

Jargar Strings ApS

Sortedam Dossering 59
2100 København Ø

CVR-nr. 10 53 32 95

Annual report 2016

The annual report has been submitted
and approved by the general meeting
on the 29 May 2017

Wolfgang Weiss
Chairman of the meeting

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Company details

The Company

Jargar Strings ApS
Sortedam Dossering 59
2100 København Ø

CVR no.: 10 53 32 95
Reporting period: 1 January - 31 December
Domicile: Copenhagen

Board of directors

Zdenka Infeld
Franz Klanner
Wolfgang Weiss

Managing director

Wolfgang Weiss

Auditors

Statsautoriseret revisor Ole Tønnesen

Roskildevej 12 A
3400 Hillerød

Statement by Management on the annual report

The board of directors and the managing director have today discussed and approved the annual report of Jargar Strings ApS for the financial year 1 January - 31 December 2016.

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 financial position at 31 December 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review

We recommend the adoption of the annual report at the annual general meeting.

Copenhagen, 29 May 2017

Managing director

Wolfgang Weiss

Board of directors

Zdenka Infeld

Franz Klanner

Wolfgang Weiss

Independent auditor's report

To the shareholder of Jargar Strings ApS

Opinion

We have audited the financial statements of Jargar Strings ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities 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 as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Hillerød, 29 May 2017

Statsautoriseret revisor Ole Tønnesen

CVR-nr. 32 82 10 30

Ole Tønnesen
State Authorized Public Accountant

Management's review

Business activities

The activities of the company consists of production and sale of strings to musical instruments.

Business review

The Company's income statement for the year ended 31 December shows a profit of DKK 1.528.071, and the balance sheet at 31 December 2016 shows equity of DKK 8.749.739.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Jargar Strings ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities.

The accounting policies applied are consistent with those of last year.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Accounting policies

Tax on profit/loss for the year

The tax of the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly in the equity.

Balance sheet

Tangible fixed assets

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Technical plants and machinery	10	years
Other fixtures and fittings, tools and equipment	5	years

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Stocks

Stocks are measured using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

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

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Debtors are measured at amortised cost with usually corresponds to face value. In order to meet expected losses, writedowns takes place at the net realisation value.

Accounting policies

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Income tax and deferred tax

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Gross profit		10.719.218	8.609.685
Staff costs	1	-8.375.984	-7.462.137
Resultat før af- og nedskrivninger		2.343.234	1.147.548
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-384.599	-383.012
Profit/loss before financial income and expenses		1.958.635	764.536
Financial income		0	2.794
Financial costs		-57	-11.244
Profit/loss before tax		1.958.578	756.086
Tax on profit/loss for the year		-430.507	-184.427
Net profit/loss for the year		<u>1.528.071</u>	<u>571.659</u>
 Proposed distribution of profit			
Retained earnings		1.528.071	571.659
		<u>1.528.071</u>	<u>571.659</u>

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Assets			
Plant and machinery		701.236	1.085.835
Other fixtures and fittings, tools and equipment		172.590	0
Tangible assets	2	<u>873.826</u>	<u>1.085.835</u>
Deposits		156.555	153.059
Fixed asset investments		<u>156.555</u>	<u>153.059</u>
Anlægsaktiver i alt		<u>1.030.381</u>	<u>1.238.894</u>
Raw materials and consumables		2.538.269	2.061.974
Finished goods and goods for resale		595.455	597.438
Stocks		<u>3.133.724</u>	<u>2.659.412</u>
Trade receivables		855.831	1.250.485
Other receivables		365.546	389.178
Corporation tax		0	84.436
Prepayments		94.849	96.753
Receivables		<u>1.316.226</u>	<u>1.820.852</u>
Cash at bank and in hand		<u>4.507.426</u>	<u>3.218.075</u>
Omsætningsaktiver i alt		<u>8.957.376</u>	<u>7.698.339</u>
Aktiver i alt		<u><u>9.987.757</u></u>	<u><u>8.937.233</u></u>

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Liabilities and equity			
Share capital		200.000	200.000
Retained earnings		<u>8.549.739</u>	<u>7.021.668</u>
Egenkapital	3	<u>8.749.739</u>	<u>7.221.668</u>
Provision for deferred tax		<u>105.228</u>	<u>121.016</u>
Hensatte forpligtelser i alt		<u>105.228</u>	<u>121.016</u>
Debt to related companies		<u>111.900</u>	<u>242.531</u>
Long-term debt		<u>111.900</u>	<u>242.531</u>
Trade payables		84.682	739.925
Debt to related companies		130.756	0
Corporation tax		65.040	0
Other payables		<u>740.412</u>	<u>612.093</u>
Short-term debt		<u>1.020.890</u>	<u>1.352.018</u>
Gældsforpligtelser i alt		<u>1.132.790</u>	<u>1.594.549</u>
Passiver i alt		<u>9.987.757</u>	<u>8.937.233</u>
Contingent assets, liabilities and other financial obligations	4		

Noter til årsrapporten

	<u>2016</u> DKK	<u>2015</u> DKK
1 Staff costs		
Wages and salaries	7.695.320	6.785.518
Pensions	138.898	160.145
Other social security costs	61.839	54.146
Other staff costs	<u>479.927</u>	<u>462.328</u>
	<u>8.375.984</u>	<u>7.462.137</u>
 Average number of employees	 <u>17</u>	 <u>15</u>
 2 Tangible assets		
	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost at 1 January 2016	3.845.989	382.538
Additions for the year	<u>0</u>	<u>172.590</u>
Cost at 31 December 2016	<u>3.845.989</u>	<u>555.128</u>
 Revaluations at 1 January 2016	 <u>0</u>	 <u>0</u>
Revaluations at 31 December 2016	<u>0</u>	<u>0</u>
 Impairment losses and depreciation at 1 January 2016	 2.760.154	 382.538
Depreciation for the year	<u>384.599</u>	<u>0</u>
Impairment losses and depreciation at 31 December 2016	<u>3.144.753</u>	<u>382.538</u>
 Carrying amount at 31 December 2016	 <u>701.236</u>	 <u>172.590</u>

Noter til årsrapporten

3 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2016	200.000	7.021.668	7.221.668
Net profit/loss for the year	<u>0</u>	<u>1.528.071</u>	<u>1.528.071</u>
Equity at 31 December 2016	<u>200.000</u>	<u>8.549.739</u>	<u>8.749.739</u>

4 Contingent assets, liabilities and other financial obligations

The company has rental commitments TDDK 147 as at the balance sheet date.