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Averhoff A/S

CVR no. 10 04 71 96

Annual report for 2014

The annual report was presented and adopted at the annual general meeting of the Company on 21 May 2015

A handwritten signature in blue ink, consisting of a large, stylized 'A' followed by a cursive 'H' and a horizontal line.

Chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Averhoff A/S for the financial year 1 January - 31 December 2014.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2014 and of the result of the Company's operations for the year 1 January - 31 December 2014.

Further, in our opinion, the Management's review gives a fair review of matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Risskov, 21 May 2015

Executive Board



Jens-Jacob Nielsen

Board of Directors



Atte Ilari Kekkonen
Chairman



Juha-Pekka Lappi



Ville Petteri Pasanen

Independent auditor's report

To the Shareholder of Averhoff A/S

Independent auditor's report on the financial statements

We have audited the financial statements of Averhoff A/S for the financial year 1 January - 31 December 2014. The financial statement comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 auditors' judgement, 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 auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2014 and of the results of the Company's operations for the financial year 1 January - 31 December 2014 in accordance with the Danish Financial Statements Act.

Independent auditor's report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aarhus, 21 May 2015

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Mikkel Trabjerg Knudsen

State Authorised Public Accountant

Management's review

Company details

Company

Averhoff A/S
Vejlbjergvej 5-15
8240 Risskov

CVR no.: 10 04 71 96
Financial Period: 1 January - 31 December
Incorporated: 1 January 1985
Municipality of reg. office: Risskov

Board of Directors

Atte Ilari Kekkonen, Chairman
Juha-Pekka Lappi
Ville Petteri Pasanen

Executive Board

Jens-Jacob Nielsen

Auditors

KPMG
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Bredskifte Allé 13
8210 Aarhus V

General meeting

The annual general meeting will be held on 21 May 2015 at the Company's address.

Management's review

Principal activities of the Company

The company's principal activities comprise like in previous years environmentally correct disposal of and extraction of metals from used electronics.

Development in activities and financial position

The Company's income statement for the year ended 31 December 2014 shows a net loss of 2,980 kDKK (2013: a profit of 2,467 kDKK) and the balance sheet at 31 December 2014 shows equity of 4,311 kDKK (2013: 12,299 kDKK).

The results for 2014 were positively affected by the final settlement of insurance regarding fire in 2013. The amount totals 2.5 kDKK.

The loss for 2014 is not satisfactory.

The Company expects to report a result in 2015 that is even to or better than 2014.

Risks

Operating risks

The Company is currently negotiating some of its most important contracts, which may impact on its activities already from 2015. The negotiations will presumably be finalised during the summer of 2015.

Subsequent events

No events have occurred after the end of the financial year of material importance for the company's financial position

Financial statements 1 January - 31 December

Accounting policies

The annual report of Averhoff A/S for 2014 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B.

The Annual Report is prepared consistently with the accounting principles used last year, however with minor reclassifications.

Income statement

Gross profit

The gross profit reflects an aggregation of revenue, changes in inventories of finished goods and other operating income less cost of goods sold and other external costs.

Net revenue

The net revenue from sale of finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenues is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income

Other operating income comprises items of a secondary nature relative to the Company's activities, including gains on the sale of property, plant and equipment.

Other external costs

Other external costs include costs relating to distribution, sale, advertising, administration, premises, loss on bad debts, operating lease expenses and similar expenses.

Payments relating to operating lease agreements and other rental agreements are recognised in the income statement over the term of the contract. The company's total liability for operating lease and rental agreements is disclosed under contingencies.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are included in staff costs.

Financial statements 1 January - 31 December

Accounting policies

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that can be attributed to the profit for the year, and is recognised directly in the equity by the portion that can be attributed to entries directly to the equity.

Balance Sheet

Property, plant and equipment

Production plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and write-downs.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

Productions pland and machinery	2-10	years
Fittings, tools and equipment	2-10	years

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments, computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

Financial statements 1 January - 31 December

Accounting policies

The capitalised lease obligation is recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term. The Company's total future payments concerning operating leases and lease, is stated under contingent assets, liabilities and other financial obligations

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll costs and direct production costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivable are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Equity

Dividend

The expected payment of dividend for the year is recognised as a separate item under the equity capital.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax unit.

Financial statements 1 January - 31 December

Accounting policies

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax.

Liabilities

Liabilities are measured at amortised cost equal to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial statements 1 January - 31 December

Income statement

	<u>Note</u>	<u>2014</u> DKK	<u>2013</u> DKK
Gross profit		13,011,352	16,109,875
Staff costs	1	-13,692,527	-11,003,317
Depreciation		<u>-2,427,119</u>	<u>-1,766,359</u>
Profit/loss before financial income and expenses		-3,108,294	3,340,199
Financial income		-61,675	33,975
Financial costs	2	<u>-141,570</u>	<u>-141,517</u>
Profit/loss before tax		-3,311,539	3,232,657
Tax on profit for the year	3	<u>332,000</u>	<u>-765,500</u>
Net profit/loss for the year		<u>-2,979,539</u>	<u>2,467,157</u>
 Proposed distribution of profit			
Proposed dividends		0	5,007,973
Retained earnings		<u>-2,979,539</u>	<u>-2,540,816</u>
		<u>-2,979,539</u>	<u>2,467,157</u>

Financial statements 1 January - 31 December

Balance sheet

	<u>Note</u>	<u>2014</u> kr./DKK	<u>2013</u> kr./DKK
Assets			
Fittings, tools and equipment		3,375,049	3,680,801
Plant and machinery		<u>4,863,859</u>	<u>5,951,812</u>
Property, plant and equipment	6	<u>8,238,908</u>	<u>9,632,613</u>
Property, plant and equipment		<u>8,238,908</u>	<u>9,632,613</u>
Finished goods and goods for resale		<u>2,205,277</u>	<u>1,726,799</u>
Inventories		<u>2,205,277</u>	<u>1,726,799</u>
Trade receivables		2,852,810	4,369,581
Amounts owed from group enterprises		401,238	0
Other receivables		4,257,583	1,526,093
Corporation tax		314,526	118,650
Prepayments		<u>333,597</u>	<u>120,122</u>
Receivables		<u>8,159,754</u>	<u>6,134,446</u>
Cash at bank in and in hand		<u>7,924</u>	<u>3,337,343</u>
Total current assets		<u>10,372,955</u>	<u>11,198,588</u>
Total assets		<u><u>18,611,863</u></u>	<u><u>20,831,201</u></u>

Financial statements 1 January - 31 December

Balance sheet

	<u>Note</u>	<u>2014</u> kr./DKK	<u>2013</u> kr./DKK
Equity and liabilities			
Share capital		500,000	500,000
Retained earnings		3,811,381	6,790,920
Proposed dividend for the year		0	5,007,973
Total equity	4	<u>4,311,381</u>	<u>12,298,893</u>
Provision for deferred tax		0	332,000
Total provisions		<u>0</u>	<u>332,000</u>
Lease liabilities		1,961,250	3,014,024
Long-term liabilities	5	<u>1,961,250</u>	<u>3,014,024</u>
Short-term portion of long-term liabilities	5	1,052,776	1,007,866
Trade payables		2,381,529	2,918,676
Amounts owed to group enterprises		5,995,695	0
Other liabilities		2,504,922	1,259,742
Deferred income		404,310	0
Current liabilities		<u>12,339,232</u>	<u>5,186,284</u>
Total liabilities other than provisions		<u>14,300,482</u>	<u>8,200,308</u>
Total equity and liabilities		<u><u>18,611,863</u></u>	<u><u>20,831,201</u></u>
Contingencies etc.	6		
Charges and securities	7		
Related parties and ownership	8		

Financial statements 1 January - 31 December

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	2014 DKK	2013 DKK
1 Staff costs		
Wages and salaries	9,507,370	7,867,782
Pension	3,864,918	2,687,891
Social security costs	320,239	447,644
	<u>13,692,527</u>	<u>11,003,317</u>
	2014 DKK	2013 DKK
2 Financial costs		
Interest paid to subsidiaries	40,064	0
Other financial costs	101,506	141,517
	<u>141,570</u>	<u>141,517</u>
3 Tax on profit for the year		
Calculated tax on taxable income for the year	0	659,350
Adjustment deferred tax	-332,000	106,150
	<u>-332,000</u>	<u>765,500</u>

The Company has a not recognised deferred tax asset totalling 370 kDKK. The management does not consider convincing evidence for that the Company will be able to use it within the next 3-5 years.

4 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2014	500,000	6,790,920	5,007,973	12,298,893
Ordinary dividend paid	0	0	-5,007,973	-5,007,973
Profit/loss for the year	0	-2,979,539	0	-2,979,539
Equity at 31 December 2014	<u>500,000</u>	<u>3,811,381</u>	<u>0</u>	<u>4,311,381</u>

Financial statements 1 January - 31 December

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4 Equity (Continued)

The share capital consists of 500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

5 Long-term liabilities

	Debt at 1 January 2014	Debt at 31 December 2014	Payment within 1 year	Debt after 5 years
Lease liabilities	4,021,890	3,014,026	1,052,776	0
	<u>4,021,890</u>	<u>3,014,026</u>	<u>1,052,776</u>	<u>0</u>

6 Contingencies etc.

The lease regarding the property at Vejlbjergvej 5-15 must, in case of vacancy, be left in the condition it had at the time of occupation, and the costs of repair of changes made to the building will be payable by the company. Due to the uncertainties about the size of the amounts, no provision is made at 31 December 2014.

The Company has a Lease agreement, which runs for up to 48 months, the total amount off the lease is DKK ('000) 4,467.

7 Charges and securities

Production plant and machinery with a carrying amount of DKK ('000) 4,864 at 31 December 2014 have been financed by finance leases. The lease liabilities amount to DKK ('000) 3,014 at 31 December 2014.

The Company has provided a number of payment guarantees in case of environmental damage, which at 31 December 2014 came in at DKK 3,816 thousand.

The Company has provided a guarantee for up to DKK 7,000 thousand to supplier's bank arrangement which runs until 1 September 2015.

Financial statements 1 January - 31 December

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8 Related parties and ownership

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Kuusakoski Oy
Hyttipojankuja 2, FI-02781 ESPOO, Finland

Averhoff A/S is included in the consolidated financial statements of Kuusakoski OY.