Grant Thornton

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Jargar Strings ApS

Sortedam Dossering 59, 2100 København Ø

Company reg. no. 10 53 32 95

Annual report

1 January - 31 December 2015

The annual report have been submitted and approved by the general meeting on the 6 TH of APRIL 2016

Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Jargar Strings ApS for the financial year 1 January to 31 December 2015.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

København Ø, 18 March 2016

Managing Director

Wolfgang Weiss

Board of directors

Zdenka Infeld

Franz Klanner

Wolfgang Weiss

The independent auditor's reports

To the shareholders of Jargar Strings ApS

Report on the annual accounts

We have audited the annual accounts of Jargar Strings ApS for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as it determines necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts 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 about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts 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 the management, as well as the overall presentation of the annual accounts.

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

The audit has not resulted in any qualification.

The independent auditor's reports

Opinion

In our opinion, the annual accounts 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 to 31 December 2015 in accordance with the Danish Financial Statements Act.

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 annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Copenhagen, 18 March 2016

Grant Thornton
State Authorized Public Accountants
CVR-nr. 34 20 99 36

Ulrik Bloch-Sørensen
State Authorised Public Accountant

Company data

The company	Jargar Strings ApS Sortedam Dossering 59 2100 København Ø	
	Company reg. no.	10 53 32 95
	Established:	7 November 1986
	Domicile:	
	Financial year:	1 January 2015 - 31 December 2015
Board of directors	Zdenka Infeld Franz Klanner Wolfgang Weiss	
Managing Director	Wolfgang Weiss	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	

Management's review

The significant activities of the enterprise

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

Unusual matters

No unusual circumstances were observed during the financial year.

Uncertainties as to recognition or measurement

There were no uncertainties in relation to recognition and measurement.

Development in activities and financial matters

The gross profit for the year is t.DKK 8.610 against t.DKK 12.577 last year (15 months). The results from ordinary activities after tax are t.DKK 572 against t.DKK 2.162 last year (15 months). The management consider the results satisfactory.

The company's cash and cash equivalents have increased by t.DKK 771, i.e. from t.DKK 2.447 to t.DKK 3.218.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Jargar Strings ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are translated by using the closing rate. The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income and financial costs.

Accounting policies used

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Tax of the results for the year

The tax for 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 on the equity.

Accounting policies used

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of expected residual value after the end of the useful life of the asset.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Technical plants and machinery	10 years
Other plants, operating assets, fixtures and furniture	5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Accounting policies used

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account

All amounts in DKK.

Note		1/1 2015 - 31/12 2015	1/10 2013 - 31/12 2014
	Gross profit	**8.609.685**	**12.576.919**
1	Staff costs	-7.462.137	-9.271.829
	Depreciation and writedown relating to tangible fixed assets	-383.012	-474.798
	Operating profit	**764.536**	**2.830.292**
	Other financial income	2.794	9.047
	Other financial costs	-11.244	-1.337
	Results before tax	**756.086**	**2.838.002**
2	Tax on ordinary results	-184.427	-676.263
	Results for the year	**571.659**	**2.161.739**
	Proposed distribution of the results:		
	Allocated to results brought forward	571.659	2.161.739
	Distribution in total	**571.659**	**2.161.739**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2015	2014
	Fixed assets		
3	Production plant and machinery	1.085.835	1.421.247
	Tangible fixed assets in total	1.085.835	1.421.247
4	Deposits	153.059	93.333
	Financial fixed assets in total	153.059	93.333
	Fixed assets in total	**1.238.894**	**1.514.580**
	Current assets		
	Raw materials and consumables	2.061.974	1.640.081
	Manufactured goods and trade goods	597.438	1.084.084
	Inventories in total	2.659.412	2.724.165
	Trade debtors	1.250.485	722.193
	Receivable corporate tax	84.436	0
	Other debtors	389.178	70.249
	Accrued income and deferred expenses	96.753	94.377
	Debtors in total	1.820.852	886.819
	Cash funds	3.218.075	2.447.289
	Current assets in total	**7.698.339**	**6.058.273**
	Assets in total	**8.937.233**	**7.572.853**

Balance sheet 31 December

All amounts in DKK.

Note	Equity and liabilities	2015	2014
	Equity		
5	Contributed capital	200.000	200.000
6	Results brought forward	7.021.668	6.450.009
	Equity in total	**7.221.668**	**6.650.009**
	Provisions		
	Provisions for deferred tax	121.016	172.153
	Provisions in total	**121.016**	**172.153**
	Liabilities		
7	Trade creditors	242.531	0
	Long-term liabilities in total	242.531	0
	Trade creditors	739.925	81.224
	Corporate tax	0	69.536
	Other debts	612.093	599.931
	Short-term liabilities in total	1.352.018	750.691
	Liabilities in total	**1.594.549**	**750.691**
	Equity and liabilities in total	**8.937.233**	**7.572.853**

8 Contingencies

Notes

All amounts in DKK.

		1/1 2015 - 31/12 2015	1/10 2013 - 31/12 2014
1.	**Staff costs**		
	Salaries and wages	6.785.518	8.500.930
	Pension costs	160.145	161.671
	Other costs for social security	54.146	69.795
	Other staff costs	462.328	539.433
		7.462.137	**9.271.829**
2.	**Tax on ordinary results**		
	Tax of the results for the year, parent company	235.564	767.536
	Adjustment for the year of deferred tax	-51.137	-64.394
	Reduction of corporate tax from 25% to 22%	0	-26.879
		184.427	**676.263**

3. Tangible fixed assets

	Production plant and machinery	Other plants, operating assets and fixtures and furniture
Cost 1. januar 2015	3.798.389	382.538
Additions during the year	47.600	0
Cost 31. december 2015	**3.845.989**	**382.538**
Depreciation and write-down 1. januar 2015	2.377.142	382.537
Yearly depreciations	383.012	0
Depreciation and write-down 31. december 2015	**2.760.154**	**382.537**
Book value 31. december 2015	**1.085.835**	**1**

Notes

All amounts in DKK.

		31/12 2015	31/12 2014
4.	**Deposits**		
	Cost 1 January 2015	93.333	0
	Additions during the year	59.726	93.333
	Cost 31 December 2015	**153.059**	**93.333**
	Book value 31 December 2015	**153.059**	**93.333**
5.	**Contributed capital**		
	Contributed capital 1 January 2015	200.000	200.000
		200.000	**200.000**

The share capital consists of 25 shares, each with a nominal value of DKK 1.000 and 350 shares, each with a nominal value of DKK 500.
No changes in the share capital have taken place within the latest 5 years.

6.	**Results brought forward**		
	Results brought forward 1 January 2015	6.450.009	4.288.270
	Profit or loss for the year brought forward	571.659	2.161.739
		7.021.668	**6.450.009**
7.	**Trade creditors**		
	Trade creditors	242.531	0
		242.531	**0**

The debt are due for payment with DKK 130.594 in 2017 and with DKK 111.938 in 2018.

8. Contingencies

Contingent liabilities

The company's yearly rental commitments are t.DKK 426. The leasehold can be terminated with a 3 and 6 months written notice.