primarily to the price pressures created by rogue operators which do not handle waste in a legal manner. Norsk Gjenvinning has taken measures to prevent this and is now making significant investments to ensure that laws and regulations are complied with and to address the need for real sustainable development in the future. This is of great importance to customers and other stakeholders, for Norsk Gjenvinning itself and for the rest of the recycling industry in Norway.

Thanks to the investments and initiatives that are being made in the various improvement programs, the Board believes that Norsk Gjenvinning is in a good position to realise growth opportunities and strengthen profitability in 2015 and the years to come.

Oslo, 22.04.2015

Reynir Kjær Indahl

Chairman of the board

Claes Agne Ekstrøm

Board member

Håkon Jahr

Board member

Ylva Lindberg

Board member

Erik Osmundsen

Chief executive officer VV Holding AS

Consolidated income statement	Note	2014 NOK'000	2013 NOK'000
Revenue	4, 5	4 128 503	4 118 393
Other income	6	7 812	32 189
Total revenue		**4 136 315**	**4 150 581**
Cost of sales	15	2 029 452	2 114 460
Payroll expenses	7	998 340	897 739
Depreciation, amortisation	12, 13	256 614	231 262
Other operating expenses	8	775 407	735 572
Other (gains)/losses- net	9	-12 819	-14 641
Operating profit		**89 321**	**186 189**
Finance income	10	4 072	3 389
Finance costs	10	278 990	192 932
Share of profit from associated companies	10	2 531	3 501
Profit before income tax		**-183 066**	**146**
Income tax expense	11	-55 036	553
Profit for the year		**-128 030**	**-407**
Profit attributable to:			
Owners of the parent		-135 405	851
Non-controlling interests		7 375	-1 256
		-128 030	**-405**

Note 1 – 28 are an integral part of these consolidated financial statements

Consolidated statement of comprehensive income	**Note**	**2014 NOK'000**	**2013 NOK'000**
Profit for the year		-128 030	-407
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		-319	-964
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		3 474	1 102
Cash flow hedges after tax	25	17 041	-9 185
Other comprehensive income for the year, net of tax		**20 196**	**-9 047**
Total comprehensive income for the year		**-107 834**	**-9 454**
Attributable to:			
Owners of the parent		**-115 209**	**-8 198**
Non-controlling interests		**7 375**	**-1 256**
		-107 834	**-9 454**

Note 1 – 28 are an integral part of these consolidated financial statements

Consolidated balance sheet		31.12.2014	31.12.2013	01.01.2013
Assets	**Note**	**NOK'000**	**NOK'000**	**NOK'000**
Non-current assets				
Property, plant and equipment	13	1 089 001	1 031 279	922 666
Intangible assets	12	195 688	246 861	288 882
Goodwill	12	1 221 812	1 217 743	1 140 468
Deferred income tax assets	11	61 684	43 751	35 262
Investment in associated companies	14	12 802	14 091	10 590
Other non-current receivables	16	27 829	21 608	-
Total non-current assets		**2 608 816**	**2 575 333**	**2 397 868**
Current assets				
Inventories	15	120 475	112 798	156 960
Trade receivables	16	513 081	549 680	572 129
Other receivables	16	122 697	174 152	119 179
Derivative financial instruments	25	1 818	-	-
Cash and cash equivalents	17	161 068	136 196	200 165
Total current assets		**919 139**	**972 827**	**1 048 433**
Total assets		**3 527 955**	**3 548 160**	**3 446 301**

Note 1 – 28 are an integral part of these consolidated financial statements

Consolidated balance sheet Equity and liabilities		31.12.2014 NOK'000	31.12.2013 NOK'000	31.12.2013 NOK'000
Equity				
Ordinary shares	18	45 348	45 348	45 348
Share premium	18	330 011	330 011	330 011
Additional paid in capital		7 970	669	669
Retained earnings	19	-176 930	-46 695	-38 499
Equity attributable to owners of the parent		**206 399**	**329 333**	**337 529**
Non-controlling interests		14 218	-981	275
Total equity		**220 617**	**328 352**	**337 804**
Non-current liabilities				
Loans and borrowings	20	2 360 610	2 110 911	2 156 075
Derivative financial instruments	25	73 360	42 820	30 238
Deferred income tax liabilities	11	56 697	65 270	84 790
Post-employment benefits and similiar liabilities	7	5 658	3 107	8 336
Provision for other liabilities and charges	21	109 408	112 131	126 985
Total non-current liabilities		**2 605 733**	**2 334 239**	**2 406 424**
Current liabilities				
Trade payables	22	221 312	265 678	324 964
Other payables	22	394 764	366 774	376 606
Current income tax liabilities	11	3 240	27 971	503
Loans and borrowings	20	58 737	217 432	-
Derivative financial instruments	25	6 379	-	-
Provision for other liabilities and charges	21	17 173	7 713	-
Total current liabilities		**701 605**	**885 568**	**702 073**
Total liabilities		**3 307 338**	**3 219 808**	**3 108 497**
Total equity and liabilities		**3 527 955**	**3 548 160**	**3 446 301**

Note 1 – 28 are an integral part of these consolidated financial statements

Oslo 22.04.2015

Reynir Kjær Indahl	Claes Agne Ekstrøm
Chairman of the board	Board member
Håkon Jahr	Ylva Lindberg
Board member	Board member

Erik Osmundsen

Chief executive officer VV Holding AS

Consolidated statement of changes in equity NOK'000	Note	Share capital	Share premium	Additional paid in capital	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of the parent						
Equity 1.1.2013		45 348	330 011	669	-38 499	337 529	275	337 804
Profit for the year		-	-	-	851	851	-1 256	-405
Other comprehensive income for the year		-	-	-	-9 047	-9 047	-	-9 047
Total comprehensive income for the year		**-**	**-**	**-**	**-8 196**	**-8 196**	**-1 256**	**-9 452**
Group contribution received 2012		-	-	-	1 230	1 230	-	1 230
Group contribution given 2012		-	-	-	-1 230	-1 230	-	-1 230
Sum transaksjoner med aksjonærene		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Equity 31.12.2013 / 1.1.2014	**19**	**45 348**	**330 011**	**669**	**-46 695**	**329 333**	**-981**	**328 352**
Profit for the year		-	-	-	-135 405	-135 405	7 375	-128 030
Other comprehensive income for the year		-	-	-	20 196	20 196	-	20 196
Total comprehensive income for the year		**-**	**-**	**-**	**-115 209**	**-115 209**	**7 375**	**-107 834**
Group contribution received 2013		-	-	7 301	-	7 301	-	7 301
Group contribution given 2013		-	-	-	-7 202	-7 202	-	-7 202
Non-controlling interest arising from business combinations	27	-	-	-	-7 824	-7 824	7 824	-
Total transactions with owners		**-**	**-**	**7 301**	**-15 026**	**-7 725**	**7 824**	**99**
Equity 31.12.2014	**19**	**45 348**	**330 011**	**7 970**	**-176 930**	**206 399**	**14 218**	**220 617**

Note 1 – 28 are an integral part of these consolidated financial statements

Consolidated statement of cash flows	Note	2014 NOK'000	2013 NOK'000
Profit before income tax		**-183 066**	**146**
Adjustments for:			
Income tax paid	11	-2 106	503
Depreciation, amortization	12, 13	256 614	231 262
(Gain)/loss on disposal of operations and property, plant and equipment		-1 175	-30 808
(Gain)/loss on sale of shares		-	-
Interest costs (net)		169 517	173 873
Other finance costs - with no cash effect		102 870	12 170
Post-employment benefits		2 988	-6 568
Foreign exchange losses/(gains) on operating activities		-1 246	-783
Provision for other liabilities	21	6 737	359
Changes in working capital			
Inventories		-7 677	45 591
Trade and other receivables		97 615	-28 123
Trade and other payables and changes in other provisions		-55 193	-91 075
Net cash generated from operating activities		**385 878**	**306 547**
Acquisition of subsidiary (net of cash acquired)		-	-108 598
Proceeds from sale of shares in associated company		5 670	-
Purchases of property, plant and equipment	12, 13	-258 779	-315 085
Proceeds from sale of property, plant and equipment		8 875	97 248
Net cash used in investing activities		**-244 234**	**-326 435**
Proceeds from borrowings	20	2 235 000	128 898
Transaction fees paid		-60 117	-
Repayment of borrowings		-2 198 209	-64 889
Changes in financial lease		1 861	-4 186
Paid interests		-95 307	-111 061
Net cash used in financing activities		**-116 772**	**-51 238**
Net changes in cash and cash equivalents		**24 872**	**-71 126**
Purchases of cash		-	7 157
Cash and cash equivalents 1.1		136 196	200 165
Cash and cash equivalents 31.12		**161 068**	**136 196**

Note 1 – 28 are an integral part of these consolidated 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.

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.

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 First time submission of consolidated financial statements

VV Holding AS has not previously prepared consolidated financial statements. Pursuant to IFRS1 an opening balance for the Group has been prepared as at 1.1.2013. Full IFRS was employed in the preparation of the consolidated financial statements.

2.1.2 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations not yet adopted

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

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

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

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

2.2 Consolidation and investments in associated companies

The Group consists of the following companies 31.12:

Parent and subsidiaries	*Place of business*	*% of ownership interest*
VV Holding AS (parent)	Lysaker	
Norsk Gjenvinning Norge AS	Lysaker	100 %
Norsk Gjenvinning AS	Lysaker	100 %
Norsk Gjenvinning Metall AS	Lysaker	100 %
Norsk Gjenvinning Offshore AS	Lysaker	100 %
Norsk Gjenvinning Miljøeiendommer AS	Lysaker	100 %
Norsk Gjenvinning Industri AS	Lysaker	100 %
Norsk Gjenvinning Plast AS	Lysaker	100 %
Norsk Gjenvinning Renovasjon AS	Lysaker	100 %
Norsk Gjenvinning Downstream AS	Lysaker	100 %
Norsk Gjenvinning Miljøprosjekt AS	Lysaker	100 %
NG Sikkerhet AS	Lysaker	100 %
NG Vekst AS	Lysaker	100 %
NG Fellestjenester AS	Lysaker	100 %
NG Startup V AS	Lysaker	100 %
NG Startup VI AS	Lysaker	100 %
Nordisk Återvinning Service AB (Sverige)	Gøteborg	100 %
Nordisk Återvinning Holding AB (Sverige)	Gøteborg	100 %
Nordisk Genanvendelse ApS (Danmark)	Vordingborg	100 %
Humlekjær og Ødegaard AS	Fredrikstad	100 %
Tomwil Miljø AS	Lysaker	100 %
Tomwil Transport AS	Lysaker	100 %
Eivind Koch Rørinspeksjon AS	Lillestrøm	100 %
Hurum Energigjenvinning AS	Lysaker	100 %
Wilhelmsen Containerservice AS	Lysaker	100 %
Ødegaard Gjenvinning AS	Fredrikstad	100 %

Metodika Gjenvinning AS	Alnabru	100 %
Løvås Transportfirma AS	Alnabru	100 %
R3 Entrepenør 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 %
Rivningsspesialisten AS	Ensjø	77,5 %
Norsk Gjenvinning Entreprenør AS	Ensjø	77,5 %
13-Gruppen AS	Brumunddal	77,5 %
13 Byggentreprenør AS	Brumunddal	65,9 %
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 thus controlling influence, and treats the investment as a subsidiary.

Associated companies	
Østlandet Gjenvinning AS	50 %
Egersund Omsetningsgård AS	50 %
Heggvin Alun AS	50 %
Pasa AS	38 %
Retura Norge AS	30 %

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

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from 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 the fair values 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 in accordance with IAS 39 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 renumeration (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 renumeration (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 on transactions between group companies are eliminated. Unrealised losses are also 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.

2.6 Intangible assets

a) Goodwill
Goodwill arising through the acquisition of businesses and constitutes the remuneration transferred less VV Holding AS` 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 is monitored at the operating segment level.

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 shown 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 are 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
- 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.

2.9 Financial assets

2.9.1 Classification
The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) 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.

b) 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 2.14 and 2.15).

2.9.2 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.

2.10 Impairment of financial assets

a) ***Assets carried at amortised cost***
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.

2.11 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 24. 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.

a) Cash flow hedge
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’.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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 defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. 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.

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.

Past-service costs are recognised immediately in income.

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

2.22 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.

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

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

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

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

2.24 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.

2.25 Dividend income

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

2.26 Leases

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

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

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

2.27 Dividend distrubution

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

3 Critical accounting estimates and judgements

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

a) *Estimated impairment of goodwill*
The group tests annually whether goodwill 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.

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

Finished goods are estimated to total production cost. Full production cost is calculated at 85% of the selling price (less selling expenses) for steel and metals, and 70% of the sales price of recovered paper.

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

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

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

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

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

g) *Revenue recognition*
R3 Entreprenør use the percentage of completion method for long-term construction contracts. This means that in relation to each month end (when one reaches predefined project milestones) a corresponding share of income and expenses (production costs) in the project are recognised. The method requires that the Group make judgment related to the proportion of the total service that is delivered at the balance sheet date. Total turnover in R3 Entreprenør MNOK 179 (2013: MNOK 184). Unbilled revenue totaled NOK 5 (2013: NOK 3 million).

4 Segment information

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

Group management assesses the segments based on divisions, which represent the overall services offered within the recycling and environmental services. The Group is divided into divisions Recycling, Metal, Household Collection, Industrial & Offshore, Downstream, Growth, Construction, and Other. Downstream, Growth and Contractor are segments that have been merged into the segment Other businesses as they do not meet the quantitative thresholds in IFRS 8. Division Other, which consists of the main office, real estate and eliminations, are merged into HQ and eliminations.

Revenue

2014	Revenue from external customers	Inter segment revenue	Total segment revenue
Recycling	1 812 252	137 508	1 949 760
Metal	859 652	5 633	865 285
Household collection	334 244	597	334 840
Industry & Offshore	672 024	20 021	692 045
Other businesses	443 915	265 751	709 666
HQ and eliminations	6 417	-429 511	-423 094
Total	**4 128 503**	**0**	**4 128 503**

2013	Revenue from external customers	Inter segment revenue	Total segment revenue
Recycling	1 800 271	135 939	1 936 210
Metal	867 173	5 975	873 148
Household collection	306 380	137	306 517
Industry & Offshore	673 206	24 206	697 413
Other businesses	468 676	256 740	725 416
HQ and eliminations	2 686	-422 997	-420 311
Total	**4 118 392**	**0**	**4 118 392**

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.

Adjusted EBITDA	**2014**	**2013**
Recycling	207 293	237 080
Metal	83 076	72 966
Household collection	49 142	41 591
Industry & Offshore	69 825	106 978
Other businesses	31 335	24 062
HQ and eliminations	-94 735	-65 229
Total	**345 936**	**417 450**
Depreciation	-256 614	-231 262
Other gains (+) and losses (-)	0	0
Finance income	4 072	3 389
Finance costs	-278 990	-192 933
Share of profit from associated companies	2 531	3 501
Profit before income tax	**-183 066**	**146**

The group management assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes discontinued operations and the effects of non-recurring expenditure from the operating segments such as restructuring costs and gains from disposals of property, plant and equipment. 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.

It is not reported balance sheet values to corporate management at the segment level. Balance sheet values is reported only at the consolidated Group level.

Revenue per country	**2014**	**2013**
Norway	3 338 990	3 440 525
Sweden	248 381	242 932
Hong Kong	97 282	52 766
Holland	128 455	86 350
China	19 206	44 217
Other	296 188	251 602
Total	**4 128 503**	**4 118 392**

Revenue from external customers by country based on destination of the customer.The Group has no single customer that contributes to more than 10% of revenue.

Property, plant and equipment per country	**2014**	**2013**
Norway	2 458 445	2 442 502
Denmark	17 440	18 315
Sweden	30 616	35 066
Total	**2 506 501**	**2 495 883**

Fixed assets include fixed and intangible assets, and goodwill by country.

5 Related parties

The following transactions were carried out with related parties:

a) Sales of goods and services

	2014	**2013**
Sale of services:		
- Associated companies	5 729	6 039
	5 729	**6 039**

b) Purchases of goods and services

	2014	**2013**
Purchase of goods and services		
- From associated companies	32 115	29 083
	32 115	**29 083**

c) Key management compensation

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

d) Year-end balances arising from sales/purchases of goods/services

	2014	**2013**
Receivables from related parties:		
- Associated companies	148	54
- Group companies	-	10 002
Payables to related parties:		
- Group companies	0	0
- Associated companies	4 818	5 291
	4 966	**15 348**

The receivables from related parties arise mainly from sale transactions and 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.

e) Loans from related parties

	2014	2013
Borrowings from group companies:		
At 01.01	759 222	702 866
Borrowings advanced during year	121 502	-
Borrowings repaid during year	-790 475	-
Interest costs	35 225	56 355
Interest paid	-	-
At 31.12	**125 474**	**759 222**

Loan terms are discussed in note 20.

6 Other income

	2014	2013
Gain on sale of operations and shares	-	176
Gain on sale of property, plant and equipment	2 212	32 013
Insurance reimbursement	5 600	-
Other income	**7 812**	**32 189**

The insurance reimbursement relates to the excess of insurance proceeds over the carrying values of goods damaged.

7 Employee benefit expense

Specification of employee benefit expenses:

	2014	2013
Wages and salaries	818 208	746 636
Sosial security costs	102 765	96 988
Pension costs - defined contribution plans	20 188	13 692
Pension costs - defined benefit plans	-	93
Other post-employment benefits	1 258	1 068
Other benefits	55 920	39 262
	998 340	**897 739**
Average number of employees	1 402	1 448

Specification of pension obligations:

Defined benefit plans	1 741	3 107
Accruals for defined contribution plans	3 917	-
	5 658	3 107

2014

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

2013

Benefits to executives	Salaries/ board fee	Bonus	Pensjons-expenses	Other remunerations	Total benefits to executives	Post-employment salaries
Erik Osmundsen	2 381	1 175	196	237	3 989	12 months
Dean Zuzic	1 677	764	196	261	2 898	6 months
Runa Opdal Kerr	1 352	364	196	190	2 102	12 months
Hans Fredrik Wittusen	1 218	137	196	195	1 746	6 months
Jon Ola Stokke	1 231	219	196	198	1 844	12 months
Egil Lorentzen	1 295	252	196	234	1 977	12 months
Ivar Hagemoen	-	-	-	-	-	None
Jon Tarjei Bergan	1 226	-	169	162	1 557	6 months

* Jon Ola Stokke were in 2014 employed in a new position with significant expanded responsibilities.
** Have not been employed the whole year

Maria Tallaksen was the chief executive officer in VV Holding AS in 2014. She does not receive any remunerations from the group. From 2015 Erik Osmundsen is the new chief executive officer in VV Holding AS. Group management in Norsk Gjenvinning Norge are defined as executives.

2014

Benefits to member of board	Salaries/ board fee	Bonus	Pensjons-expenses	Other remunerations	Total benefits to executives
Board of directors group	250	0	0	0	250
Board of directors in associated companies	261	0	0	0	261

2013

Benefits to member of board	Salaries/ board fee	Bonus	Pensjons-expenses	Other remunerations	Total benefits to executives
Board of directors group	250	0	0	0	250
Board of directors in associated companies	187	0	0	0	187

No loans/securities have been granted to the chief executive officer, chairman of the board or other related parties. No such benefits have been given to the group management. No share based payments have been given. Executives own shares directly, and indirectly through their ownership in GN Invest AS, in POS Holding AS, which is the parent of VV Holding AS,

8 Other operating expenses

	2014	2013
Rental costs	204 602	173 340
Costs relating to plants and equipment	330 416	345 195
External services	67 748	72 214
Other costs	142 918	134 127
Insurances	20 574	19 282
Loss on receivables	9 149	-8 586
Other operating expenses	**775 407**	**735 572**

Expensed audit fee (excl. VAT)	**2014**	**2013**
Statutory audit (incl. technical assistance with financial statements)	6 779	4 665
Other assurance services	282	91
Tax advisory fee (incl. technical assistance with tax return)	881	438
Other assistance	2 326	1 000
Total audit fees	**10 269**	**6 194**

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

9 Other (gains)/losses - net

	2014	**2013**
Recognition of negative goodwill from acquisition of IBKA (note 26)	-	-9 753
Financial assets at fair value trough profit or loss (note 23):		
- Metal derivatives	-2 634	-
Net foreign exchange from operating activities		
- Foreign exchange gains	-23 262	-19 649
- Foreign exchange losses	13 077	14 762
	-12 819	**-14 641**

10 Finance income and costs

	2014	**2013**
Interest income:		
- Interest income on short-term bank deposits	1 530	1 657
- Other interest income	365	222
- Interest income from customers	1 424	1 241
- Interest income on borrowings to employees	1	4
Finance income		
- Other finance income	752	265
Finance income	**4 072**	**3 389**

	2014	**2013**
Interest expense:		
- Bank borrowings (current)	2 530	2 034
- Interest on bank borrowings	50 405	92 275
- Interest on senior secured note bond	75 320	0
- Interest rate swap contracts: cash flow hedge	16 458	19 786
- Borrowings to group companies	35 225	56 355
- Financial lease	2 255	4 334
- Other interest expense	27 640	12 724
- Interest rate swap contracts: cash flow hedge, transfer from equity (note 19, 25)	53 884	0
Net foreign exchange from financing activities		
- Foreign exchange gains	-4 177	-3 370
- Foreign exchange losses	17 299	5 464
Finance cost		
- Other finance costs	2 151	3 329
Finance costs	**278 990**	**192 932**

11 Taxes

Calculation of deferred tax/deferred tax benefit		
	2014	**2013**
Temporary differences		
Excess value from acquisitions	209 988	248 942
Property, plant and equipment	-162 747	-54 603
Receivables	12 419	-30 774
Leasing	-2 126	-3 978
Gain- and loss account	220 121	67 369
Accruals and provisions	-120 984	-123 332
Net pension funds	-6 360	-4 384
Financial instruments	56 174	30 482
Interest rate swaps	-73 360	-42 820
Group contribution	0	-7 201
Net temporary differences	133 124	79 700
Tax losses carried forward	-151 594	0
Basis for deferred tax	**-18 470**	**79 700**
27% deferred tax	56 697	65 270
27 % deferred tax benefit	-61 684	-43 751
Net deferred tax in balance sheet	**-4 987**	**21 519**

Current and non-current analysis of deferred tax benefit and deferred tax liabilities:	**2014**	**2013**
Deferred tax benefits:		
- Deferred tax liability to be recovered within 12 months	12 303	8 573
- Deferred tax assets to be recovered after more than 12 months	44 394	56 697
Deferred tax liabilities:		
- Deferred tax liability to be recovered within 12 months	0	0
- Deferred tax liability to be recovered after more than 12 months	-61 684	-43 751
Closing balance (net)	**-4 987**	**21 519**

Change in deferred tax	**2014**	**2013**
Opening balance	21 519	49 528
Tax effect from acquisitions in financial year	289	5 803
Tax effect from remeasurement of post employment benefit obligations charged to other comprehensive income	-122	-357
Tax effect from interest rate swaps charged to other comprehensive income	6 303	-3 397
Change in deferred tax in tax expense	-32 976	-30 058
Closing balance (net)	**-4 987**	**21 519**

Disclosure of current income tax liabilities	**2014**	**2013**
Current income tax liabilities	5 309	27 971
Reimbursement of SkatteFunn	-2 069	-346
Current income tax liabilities in balance sheet	3 240	27 625

Components of income tax expense	**2014**	**2013**
Current income tax liabilities	6 615	3 654
Adjustment in respect of priors	-28 675	26 957
Change in deferred tax	-32 976	-30 058
Income tax expense	-55 036	553

Reconciliation of income tax expense	**2014**	**2013**
Profit before income tax	-183 066	146
Calculated tax with 27% tax rate on profit:	-51 258	41
Permanent differences	-3 778	-1 644
Adjustment for estimated income tax expense prior years	0	2 010
Income tax expense*	-55 036	553
Weighted average tax rate	30,1 %	378,9 %

* In the fiscal year 2013 Norsk Gjenvinning Norge AS got its taxation changed for the tax year 2011. The matter was related to the accrual of compensation related to leasing agreements on Haraldrud (MNOK 100), as well as losses on guarantees to group companies (MNOK 7,5). Norsk Gjenvinning Norge AS successfully appealed the decision to the Tax Appeals Board regarding the accrual of compensation related to lease on Haraldrud. This resulted in a repayment of MNOK 23,2 of excess paid tax.

12 Intangible assets

2013	**Trademarks**	**Customer contracts and relationships**	**Other intagible assets**	**Goodwill**	**Total**
Cost 01.01	35 000	292 844	51 545	1 140 468	**1 519 857**
Additions through acquisitions		17 539		77 275	**94 814**
Additions					**0**
Disposals					**0**
Cost 31.12.	35 000	310 383	51 545	1 217 743	**1 614 671**
Disposals accumulated amortisation					**0**
Accumulated amortisation 31.12.	0	120 226	29 842	0	**150 068**
At 31.12.	**35 000**	**190 157**	**21 703**	**1 217 743**	**1 464 604**
This years amortisation	0	48 709	10 582	0	**59 291**
2014					
Cost 01.01	35 000	310 383	51 545	1 217 743	**1 614 671**
Additions through acquisitions		11 316		4 069	**15 385**
Additions					**0**
Disposals					**0**
Cost 31.12.	35 000	321 699	51 545	1 221 812	**1 630 056**
Disposals accumulated amortisation					**0**
Accumulated amortisation 31.12.	0	171 863	40 694	0	**212 557**
At 31.12.	**35 000**	**149 836**	**10 851**	**1 221 812**	**1 417 500**
This years amortisation		52 284	10 852		**63 136**

Trademarks
With the acquisition of Veolia Miljø AS 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 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, it was identified significant values related to the Group's trade relationships. It was identified a significant number of customers, and analyzes of historical data show 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.

Allocation by the years acquisitions appears in note 26.

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

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

Impairment testing of goodwill
The Groups division into segments is presented in note 5. Below is shown how goodwill is allocated pr. operating segment.

2013	1.Jan	Additions	Disposals	Impairment	Other adjustments	31.Dec
Recycling	671 687	77 275	-	-	-27 555	721 407
Metal	182 000	-	-	-	-	182 000
Household collection	109 000	-	-	-	-	109 000
Industry & Offshore	177 000	-	-	-	-	177 000
Other businesses	782	-	-	-	27 555	28 337
HQ and eliminations	-	-	-	-	-	-
Total goodwill	1 140 468	77 275	-	-	-	1 217 743

2014	1.Jan	Additions	Disposals	Impairment	Other adjustments	31.Dec
Recycling	721 407	-	-	-	-	721 407
Metal	182 000	-	-	-	-	182 000
Household collection	109 000	-	-	-	-	109 000
Industry & Offshore	177 000	-	-	-	-	177 000
Other businesses	28 337	4 069	-	-	-	32 406
HQ and eliminations	-	-	-	-	-	-
Total goodwill	1 217 743	4 069	-	-	-	1 221 812

The Group has performed an impairment test on the carrying value of trademarks and goodwill as a result of these assets having indefinite useful life. The value in use was used as the measure of recoverable amount. The test includes the net present value analysis of expected future cash flows from cash-generating units (CGU). The Group has identified activities organized in segments as respective CGUs for impairment testing of goodwill.

The impairment test revealed no need for write down, either in the consolidated financial statements or company accounts.

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

Cash Flow
Based on market developments in recent years, the business plan for the acquisition of Veolia Miljø and Veidekke Gjenvinning, and guidelines issued by the board and the owners it has been prepared a strategic plan for the Group for the years 2014-2017. The terminal value is calculated with an annual growth rate of 2%.

WACC (Weighted average cost of capital)
To calculate the discount rate, the Group has applied WACC as a method, and is calculated to 6.91% after tax. Cost of equity is calculated based on Norwegian 10-year government bonds, adjusted for a risk premium and non-liquidity premuium 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

2013	**Land and buildings**	**Machinery and plants**	**Furniture, fittings and equipment**	**Total**
Cost 01.01	339 947	555 993	277 800	**1 173 740**
Additions through acquisitions	11 108	23 494	3 068	**37 670**
Additions	7 957	304 171	2 958	**315 085**
Disposals	23 997	37 406	15 890	**77 293**
Cost 31.12.	335 015	846 252	267 936	**1 449 203**
Disposals accumulated depreciation	2 145	24 490	14 525	**41 160**
Accumulated depreciation 31.12.	47 963	284 211	44 590	**376 764**
At 31.12.	284 907	537 552	208 821	**1 031 279**
This years depreciation	25 376	96 303	50 292	**171 971**
2014				
Cost 01.01	335 015	846 252	267 936	**1 449 203**
Additions through acquisitions			2 760	**2 760**
Additions	69 003	132 519	57 257	**258 778**
Disposals	2 260	25 128	3 540	**30 928**
Cost 31.12.	401 758	954 597	324 413	**1 680 768**
Disposals accumulated depreciation	2 260	15 725	3 540	**21 525**
Accumulated depreciation 31.12.	77 214	400 443	92 585	**570 242**
At 31.12.	**322 284**	**537 935**	**228 288**	**1 089 001**
This years depreciation	29 251	116 232	47 995	**193 478**

In 2014 kNOK 9 807 (2013: kNOK 0) of borrowing costs was capitalized. The discount rate used to calculate capitalized borrowing costs was 6.97%. The interest rate is calculated based on the Company's general financing and uses a weighted average interest rate including hedging, the company's financing in the period the plant was under construction.

Included in this year's depreciation is kNOK 21 508 (2013: kNOK 1 110) in write-downs. The write-downs related to the closing of Norsk Gjenvinning Metalls plant at Onsøy and in Tonsberg, as well as a number of smaller circumstances.

The Group has entered into agreements that require future investment commitments utilized for fixed assets. Capital expenditure contracted for at the end of the reporting period but not yet incurred on 31.12.2014 is as follows:

Capital commitments

	2014	2013
Property, plant and equipment	30 074	93 900
Total	**30 074**	**93 900**

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:

	2014	2013
Cost-capitalised finance lease	187 432	209 324
Accumulated depreciation	-126 299	-151 040
At 31.12.	**61 133**	**58 284**

Property, plant and equipment under operational lease
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 allocated to the following asset classes:

	2014	2013
Land and buildings	144 230	123 516
Machinery, plants and vehicles	61 332	83 964
Furniture, fittings and equipment	12 837	11 237
Total	**218 399**	**218 717**

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

The future minimum lease payments receivable under operating leases are as follows:

	2014	2013
No later than 1 year	200 194	183 114
Later than 1 year and no later than 5 years	527 929	481 635
Later than 5 years	785 286	714 766
Total	**1 513 409**	**1 379 515**

14 Investment in associated companies

Groups' share of assets and liabilities in associated companies (including excess value and goodwill).

Name of company	Place of business	% of ownership interest	Equity	At 1 January	Additions	Disposals	Other changes	Share of profit	At 31 December
Østlandet Gjenvinning AS	Hamar	50 %	35 402	5 773	0	0	-1 500	2 994	7 267
Egersund Omsetningsgård AS	Egersund	50 %	333	2 074	0	0	0	14	2 088
Returbil AS*	Drammen	0 %	0	27	0	0	-27	0	0
Eco-chain Waste Solutions AB**		0 %	0	2 052	0	-4 170	2 118	0	0
Pohjolan Jäekierto OY	Vesilahti, Finland	50 %	0	79	0	0	-79	0	0
Pasa AS	Porsgrunn	38 %	1 312	711	0	0	0	-61	650
Retura Norge AS	Lillestrøm	30 %	5 754	2 710	0	0	0	-263	2 447
Bil1din AS**	Namdalen	0 %	0	7	0	0	-7	0	0
Heggvin Alun AS	Hamar	50 %	0	0	350	0	0	0	350
Andre investeringer			0	658	0	0	-658	0	0
Total			42 801	14 091	350	-4 170	-153	2 684	12 802

* Liquidated during the year
** Sold

15 Inventories

	2014	2013
Raw materials	49 103	37 151
Finished goods	71 372	75 647
Total	**120 475**	**112 798**

	2014	2013
Inventory valued at purchase cost	120 475	112 798
Total	**120 475**	**112 798**

Inventories consist of positive fractions. Cost of goods sold consists of costs related to downstream solutions for negative fractions, and expenses related to the purchase of positive fractions resold. In line item Cost of sales is included costs related to the purchase of positive fractions that are sold in the fiscal year:

	2014	2013
Cost of goods sold	509 143	569 701

16 Trade receivables and other receivables

	2014	2013
Trade receivables (gross)	516 971	588 099
Provision for impairment of trade receivables	-3 890	-38 420
Trade receivables	**513 081**	**549 680**

	2014	2013
Prepayments	39 926	60 259
Work in progress	64 045	102 383
Scomi-receivable*	12 065	-
Other current receivables	6 661	1 508
Receivables on related parties (note 5)	0	10 002
Other receivables	**122 697**	**174 152**
Prepaid landfill rent	22 053	18 364
Other non-current receivables	5 776	3 168
Borrowings to related parties (note 5)	-	75
Other non-current receivables	**27 829**	**21 608**

*) 2013 included claims against Scomi as part of accounts receivable and the provision for bad debts by net KNOK 20 603. For further information see note 24.

All long-term receivables are due within five years from the balance sheet date. The fair value of trade and other receivables is not considered significantly different from book value. Maturity chart and change in provision for losses in accounts receivable are specified in note 24.

Through the company Norsk Gjenvinning Miljøprosjekt (NGMP) the Group operates landfills on rented ground. Parts of the lease payments are related to contractual investment commitments in infrastructure, closing the landfill and other installations that accrue to the landowner. Implementation of the investment is contract bound, but there is uncertainty about the size of the investment and timing. Best estimate of future investments are:

	Less than 1 year	Between 1 and 5 years	Later than 5 years
Future investments	17 411	11 696	11 218

As part of the regulatory approvals to operate landfills, NGMP is obliged to allocate for monitoring and after operations on closed landfills. Provision of TNOK 229 included in the financial statement line provisions for other liabilities and charges. Costs related to investments and after operations are recognized as other operating expenses in line with filling degree in the landfill. In addition to investments duties NGMP 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

	2014	2013
Cash at bank and in hand	160 812	133 518
Short-term bank deposits (restricted bank deposits)	256	2 678
Cash and cash equivalents	161 068	136 196

	2014	2013
NOK	102 871	70 086
DKK	-8 219	-5 704
Euro	12 120	56 837
USD	33 094	6 551
SEK	22 494	9 413
GBP	-1 292	-987
Cash and cash equivalents	161 068	136 196

18 Share capital and premium

	Number of shares (in thousand)	Ordinary shares	Share premium	Total
At 1. January 2013	453	45 348	330 011	375 359
At. 31. December 2013	453	45 348	330 011	375 359
Total at 31. December 2014	453	45 348	330 011	375 359

The share capital of NOK 45 347 900 consists of 453 479 shares with nominal value of NOK 100 each (2013: 453 479 shares with nominal value of NOK 100 each). All shares have the same rights, and all shares are owned by VV Holding II AS.

19 Retained earnings

	Currency translation differences	Pension	Interest rate swap	Retained earnings	Total retained earnings
At 1. January 2013	-	-	-22 073	-16 426	-38 499
Profit for the year	-	-	-	851	851
Other comprehensive income for the year:					
- Currency translation differences	1 102	-	-	-	1 102
- Remeasurement of post employment benefit obligations	-	-1 321	-	-	-1 321
- Tax related to remeasurement of post employment benefit obligations	-	357	-	-	357
- Cash flow hedge	-	-	-12 582	-	-12 582
- Tax related to cash flow hedge	-	-	3 397	-	3 397
At 31. December 2013	1 102	-964	-31 258	-15 575	**-46 695**
At 1. January 2014	1 102	-964	-31 258	-15 575	-46 695
Profit for the year	-	-	-	-135 405	-135 405
Other comprehensive income for the year:					
- Currency translation differences	3 474	-	-	-	3 474
- Remeasurement of post employment benefit obligations	-	-437	-	-	-437
- Tax related to remeasurement of post employment benefit obligations	-	118	-	-	118
- Cash flow hedge (before termination)	-	-	-11 064	-	-11 064
- Tax related to cash flow hedge	-	-	2 987	-	2 987
- Termination of cash flow hedge	-	-	53 884	-	53 884
- Tax related to cash flow hedge	-	-	-14 549	-	-14 549
- Cash flow hedge (new cash flow hedge)	-	-	-19 476	-	-19 476
- Tax related to cash flow hedge	-	-	5 258	-	5 258
Non-controlling interest arising from business combinations	-	-	-	-7 824	-7 824
Group contribution given	-	-	-	-7 202	-7 202
At 31. December 2014	4 576	-1 283	-14 217	-166 006	**-176 930**

20 Borrowings and financial lease contracts

	2014	**2013**
Non-current		
Bank borrowings	-	1 300 305
Senior secured note bond	2 180 645	-
Borrowings to group companies	125 474	759 222
Promissory note loans and other borrowings	5 591	20
Financial lease liabilities	48 901	51 364
Total non-current borrowings	2 360 610	2 110 911
Current		
Bank borrowings	-	75 880
Senior secured note bond	35 452	-
Borrowings to group companies	-	-
Promissory note loans and other borrowings	7 541	1 717
Financial lease liabilities	15 261	10 937
Loan facility	483	128 898
Current borrowings	58 737	217 432
Total borrowings	2 419 347	2 328 343

All loans are in Norwegian kroner.

Senior secured note bond
10. July 2014, issued VV Holding AS a super senior floating rate note (the bond) of MNOK 2 235. The bond matures on July 10, 2019 and shall be fully repaid by this date. The interest rate is set quarterly at NIBOR +525 basis points. The issuer may, provided that the incurrence test is met, at one or more occasions issue additional bonds under the Bond agreement, in the amount of up to MNOK 500, up to five (5) business days prior to the maturity date. The incurrence test is met if the ratio of Net Interest Bearing Debt to EBITDA, as defined in the Bond agreement, is not greater than

- 5.00 until 18 months after the date of issuance
- 4.50 from 18 months to 48 months after the date of issuance
- 4.00 from 48 months after the date of issuance

The bond consists of:

	2014
Principal amount	2 235 000
Accrued interests	35 452
Transaction costs	-54 355
Booked value	2 216 097

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

	Booked value	**Security**
Shares	-	3 500 000
Property, plant and equipment	998 000	3 500 000
Inventories	119 000	3 500 000
Trade receivables and other receivables	420 000	3 500 000

Borrowings to group companies
Borrowings to group companies are intercompany financing from parent VV Holding II AS. The loan matures on 8 July 2020. The loan interest rate is calculated with a fixed rate of 8% which is added to the principal once a year.

Promissory note loans and other borrowings
Promissory notes and other loans are several smaller loans to credit institutions and companies. The loans are made on market terms, on a par with other funding.

Financial lease liabilities
The Group has a facility agreement that can be used to rent equipment on finance leases. The facility limit is MNOK 270. Financial leases are charged NIBOR + 300 basis points.

Loan facility

	2014	**2013**
Undrawn borrowing facility	200 000	75 000

Group has a loan facility (revolver) which can be used if necessary. It is being calculated interest on overdraft on loan facility with NIBOR + 200 basispoints.

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

	2014	2013
6 months or less	42 530	131 997
6–12 months	946	74 498
1–5 years	2 246 236	1 357 317
Over 5 years	129 636	764 531
	2 419 348	2 328 343

Fair value on borrowings:

	Carrying amount		Fair value	
	2014	**2013**	**2014**	**2013**
Bank borrowings	-	1 376 185	-	1 376 185
Senior secured note bond	2 216 097	-	2 216 097	-
Borrowings to group companies	125 474	759 222	125 474	794 997
Promissory note loans and other borrowings	13 132	1 737	13 132	1 737
Financial lease liabilities	64 162	62 301	64 162	62 301
Loan facility	483	128 898	483	128 898
	2 419 348	2 328 343	2 419 348	2 364 119

Financial lease liabilities

	2014	2013
Gross finance lease liabilities - minimum lease payments:		
- No later than 1 year	17 975	17 607
- Later than 1 year and no later than 5 years	52 830	51 918
- Later than 5 years	-	-
Future finance charges on finance lease liabilities	6 643	7 224
Present value of finance lease liabilities	64 162	62 301

Interest costs from financial lease liabilities are shown in note 9.

The present value of finance lease liabilities is as follows:

	2014	2013
No later than 1 year	15 261	10 937
Later than 1 year and no later than 5 years	48 901	51 364
Later than 5 years	-	-

Guarantees

Operations bond	52 169
Rental bond	36 687
Contract bond	44 161
Withheld employee tax bond	39 500

21 Provisions for other liabilities and charges

	Haraldrud-veien	**Cleanup requirements related to leasing contracts**	**Environmental commitments**	**Restruc-turing**	**Contingent libailities**	**Total**
At 1. January	87 500	7 000	17 631	-	-	112 131
Provisions related to acquisitions	-	-	-	-	-	-
Charged/(credited) to the income statement:						
- Additional provisions	-	615	12 119	2 407		15 141
- Unused amounts reversed	-	-4 000	-	-	-	-4 000
- Reduction of rental cost	-5 000	-	-	-	-	-5 000
- Used during year	-	-	-8 864	-		-8 864
At 31. December	**82 500**	**3 615**	**20 886**	**2 407**	**-**	**109 408**

	Environmental commitments	**Restruc-turing**	**Contingent libailities**	**Total**
At 1. January		-	7 713	7 713
Provisions related to acquisitions	-	-	-	-
Charged/(credited) to the income statement:				
- Additional provisions	1 430	6 498	2 925	10 853
- Unused amounts reversed	-	-	-	-
- Reduction of rental cost	-	-	-	-
- Used during year	-	-	-1 392	-1 392
At 31. December	**1 430**	**6 498**	**9 246**	**17 173**

	2014	**2013**
Non-current liabilities	109 408	112 131
Current liabilities	17 173	7 713
	126 581	**119 844**

Haraldrudveien
Norsk Gjenvinning Norge AS rents Haraldrudveien 31-35 of Haraldrudveien Eiendom AS. 30.6.2011 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 30.08.2021. The new lease runs until 30.06.2031.

Contingent liabilities include estimation uncertainty and are recognized as the best estimate based on available information at the date of signing the financial statements:

Cleanup requirements related to leasing contracts
Norsk Gjenvinning Miljøeiendom AS had allocated MNOK 7 associated with repair obligations. During the year it signed an agreement with the counterparty which reduce the Group's duty to conduct cleanups, and parts of the provision is therefore reversed.

Environmental commitments
Environmental liabilities consist of provisions for statutory after operations fond in connection with waste landfills cleanup responsibility and potential liability associated with the environmentally hazardous emissions.

Restructuring provisions
In connection with the cost-cutting program NG200 it is decided to reduce the number of plants in several of the Group's segments. The provision includes compensation packages to employees, costs related to termination of leases and cleanup with plant closing.

Contingent liabilities
Norsk Gjenvinning Offshore AS has received compensation from Veolia Propreté due to doubtful accounts against Scomi. Norsk Gjenvinning Offshore AS is obliged to repay up to MNOK 12.5 to Veolia Propreté conditional that the claim against Scomi is paid. MNOK 1 of the total claim of MNOK 12.5 is recorded as contingent liability.

It is also recognized a liability related to the acquisition of Thores Containerservice in 2010, iSekk in 2013 and Metodika/Løvaas in 2013.

22 Other current payables

	2014	2013
Amounts due to related parties	6 303	7 202
Social security and other taxes	87 908	60 495
Other current payables	19 267	5 869
Downstream cost accruals	23 226	22 267
Accrued expenses	258 060	270 941
	394 764	**366 774**

23 Financial risk management

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

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

23.1 Financial risk factors

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

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

23.1.1 Market risk

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

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

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

Impact on profit before income tax with 10% foreign exchange fluctuation	**2014**	**2013**
All figures in MNOK		
NOK/USD	7,0	5,3
NOK/EUR	41,0	32,6
NOK/SEK	17,1	19,8
NOK/DKK	1,0	0,5

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 0.6 million lower / higher. Sensitivity calculations take into account hedging. 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. Moreover, operating costs are affected by price of electricity and fuel.

Our main strategy related to risk management is not to be exposed to price changes. This is achieved by entering into concurrent downstream contracts at any volume 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. The effect is recognized in the income statement. 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.

Impact on profit before income tax with 10% commodity price fluctuation	**2014**	**2013**
All figures in MNOK		
Paper	27,2	25,3
Non ferrous metals	40,3	40,1
Ferrous metals	29,3	31,8

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.

31. December 2014	< 1 year	1-5 years	> 5 years
Borrowings (ex finance lease liabilities)	43 476	2 236 167	125 474
Finance lease liabilities	17 975	52 830	-
Trade and other payables	246 882	-	-
Financial guarantee contracts	27 127	-	-
31. December 2013			
Borrowings (ex finance lease liabilities)	206 495	1 324 516	767 228
Finance lease liabilities	17 607	51 918	-
Trade and other payables	278 749	-	-
Financial guarantee contracts	14 219	-	-

Loans that mature between 1-5 years consists mainly of bonds of NOK 2 235 (2013: 0) maturing in wholly 10th June 2019. Comparable figures are based on nominal maturities on previous funding which was replaced with bonds in 2014.

The Group's interest rate swaps are not included since these maturities are not of importance for the cash flow associated with the instrument. Cash flows related to interest rate swaps are congruent with the payment of interest on the bond and provide a solid 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 consolidated profit to the Group from ordinary operations in accordance with the consolidated financial statements before interest, taxes and depreciation. EBITDA is adjusted for any item (positive or negative) with the character of being a one-time event, not recurring, extraordinary, unusual or exceptional.

Through 2014, the Group's strategy, which has been unchanged since 2013, consisted of maintaining the debt ratio below 5.5. Gearing at 31 December 2014 and 2013 was as follows:

Gearing ratios	2014	2013
All figures in MNOK		
Cash and cash equivalents	**161**	**136**
Borrowings:		
Revolving credit facility	0	129
Leasing facility	64	62
NOK Senior secured notes	2 270	-
Bank borrowings	10	1 408
Total borrowings	**2 345**	**1 600**
Adjusted EBITDA	407	435
Gearing ratio	**5,37**	**3,37**

The increase in debt ratios through 2014 is mainly due to the issuance of bonds in NOK, which was partly used to repay loans to the owners.

24 Financial instruments

Financial instruments by category

	Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Total
As of 31. December 2014				
Assets				
Derivative financial instruments	-	1 818	-	1 818
Trade receivables	513 081	-	-	513 081
Other receivables excluding pre-payments	88 547	-		88 547
Cash and cash equivalents	161 068	-	-	161 068
Total	762 696	1 818	-	764 514

	Loans and receivables	Liabilites at fair value through profit and loss	Derivatives used for hedging	Total
Liabilities				
Borrowings (excluding finance lease liabilities)	2 355 186	-	-	2 355 186
Finance lease liabilities	64 162	-	-	64 162
Derivative financial instruments	-	6 379	73 360	79 739
Trade payables	221 312	-	-	221 312
Other payables excluding non-financial liabilities	306 856	-	-	306 856
Total	2 947 516	6 379	73 360	3 027 255

	Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Total
As of 31. December 2013				
Assets				
Derivative financial instruments	-	-	-	-
Trade receivables	549 680	-	-	549 680
Other receivables excluding pre-payments	107 135			107 135
Cash and cash equivalents	136 196	-	-	136 196
Total	793 011	-	-	793 011

	Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Total
Liabilities				
Borrowings (excluding finance lease liabilities)	2 266 042	-	-	2 266 042
Finance lease liabilities	62 301	-	-	62 301
Derivative financial instruments	-	-	42 820	42 820
Trade payables	265 678	-	-	265 678
Other payables excluding non-financial liabilities	306 279	-	-	-
Total	2 900 301	-	42 820	2 636 841

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.

	2014	2013
Trade receivables		
Counterparties without external credit rating		
Group 1	503 516	513 532
Group 2	8 597	10 200
Group 3	4 858	64 367
	516 971	**588 099**

As of 31 December 2014, trade receivables of MNOK 91 (2013: MNOK 99) were past due but not impaired. The main change from 2013 to 2014 is related to the Scomi receivable as discussed below, which in 2014 has been reclassified from trade receivable to other receivables. Remaining trade receivables relate to a number of independent customers for whom there is no recent history of default. The ageing of these receivables is as follows:

	2014	2013
Within 3 months	81 433	63 160
3 to 6 months	9 565	36 147
	90 999	**99 306**

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:

	2014	2013
NOK	434 045	477 711
DKK	21 278	28 533
Euro	25 135	22 882
USD	26 802	32 170
SEK	9 712	26 803
Other currencies		
	516 971	**588 099**

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

	2014	2013
At 1. January	**38 420**	**59 690**
Provision for receivables impairment	11 308	-5 945
Receivables written off during the year as uncollectible	-43 679	-12 684
Unused amounts reversed	-2 159	-2 641
At 31. December	**3 890**	**38 420**

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 which was conducted in January/February 2014. A verdict was pronounced March 2014, and Norsk Gjenvinning Offshore AS was awarded NOK 40 million plus interest and legal costs.

Norsk Gjenvinning Offshore AS has received compensation from Veolia Propreté due doubtful accounts against Scomi. Norsk Gjenvinning Offshore AS is obliged to repay up to MNOK 12.5 to Veolia Propreté conditional that the claim against Scomi is paid. MNOK 1 of a total claim of NOK 12.5 million is recorded as contingent liability.

25 Derivative financial instruments

	2014		2013	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps - cash flow hedge	-	73 360	-	42 820
Forward foreign exchange contracts	-	6 379	-	-
Metal derivatives	1 818	-	-	-
Total booked values	1 818	79 739	-	42 820
Non-current items:	-	73 360	-	42 820
Current items:	1 818	6 379	-	-

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

Interest rate swaps

2014

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

2013

Principal amount	Currency	Start date	Mature date	Fixed rate	MTM*
529 779	NOK	16.12.2013	16.06.2014	3,670 %	-4 938
300 000	NOK	17.06.2012	15.06.2015	2,685 %	-4 385
480 000	NOK	17.06.2014	19.06.2017	2,895 %	-10 449
360 000	NOK	02.01.2015	15.12.2017	2,985 %	-6 001
359 786	NOK	15.06.2011	16.06.2014	3,670 %	-3 272
200 000	NOK	17.06.2012	15.06.2015	2,685 %	-2 827
320 000	NOK	19.06.2014	19.06.2017	2,895 %	-6 927
240 000	NOK	02.01.2015	15.12.2017	2,985 %	-4 021
2 789 564					-42 820

* 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 3m NIBOR with fixed rate as shown in the table above. Loan margin (5.25%) are additional. The floating interest rate was 1.48% (2013: 1.65% pa). Gains and losses of the hedging instrument are recognized in other comprehensive income.

In the summer of 2014 the Group refinanced by replacing bank financing with bonds. The refinancing meant that the fair value of derivatives at the date of refinancing were removed from the overall result into interest expense (see note 18). The derivatives were then changed so that the new maturity schedule coincides with the bond and a new hedging relationship was established.

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 9).

Metal derivatives
Metal derivatives are held for trading purposes. Gains and losses (net) are included in Other (gains)/losses-net (note 8).

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

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Forward foreign exchange contracts	-	-	-	-
- Metal derivatives	-	1 818	-	1 818
Liabilities				
Finanvial liabilites at fair value through profit and loss				
- Forward foreign exchange contracts	-	6 379	-	6 379
- Metal derivatives	-	-	-	-
Derivatives used for cash flow hedging				
- Interest rate swaps	-	73 360	-	73 360

Fair value on borrowings (note 21) is based on level 3 valuation techniques.

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 maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3
If one or more of the significant inputs is not based on observable market data, the

instrument is included in Level 3. Specific valuation techniques used to value financial instruments include:

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

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

26 Business combinations

The Group was established in 2011 with the acquisition of Veolia Miljø AS and Veidekke Gjenvinning AS. In 2012 the Group acquired all the shares in Avfallshandel AS, Vakuumtek AS, og Ryfylke Renovasjon AS. In 2013, the Group acquired all the shares in Ødegaard Gjenvinning, Metodika Holding AS and IBKA, and also 55% of the shares in iSekk AS. In 2014, the Group acquired all the shares in the 13-Gruppen AS. Acquisitions are accounted for using the acquisition method. Cost of an acquisition is measured at fair values of the assets transferred and liabilities assumed. Identifiable assets, liabilities and contingent liabilities are recognized at fair value at the acquisition date. Deferred tax is calculated at nominal value.

Expenses incurred in connection with the acquisitions in 2014 are included with NOK 0.5 million in income statement as Other operating expenses.

The acquisition of 13-Gruppen, which consists of the parent company 13-Gruppen AS and its subsidiary 13 Byggentreprenør AS, is implemented with effect from 15.10.2014. At acquisition, identified excess values related to customer relationships of MNOK 11 and goodwill of MNOK 4. Goodwill relates to the expected synergies with existing operations. Final consideration is contingent on future performance in 13 Group. If the acquisition was completed with effect from 01.01.2014 would the Group's revenue have increased by MNOK 43 and profit before tax decreased by MNOK 4.

If the acquisitions noted above had been completed 01.01.2013, would total revenues in 2013 have increased by MNOK 59, weakened operating profit in 2013 with MNOK 5 and weakened profit in 2013 with MNOK 6.

Acquisitions in 2014:

Consideration paid

	13 Gruppen
Consideration of shares in Rivningspesialisten AS	10 013
Total cost of shares	10 013

Recognised amounts of identifiable assets acquired and liabilities at time of acquisition (all figures in TNOK)	**13 Gruppen**
Customer relationships (included in intangibles)*	11 316
Property, plant and equipment	2 760
Trade and other receivables	19 669
Deferred tax liability	289
Bank borrowings	9 343
Trade and other payables	18 169
Total identifiable net assets	**5 944**
Goodwill	4 069
Total consideration	**10 013**

* See note 11 for specification of intangible assets

Acquisitions in 2013:

Consideration acquisition	**iSekk**	**Ødegaard Gjenvinning**	**Metodika / Løvaas**	**IBKA**
Cash and cash equivalents	12 368	35 131	48 063	13 036
Contingent liability	2 183	0	3 000	0
Total cost of shares	14 550	35 131	51 063	13 036

Recognised amounts of identifiable assets acquired and liabilities at time of acquisition (tall i hele tusen)	**iSekk**	**Ødegaard Gjenvinning**	**Metodika / Løvaas**	**IBKA**
Customer relationships (included in intangibles)*	5 108	3 318	9 113	0
Property, plant and equipment	446	12 096	5 552	19 576
Inventories	28	543	0	858
Trade and other receivables	5 202	2 841	7 208	10 758
Cash and cash equivalents	1 040	2 456	1 080	2 581
Deferred tax liability	1 430	929	2 639	805
Bank borrowings	219	7 969	2 074	0
Environmental restoration	0	3 408	0	0
Trade and other payables	5 203	1 788	6 903	10 179
Total identifiable net assets	**4 972**	**7 160**	**11 337**	**22 789**
Goodwill	9578	27971	39726	-9753
Total consideration	**14 550**	**35 131**	**51 063**	**13 036**

27 Transactions with non-controlling interests

There have been no transactions with non-controlling interests in consolidated companies in 2013. With effect from 15.10.2014, the Group acquired 100% of the shares in 13Gruppen. Remuneration for shares in 13Gruppen was 22.5% of the shares in Rivningsspesialisten AS.

28 Events after the reporting period

There have not been significant events after the reporting period with impact on the consolidated financial statements.

Income statement 1 Jan - 31 Dec

Operating revenue and operating expenses (NOK '000)	Note	2014	2013
Other operating expense	6	**274**	86
Total operating expenses		**274**	**86**
Operating profit		**-274**	**-86**
Financial income and expense			
Other interest income	7	**96 262**	87 458
Other financial income		**1 390**	82 814
Other interest expense	7	**212 576**	177 029
Other financial expense	7	**54 388**	403
Net financial items		**-169 313**	**-7 160**
Profit before tax		**-169 587**	**-7 246**
Income tax expense	5	**-45 788**	-5 556
Profit		**-123 798**	**-1 691**
Cash flow hedge (after tax)		**-17 041**	9 185
Other comprehensive income for the year after tax		**17 041**	**-9 185**
Comprehensive income for the year		**-106 757**	**-10 876**
Transfers			
Allocation to other equity reserves		**106 757**	10 876
Total transfers		**-106 757**	**-10 876**

Balance sheet 31 Dec (NOK '000)

Assets (NOK '000)	Note	2014	2013
Non-current assets			
Intagible assets			
Deferred tax assets	5	**42 817**	3 331
Total intangible assets		**42 817**	**3 331**
Financial assets			
Investments in subsidiaries	1	**1 370 064**	1 370 064
Loans to Group companies	2, 9	**1 269 901**	1 170 155
Total financial assets		**2 639 966**	**2 540 220**
Total non-current assets		**2 682 783**	**2 543 551**
Current assets			
Receivables from Group companies	2, 9	**1 390**	92 816
Other current receivables	9	**670**	0
Total receivables		**2 060**	**92 816**
Bank deposits, cash etc.	11, 12	**2 684**	3 810
Total current assets		**4 744**	**96 626**
Total assets		**2 687 526**	**2 640 177**

Balance sheet 31 Dec (NOK '000)

Equity and liabilities (NOK '000)	Note	2014	2013
Paid-in capital			
Share capital	4	**45 348**	45 348
Share premium account		**330 011**	330 011
Other paid-in capital		**7 970**	7 970
Total paid-in capital		**383 329**	**383 329**
Retained earnings			
Other equity		**-115 016**	-8 259
Total retained earnings		**-115 016**	**-8 259**
Total equity	3	**268 313**	**375 070**
Liabilities			
Other long-term liabilities			
Derivatives	8	**73 360**	42 820
Liabilities to Group companies		**125 470**	759 222
Liabilities to credit institutions	2, 9	**0**	1 337 423
Bond	9	**2 219 654**	0
Total other long-term liabilities		**2 418 483**	**2 139 465**
Current liabilities			
Liabilities to credit institutions		**483**	125 642
Trade payables		**247**	0
Total current liabilities		**730**	**125 642**
Total liabilities		**2 419 213**	**2 265 107**
Total equity and liabilities		**2 687 526**	**2 640 177**

Oslo, 22.04.2015

Reynir Kjær Indahl	Claes Agne Ekstrøm
Chairman of the board	Board member
Håkon Jahr	Ylva Lindberg
Board member	Board member

Erik Osmundsen

Chief executive officer VV Holding AS

Cash flow

	2014	2013
Cash generated from operating activities		
Profit before income tax	**-169 587**	-7 246
Group contribution recognized in profit and loss	**-1 390**	-82 814
Income tax paid	**0**	-3 744
Change in trade payables	**247**	-17 200
Change in other items related to operating activities	**-670**	-576
Net cash generated from operating activities	**-171 400**	**-111 579**
Cash used in investing activities		
Net chage in borrowings to group companies	**-99 746**	-155 848
Net cash used in investing activities	**-99 746**	**-155 848**
Cash used in financing activities		
Group contribution paid	**92 816**	120 826
Net chage in credit facility	**-125 159**	125 642
Repayment of borrowings to group companies	**-633 752**	56 355
Proceeds from borrowings	**2 235 000**	0
Transaction fees paid	**-60 117**	0
Repayment of borrowings	**-1 362 420**	-42 256
Other finance costs - with no cash effect	**123 652**	0
Net cash used in financing activities	**270 020**	**260 568**
Net changes in cash and cash equivalents	**-1 126**	-6 860
Cash and cash equivalents 1.1	**3 810**	10 670
Cash and cash equivalents 31.12	**2 684**	**3 810**
Unutilised overdraft facilities of a total of MNOK 200:	**200 000**	75 000

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.

Historical cost
The cost of assets comprises the consideration paid for the asset less any bonuses, discounts or similar benefits, plus purchase costs (shipping, customs duties, non-refundable government taxes and any other direct purchase costs). For foreign-currency purchases the asset is stated at the transaction date exchange rate, or at the forward rate in case forward contracts.

Borrowing costs from general and specific financing related to the acquisition are capitalised as part of the cost of the asset. All other interest expenses are recognised in the period in which they are incurred.

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

Subsidiaries	Location	Ownership/ voting right	Equity last year (100%)	Result last year (100%)	Balance sheet value
Norsk Gjenvinning Norge AS	Lysaker	100 %	183 520	18 544	1 370 064
Balance sheet value 31.12.					**1 370 064**

Note 2 Balance with group companies, etc.

Loans to group companies	**2014**	**2013**
Norsk Gjenvinning Norge AS	1 269 901	1 170 155
Total	**1 269 901**	**1 170 155**

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.

Debt from group companies	**2014**	**2013**
VV Holding II AS	125 474	759 222
Total	**125 474**	**759 222**

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.

Receivables from group companies	**2014**	**2013**
Tomwil Miljø AS	0	8 405
Ryfylke Renovasjon AS	0	0
Metodika AS	1 390	4 087
Løvås Transportfirma AS	0	3 493
Hurum Energivinning AS	0	1 203
NG Sikkerhet AS	0	22
Norsk Gjenvinning Renovasjon AS	0	5 504
Norsk Gjenvinning Entreprenør AS	0	13 000
Norsk Gjenvinning Miljøprosjekt AS	0	4 237
Norsk Gjenvinning Metall AS	0	0
Norsk Gjenvinning AS	0	26 153
POS Holding AS	0	10 002
Eivind Koch Rørinspeksjon AS	0	886
Norsk Gjenvinning Industri AS	0	217
Metall & Gjenvinning AS	0	1 812
Humlekjær og Ødegaard AS	0	13 794
Norsk Gjenvinning Norge AS	0	0
Total	**1 390**	**92 816**

All receivables as of 31.12.14 are related to received group contribution.

Note 3 Shareholders' equity

Equity changes in the year	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity 01.01	**45 348**	**330 011**	**7 970**	**-8 259**	**375 070**
Profit for the year	0	0	0	-123 798	-123 798
Comprehensive income for the year	0	0	0	17 041	17 041
Equity 31.12	**45 348**	**330 011**	**7 970**	**-115 016**	**268 313**

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	**2014**	**2013**
Temporary differences		
Receivables	0	0
Transaction cost loans	54 355	30 482
Interest rate swaps (change in deferred tax not recognized in the profit and loss accounts)	-73 360	-42 820
Net temporary differences	-19 004	30 482
Tax losses carried forward	-139 576	0
Basis for deferred tax (deferred tax asset)	**-158 581**	**-12 338**
27 % deferred tax (deferred tax asset)	-42 817	-3 331
Deferred tax / - deferred tax asset inthe balance sheet	**-42 817**	**-3 331**

Basis for income tax expense, changes in deferred tax and tax payable	**2014**	**2013**
Result before taxes	-169 587	-7 246
Permanent differences	53 884	-12 974
Change in tax losses carried forward	139 576	0
Change in temporary differences with with influence on taxable income	-23 873	10 218
Basis for payable taxes in the income statement	0	-10 002
+/- Group contributions received/given	0	10 002
Taxable income (basis for payable taxes in the balance sheet)	**0**	**0**

Components of the income tax expense	**2014**	**2013**
Payable tax on this year's result	0	-2 801
Adjustment in respect of prior years	0	0
Total payable tax	0	-2 801
Change in deferred tax	-39 485	-6 376
Tax effect of group contribution not recognized in the profit and loss accounts	0	123
- correction for tax on differences recognized directly in the balance sheet (interest rate swaps) which are included in the calculation of deferred tax	-6 303	3 497
Tax expense (- income)	**-45 788**	**-5 556**
Reconciliation of the tax expense		
Result before taxes	(169 587)	(7 246)
Calculated tax 27%	(45 788)	(1 956)
Tax expense in the profit and loss accounts	(45 788)	(5 556)
Difference	0	3 599
The difference consist of:		
27% of permanent differences	14 549	(3 503)
Change in deferred tax due to change in tax rate	0	(123)
Change in deferrex tax related to derivate	(8 246)	
Tax expense in comprehensive income for the year	(6 303)	
Other differences	0	27
Total explained differences	(0)	(3 599)
Reconciliation of tax expense in comprehensive income for the year		
Interest rate swaps - cash flow hedge before tax	23 344	(12 582)
Calculated tax 27%	6 303	(3 397)
Cash flow hedge after tax	17 041	(9 185)

Payable taxes in the balance sheet	**2014**	**2013**
Payable tax in the tax charge	0	-2 801
Tax effect of group contribution	0	2 801
Payable tax in the balance sheet	**0**	**0**

Note 6 Payroll expenses, number of employees, remunerations, loans to employees, etc.

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 occipational pension.

Expensed audit fee	**2014**	**2013**
Statutory audit (incl. technical assistance with financial statements)	85	58,5
Other attestation services	0	0
Tax advisory fee (incl. technical assistance with tax return)	20	22,5
Other assistance	0	0
Total audit fees (excl. VAT)	**105**	**81**

Note 7 Specification of financial income and expenses

Financial income	**2014**	**2013**
Interest income from group companies	96 246	87 348
Other interest income	16	110
Income from investment in subsidiaries*	1 390	82 814
Total financial income	**97 652**	**170 272**

*Consists of group contribution from subsidiaries which are recognized in the profit and loss accounts for the part earned after formation of the group.

Financial expenses	**2014**	**2013**
Interest expenses to group companies	35 225	56 355
Other interest costs	177 351	120 673
Other financial expenses	54 388	403
Total financial expenses	**266 964**	**177 432**

Note 8 Derivatives

	2014		**2013**	
	Asset	**Liability**	**Asset**	**Liability**
Interest rate swaps - cash flow hedge		73 360	-	42 820
Whereof long-term items		**73 360**		**42 820**

Derivatives held for trading are classified as short-term assets or liabilities. 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.

Interest swap rate agreement
The nominal principal on the outstanding interest swap rate agreement as of December 31, 2014 is kNOK 1 900 000 (2013: kNOK 2 782 964).

The maturity date on interest swap rate agreements are July 10, 2015 for nominal principal of kNOK 500 000, July 10, 2017 for nomnial principal of kNOK 800 000 og January 10, 2018 for nominal principal of kNOK 600 000.

As of December 31, 2014 the fixed-rate for for the interest swap rate agreement with maturity date on July 10, 2015 was 2,685 %, 2,899 % for the agreement with maturity date July 10, 2017 and 2,987% for the agreement with maturity date January 10, 2018. The floating interest rate (3M Nibor) was 1,48 % (2013: 1,65 %) p.a. Profit and loss on the hedging instrument are recognized in other comprehensive income.

Financial market risk
Exchange risk
The company does not have transactions in foreign currency and has no exchange risk.

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.

Financial risk management
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.

Note 9 Receivables and liabilities

Receivables	**2014**	**2013**
Receivables at nominal value	2 060	92 816
Provision for bad debts	0	0
Receivables in the balance sheet	**2 060**	**92 816**

Receivables which fall due later than one year	**2014**	**2013**
Loans to group companies	1 269 901	1 170 155
Total	**1 269 901**	**1 170 155**

Long term liabilities which fall due later than 5 years	**2014**	**2013**
Bond issue / debt to credit institutions	2 219 654	1 337 423
Debt to group companies - VV Holding II AS	125 474	759 222
Total	**2 345 128**	**2 096 645**

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

The bond has maturity date July 10, 2019, and shall be fully repaid by this date. The interest rate is set quarterly at NIBOR +525 basis points. The issuer may, provided that the incurrence test is met, at one or more occasions issue additional bonds under the Bond agreement, in the amount of up to MNOK 500, up to five (5) business days prior to the maturity date. The incurrence test is met if the ratio of Net Interest Bearing Debt to EBITDA, as defined in the Bond agreement, is not greater than;

* 5.00 until 18 months after the date of issuance
* 4.50 from 18 months to 48 months after the date of issuance
* 4.00 from 48 months after the date of issuance

The issuer will apply for notations of the bond on Oslo Stock Exchange during 2. quarter 2015. For more information regarding the bond it is referred to the loan agreement.

As part of the refinancing of the Group the following companies have guaranteed for the loan and credit facilities, Norsk Gjenvinning Norge AS, Norsk Gjenvinning AS, Norsk Gjenvinning Industri AS, Norsk Gjenvinning Metall AS, Norsk Gjenvinning Miljøeiendommer AS, Norsk Gjenvinning Renovasjon AS, Norsk Gjenvinning Downstream AS, NG Vekst AS and NG Sikkerhet AS.
There are deposited securities in shares, property, plant and equipment, inventories, trade receivables, receivables from group companies and their corresponding rights. Each class of assets is pledged for MNOK 3 500.

Note 10 Related-party transactions

The company has entered an agreement with it's subsidiary Norsk Gjenvinning Norge AS for rent of administrative services. The company has not been charged for these services in 2014.
The company has loans to and from group companies. These loans are calculated with an interest rate of 8 %.

Related-party transactions	**2014**	**2013**
Interest income from borrowings	96 246	87 348
Interest expense from loans	35 225	56 355

The company is financed through the group. Interest expenses and income is presented as separate lines in the income statement.
The company has recognized MNOK 1 390 (before tax) in group contribution in the profit and loss acounts for 2014. The group contribution is presented as other financial income.

Note 11 Financial instruments by category

	Loans and receivables	**Assets at fair value through profit and loss**	**Derivatives used for hedging**	**Held for sale**	**Total**
As of December 31, 2014					
Assets					
Derivative financial instruments					0
Other receivables excluding prepayments	1 269 901				1 269 901
Cash and cash equivalents	2 684				2 684
Total	**1 272 585**	**0**	**0**	**0**	**1 272 585**

	Loans and receivables	**Liabilities at fair value through profit and loss**	**Derivatives used for hedging**	**Other financial liabilities**	**Total**
Liabilities					
Borrowings	2 345 124				2 345 124
Derivative financial instruments			73 360		73 360
Trade payables and other payables excluding non-financial liabilities	730				730
Total	**2 345 124**	**0**	**73 360**	**0**	**2 419 213**

Note 12 Cash and cash equivalents

	2014	2013
Cash and bank deposits	2 684	3 810
Cash, cash equivalents and used drawing rights	**2 684**	**3 810**

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

Note 13 Guarantees

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

To the Annual Shareholders' Meeting of VV Holding AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of VV Holding AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2014, income statement, statement of comprehensive income, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet as at 31 December 2014, income statement, statement of comprehensive income, changes in equity, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of VV Holding AS as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group VV Holding AS as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, the going concern assumption and the proposal for coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Oslo, 22 April 2015
PricewaterhouseCoopers AS

Hallvard Helgetun
State Authorised Public Accountant (Norway)

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