


**Kuusakoski Recycling A/S**  
Vejlbjergvej 5-15  
DK-8240 Risskov

**Kuusakoski Recycling A/S**

Annual report 2015

The annual report was presented and adopted at the  
Company's annual general meeting  
on 17.08.2016 20\_\_\_\_  
  
chairman

CVR no.10 04 71 96

## **Contents**

|   |    |
|---|----|
| Statement by the Board of Directors and the Executive Board | 2  |
| Independent auditor's report                                | 3  |
| Management's review   | 5  |
| Company details   | 5  |
| Operating review  | 6  |
| Financial statements 1 January – 31 December                | 7  |
| Accounting policies   | 7  |
| Income statement  | 11 |
| Balance sheet   | 12 |
| Notes   | 14 |

## **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 Kuusakoski Recycling A/S for the financial year 1 January – 31 December 2015.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015.

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

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

Risskov, 17 June 2016  
Executive Board:

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Jens-Jacob Nielsen

Board of Directors:

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Atte Ilari Kekkonen  
Chairman

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Juha-Pekka Lappi

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Ville Petteri Pasanen



## **Independent auditor's report**

### **To the shareholders of Kuusakoski Recycling A/S**

#### **Independent auditor's report on the financial statements**

We have audited the financial statements of Kuusakoski Recycling A/S for the financial year 1 January – 31 December 2015. The financial statements 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.

#### ***Auditor's 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 auditor's 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 auditor considers 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 2015 and of the results of the Company's activities for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

#### ***Emphasis of matter regarding the financial statements***

Without modifying our opinion, we draw attention to it has been decided to carry out a solvent liquidation of the company, as disclosed in note 11 to the financial statement. The company has received a letter of support from its parent company Kuusakoski Oy, confirming that it will provide such financial support as is necessary to enable a solvent liquidation of the Company, including sufficient liquidity to cover costs of reinstatement upon vacation of Vejlbjergvej 5-15.

Without modifying our opinion, we draw attention to that the obligation to reinstatement the premises on Vejlbjergvej 5-15 upon vacation has been disclosed as a contingent liability, as management has not been able to assess the amount of the obligation reliably and that there is uncertainty related to the valuation of the Company's assets due to the liquidation of the company, as disclosed in note 1 to the financial statement.



## **Independent auditor's report**

### **Statement on the Management's review**

In accordance with 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, 17 June 2016

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen  
State Authorised  
Public Accountant

## **Management's review**

### **Company details**

Kuusakoski Recycling A/S  
Vejlbjergvej 5-15  
DK-8240 Risskov

CVR no.: 10 04 71 96  
Established: 1 January 1985  
Registered office: Risskov  
Financial year: 1 January – 31 December

### **Board of Directors**

Atte Ilari Kekkonen  
Juha-Pekka Lappi  
Ville Petteri Pasanen

### **Executive Board**

Jens-Jacob Nielsen

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Bredskifte Allé 13  
8210 Aarhus V  
Denmark

## **Management's review**

### **Operating review**

#### **Principal activities**

In line with previous years, the Company's principal activities comprise environmentally correct disposal of and extraction of metals from used electronics.

#### **Development in activities and financial position**

The Company changed its name from Averhoff A/S to Kuusakoski Recycling A/S from September 2015.

The Company's income statement for the year ended 31 December 2015 shows a net loss of DKK -12,608 thousand (2014: net loss of DKK 2,980 thousand) and the balance sheet at 31 December 2015 shows equity of a negative DKK 8,317 thousand (2014: DKK 4,311 thousand).

The loss for 2015 is not satisfactory. Due to the close-down of production in 2016, the Company also expects to report a loss for 2016. Also see the section about subsequent events.

#### **Significant uncertainty**

The lease agreement regarding Vejlbjergvej 5-15, Risskov includes an obligation to reinstatement the premises on Vejlbjergvej 5-15 upon vacation to its original condition. The Company will incur significant costs to reinstatement the premises to its original condition.

The obligation has been disclosed as a contingent liability, as management has not been able to assess the amount of the obligation reliably.

The lease agreement has been terminated in February 2016.

Further with reference to the subsequent events there is uncertainty related to the valuation of the Company's assets due to the liquidation of the company.

#### **Subsequent events**

In February 2016, the group decided to close down production activities in Denmark arising from losses on major customer contracts.

In connection with the, the Company terminated its leaseholds at Vejlbjergvej and Sindahlsvej. See section above regarding significant uncertainty.

Further it has been decided to perform a solvent liquidation of the company. Additionally, the Company has obtained a commitment from its major shareholder, Kuusakoski Oy, for the required financial support to carry out a solvent liquidation of the company, including sufficient liquidity to covers cost of reinstatement as set out above.

Besides the above no events have occurred after the financial year end of material importance to the Company's financial position.

## **Financial statements 1 January – 31 December**

### **Accounting policies**

The annual report of Kuusakoski Recycling A/S for 2015 has been presented in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with the adjustments prompted by the Company preparing for a solvent liquidation.

Accordingly, all items are measured at projected realisable value.

The change in measurement did not affect the comparative figures.

### **Income statement**

#### **Gross profit**

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

#### **Revenue**

Revenue from the 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. Revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

#### **Cost of sales**

Cost of sales comprise costs incurred to achieve 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, bad debt losses, operating lease expenses and similar expenses.

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



## **Financial statements 1 January – 31 December**

### **Accounting policies**

#### **Staff costs**

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

#### **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**

Tax for the year, which consists of 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 date on which the asset is ready for use. As regard 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:

|  |            |
|--|------------|
| Production plant and machinery             | 2-10 years |
| Fixtures and fittings, tools and equipment | 2-10 years |

## **Financial statements 1 January – 31 December**

### **Accounting policies**

Profit or loss on the disposal of property, plant and equipment 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 non-current assets of the Company.

The capitalised lease obligation is recognised in the balance sheet as liabilities, and the interest element of the lease payments is charged to the income statement over the lease term.

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 other lease agreements are stated as contingent assets, contingent 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 made 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 as 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.

### **Prepayments**

Prepayments comprise costs incurred concerning subsequent financial years.

## **Financial statements 1 January – 31 December**

### **Accounting policies**

#### **Equity**

##### *Dividends*

The expected dividend payment for the year is recognised as a separate item in equity.

#### **Tax payable and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on the taxable income of previous years and taxes paid on account.

Deferred tax is measured based on 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 set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that in accordance with 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 equivalent to nominal value.

#### **Deferred income**

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

## **Financial statements 1 January – 31 December**

### **Income statement**

| DKK  | Note | 2015               | 2014              |
|--|------|--------------------|-------------------|
| <b>Gross profit</b>                                    |      | 6,505,502          | 13,011,352        |
| Staff costs  | 2    | -11,814,661        | -13,692,527       |
| Depreciation   |      | -7,143,779         | -2,427,119        |
| <b>Loss before financial income and expenses</b>       |      | -12,452,938        | -3,108,294        |
| Financial income                                       |      | 7,219              | 1,482             |
| Financial expenses                                     | 3    | -182,803           | -204,727          |
| <b>Loss before tax</b>                                 |      | -12,628,522        | -3,311,539        |
| Tax on profit/loss for the year                        | 4    | 0                  | 332,000           |
| <b>Loss for the year</b>                               |      | <u>-12,628,522</u> | <u>-2,979,539</u> |
| <br><b>Proposed distribution of loss appropriation</b> |      |                    |                   |
| Retained earnings                                      |      | <u>-12,628,522</u> | <u>-2,979,539</u> |

## Financial statements 1 January – 31 December

### Balance sheet

| DKK                                  | Note | 2015             | 2014              |
|--------------------------------------|------|------------------|-------------------|
| <b>ASSETS</b>                        |      |                  |                   |
| <b>Non-current assets</b>            |      |                  |                   |
| <b>Property, plant and equipment</b> | 10   |                  |                   |
| Fittings, tools and equipment        |      | 2,117,848        | 3,375,049         |
| Production plant and machinery       |      | 775,000          | 4,863,859         |
|                                      |      | <u>2,892,848</u> | <u>8,238,908</u>  |
| <b>Total non-current assets</b>      |      | <u>2,892,848</u> | <u>8,238,908</u>  |
| <b>Current assets</b>                |      |                  |                   |
| <b>Inventories</b>                   |      |                  |                   |
| Finished goods and goods for resale  |      | 1,061,051        | 2,205,277         |
|                                      |      | <u>1,061,051</u> | <u>2,205,277</u>  |
| <b>Receivables</b>                   |      |                  |                   |
| Trade receivables                    |      | 392,575          | 2,852,810         |
| Amounts owed by group entities       |      | 133,957          | 401,238           |
| Other receivables                    |      | 404,536          | 4,257,583         |
| Corporation tax                      |      | 0                | 314,526           |
| Prepayments                          |      | 127,858          | 333,597           |
|                                      |      | <u>1,058,926</u> | <u>8,159,754</u>  |
| <b>Cash at bank and in hand</b>      |      | 316              | 7,924             |
| <b>Total current assets</b>          |      | <u>2,120,293</u> | <u>10,372,955</u> |
| <b>TOTAL ASSETS</b>                  |      | <u>5,013,141</u> | <u>18,611,863</u> |

## Financial statements 1 January – 31 December

### Balance sheet

| DKK   | Note | 2015              | 2014              |
|---|------|-------------------|-------------------|
| <b>EQUITY AND LIABILITIES</b>                 |      |                   |                   |
| <b>Equity</b>                                 | 5    |                   |                   |
| Share capital                                 |      | 500,000           | 500,000           |
| Retained earnings                             |      | -8,817,141        | 3,811,381         |
| <b>Total equity</b>                           |      | <u>-8,317,141</u> | <u>4,311,381</u>  |
| <b>Liabilities</b>                            |      |                   |                   |
| <b>Non-current liabilities</b>                | 6    |                   |                   |
| Lease liabilities                             |      | 0                 | 1,961,250         |
|   |      | <u>0</u>          | <u>1,961,250</u>  |
| <b>Current liabilities</b>                    |      |                   |                   |
| Current portion of non-current liabilities    | 6    | 1,961,249         | 1,052,776         |
| Trade payables                                |      | 394,756           | 2,381,529         |
| Amounts owed to group entities                |      | 10,053,280        | 5,995,695         |
| Other liabilities                             |      | 920,997           | 2,504,922         |
| Deferred income                               |      | 0                 | 404,310           |
|   |      | <u>13,330,282</u> | <u>12,339,232</u> |
| <b>Total liabilities</b>                      |      | <u>13,330,282</u> | <u>14,300,482</u> |
| <b>TOTAL EQUITY AND LIABILITIES</b>           |      | <u>5,013,141</u>  | <u>18,611,863</u> |
| <b>Uncertainty about going concern status</b> | 1    |                   |                   |
| <b>Contingencies, etc.</b>                    | 7    |                   |                   |
| <b>Charges and collateral</b>                 | 8    |                   |                   |
| <b>Related parties and ownership</b>          | 9    |                   |                   |
| <b>Property, plant and equipment</b>          | 10   |                   |                   |
| <b>Subsequent events</b>                      | 11   |                   |                   |

## Financial statements 1 January – 31 December

### Notes

#### 1 Significant uncertainty

The lease agreement regarding Vejlbjergvej 5-15, Risskov includes an obligation to reinstatement the premises on Vejlbjergvej 5-15 upon vacation to its original condition. The Company will incur significant costs to reinstatement the premises to its original condition.

The obligation has been disclosed as a contingent liability, as management has not been able to assess the amount of the obligation reliably.

The lease agreement has been terminated in February 2016.

Further with reference to the subsequent events there is uncertainty related to the valuation of the Company's assets due to the liquidation of the company.

| DKK                                 | 2015              | 2014              |
|-------------------------------------|-------------------|-------------------|
| <b>2 Staff costs</b>                |                   |                   |
| Wages and salaries                  | 10,190,948        | 11,982,986        |
| Pensions                            | 1,389,018         | 1,389,302         |
| Other social security costs         | 234,695           | 320,239           |
|                                     | <u>11,814,661</u> | <u>13,692,527</u> |
| <b>3 Financial expenses</b>         |                   |                   |
| Interest paid to group companies    | 40,464            | 40,064            |
| Other interest expense              | 142,339           | 164,663           |
|                                     | <u>182,803</u>    | <u>204,727</u>    |
| <b>4 Tax on profit for the year</b> |                   |                   |
| Adjustment deferred tax             | <u>0</u>          | <u>-332,000</u>   |

## Financial statements 1 January – 31 December

### Notes

#### 5 Equity

| DKK                               | Share<br>capital | Retained<br>earnings | Total             |
|-----------------------------------|------------------|----------------------|-------------------|
| Equity at 1 January 2015          | 500,000          | 3,811,381            | 4,311,381         |
| Profit/loss for the year          | 0                | -12,628,522          | -12,628,522       |
| <b>Equity at 31 December 2015</b> | <b>500,000</b>   | <b>-8,817,141</b>    | <b>-8,317,141</b> |

In 2015 the Company lost its equity, see note 10.

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

The share capital has not undergone any changes during the past five years.

#### 6 Non-current liabilities

| DKK               | Debt at 1/1<br>2015 | Total debt<br>at 31/12<br>2015 | Payment<br>within 1<br>year | Debt after 5<br>years |
|-------------------|---------------------|--------------------------------|-----------------------------|-----------------------|
| Lease liabilities | 3,014,025           | 1,961,249                      | 1,961,249                   | 0                     |

#### 7 Contingencies, etc.

The lease agreement for the property at Vejlbjergvej 5-15 must, in case of vacancy, be reinstated in its original condition, and any costs of repair will be payable by the Company.

Due to the uncertainties relating to the volume of costs, no provision was made at 31 December 2015, see note 1. Tilpas

The Company has a lease agreement which runs for up to 36 months. The total lease amount is DKK 2,031 thousand.

#### 8 Charges and securities

Production plant and machinery with a carrying amount of DKK 775 thousand at 31 December 2015 have been financed by finance leases. Lease liabilities amount to DKK 1,961 thousand at 31 December 2015.

The Company has provided a number of payment guarantees in case of environmental damage, which at 31 December 2015 came in at DKK 6,056 thousand.



## **Financial statements 1 January – 31 December**

### **Notes**

#### **9 Related parties and 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

Kuusakoski Recycling A/S is recognised in the consolidated financial statements of Kuusakoski OY.

#### **10 Property, plant and equipment**

Of property, plant and equipment amounts financial leases assets to 775 tkr. At 31 December 2015. (2014: 4,863 tkr.)

#### **11 Subsequent events**

In February 2016, the group decided to close down production activities in Denmark arising from losses on major customer contracts.

In connection with the, the Company terminated its leaseholds at Vejlbjergvej and Sindahlsvej. See section above regarding significant uncertainty.

Further it has been decided to perform a solvent liquidation of the company. Additionally, the Company has obtained a commitment from its major shareholder, Kuusakoski Oy, for the required financial support to carry out a solvent liquidation of the company, including sufficient liquidity to covers cost of reinstatement as set out above.

Besides the above no events have occurred after the financial year end of material importance to the Company's financial position.