

Scrap Connection BV

Financial statements 2014

Scrap Connection BV is a wholly owned Dutch subsidiary of Scrap Connection, Inc.

The headquarters of Scrap Connection, Inc. is based in Muscle Shoals, Alabama, US. Our business and technology development team is based in Amsterdam, The Netherlands.

We have provided these financials as a supplement to those filed with the SEC for Scrap Connection, Inc. in order to provide a more comprehensive view of our financial history.

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1 Company details

1.1 Foundation

The company has been founded on 21th of November, 2012 and is statutory established in Amsterdam.

1.2 Activities

Rendering services and activities related to the trade in raw materials, information technology, automation and internet.

1.3 Management

Manager of the company is C.L. Yerbey.

1.4 Financial year

The first financial year was a long year and started on 21th of November, 2012 and ended 31th of December, 2013. The financial year 2014 is a normal calender year.

1.5 Auditor's report

In view of the scale of operation as stated in article 396 BW2 the company is not obliged to have an audit as mentioned in article 393 sub 1 BW2.

2 Balance - assets

	<u>31-12-2014</u>		<u>31-12-2013</u>	
	€	€	€	€
<u>Non-current assets</u>				
Loan receivable Dopper	3.300		3.300	
Loan receivable Simons	<u>4.045</u>		<u>4.045</u>	
		7.345		7.345
<u>Current assets</u>				
Trade and other receivables				
Advance account Yerby	28.785		5.532	
VAT	<u>3.559</u>		<u>1.374</u>	
		32.344		6.906
Cash and cash equivalents				
Commercial banks	<u>804</u>		<u>2.984</u>	
		804		2.984
Total assets		<u><u>40.493</u></u>		<u><u>17.235</u></u>

3 Balance - liabilities

	<u>31-12-2014</u>		<u>31-12-2013</u>	
	€	€	€	€
Equity				
Issued share capital	1		1	
Other reserves	<u>-83.714</u>		<u>-24.009</u>	
		-83.713		-24.008
 Liabilities				
Non-current liabilities				
Loan payable to group company	107.972		35.877	
Loan payable Marland	5.000		5.000	
Loan payable Bouman	<u>2.000</u>		<u>0</u>	
		114.972		40.877
 Current liabilities				
Creditors	2.284		0	
Wage taxes	2.674		0	
Net salary	1.210		0	
Other payables	2.300			
Interest from loans payable	<u>766</u>		<u>366</u>	
		9.234		366
 Total liabilities		 <u><u>40.493</u></u>		 <u><u>17.235</u></u>

4 Profit- and loss account

	<u>2014</u>		<u>2012/2013</u>	
	€	€	€	€
<u>Gross operating result</u>				
Total sales	0		7.501	
Costs of sales	<u>-16.375</u>		<u>-13.470</u>	
		-16.375		-5.969
<u>Operating expenses</u>				
Salaries	16.768		0	
Other staff expenses	5.258		4.723	
Sales & marketing costs	3.081		3.213	
Office expenditures	10.751		8.079	
Legal fees	0		1.164	
Audit fees	6.125		0	
Other operating expenses	<u>0</u>		<u>118</u>	
		-41.983		-17.297
Net operating result		-58.358		-23.266
<u>Financial income and expenses</u>				
Banking costs	-411		-377	
Interest and costs Tax authorities	-236		0	
Interest on loans payable	<u>-700</u>		<u>-366</u>	
		-1.347		-743
Result before taxes		-59.705		-24.009
Corporate taxes		0		0
Result after taxes		<u><u>-59.705</u></u>		<u><u>-24.009</u></u>

5 Accounting policies

5.1 *General*

The annual report has been edited according to the legal definitions of Title 9 of Book 2 BW (Dutch Law).

Unless indicated otherwise, the assets and liabilities are presented at their nominal values.

5.2 *Non-current assets*

Long-term receivables are recorded to nominal values, keeping in mind the risk of bad and doubtful debts.

5.3 *Current assets*

Current receivables are recorded to nominal values, keeping in mind the risk of bad and doubtful debts.

All current receivables are due within 12 months from the balance sheet date.

5.4 *Equity*

The capital consists of one share of € 1 nominal. The share is owned by Scrap Connection Inc. The other reserves regard the retained earnings of the company.

5.5 *Non-current liabilities*

Long-term payables are recorded to nominal values, keeping in mind the risk of bad and doubtful debts.

5.6 *Current liabilities*

Current liabilities are recorded to nominal values, keeping in mind the risk of bad and doubtful debts.

All current payables are due within 12 months from the balance sheet date.

5.7 *Net operating result*

Operating results are determined by subtracting the operating expenditure, interest and depreciation from the sales, valued against historical costs.

In the breakdown of the operating results only those profits are accounted for that have effectuated during the financial year. Furthermore risks and losses that have been identified before the end of the financial year have been accounted for.

6 Notes to the balance sheet

6.1 *Non-current assets*

	<u>31-12-2013</u>	
	€	€
Loan receivable Dopper	3.300	
Loan receivable Simons	<u>4.045</u>	
Total loans receivable		<u><u>7.345</u></u>

No interest is accrued on these loans.

6.2 *Non current liabilities*

Loan payable to Scrap Connection Inc.	(*1)	107.972
Loan payable to Marland	(*2)	5.000
Loan payable to Bouman	(*3)	<u>2.000</u>
Total loans payable		<u><u>114.972</u></u>

(*1) no interest is accrued on the loan payable to Scrap Connection Inc.

(*2) the interest rate on the loan payable to Marland is 8%

(*3) no interest is accrued on the loan payable to Bouman