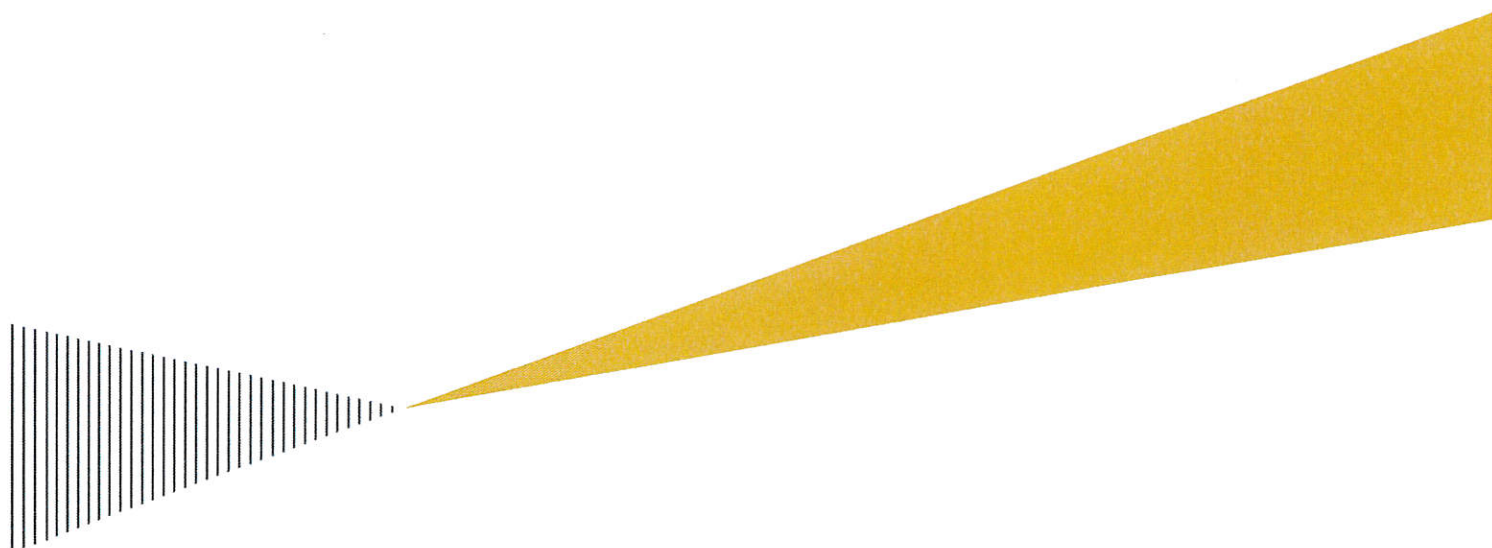


YXLON International A/S

Helgeshøj Allé 38, 2630 Taastrup, Denmark

CVR no. 18 21 52 33



Annual report 2016

Approved at the annual general meeting of shareholders on 22 March 2017

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 YXLON International A/S for the financial year 1 January - 31 December 2016.

The annual report is 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 Company's operations for the financial year 1 January - 31 December 2016.

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.

Taastrup, 22 March 2017

Executive Board:

Hans Rysgaard

Board of Directors:

Ronald Fehlmann
Chairman

Markus Emil Portmann

Hans Rysgaard

Independent auditors' report

To the shareholders of YXLON International A/S

Opinion

We have audited the financial statements of YXLON International A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are 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 its 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 rules and 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.

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 the 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.

Independent auditors' report

- ▶ 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 in-adequate, to modify our opinion. Our conclusion is 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.

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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 22 March 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Brian Stubtoft
State Authorised Public Accountant



Management's review

Company details

Name	YXLON International A/S
Address, Postal code, City	Helgeshøj Allé 38, 2630 Taastrup, Denmark
CVR no.	18 21 52 33
Registered office	Høje Taastrup
Financial year	1 January - 31 December
Board of Directors	Ronald Fehlmann, Chairman Markus Emil Portmann Hans Rysgaard
Executive Board	Hans Rysgaard
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark



Management's review

Management commentary

Business review

The Company develops, produces and sells X-ray equipment for industrial use in connection with Non-Destructive Testing (NDT). The products comprise standard X-ray components, software and hardware purchased or developed by the Company.

Parts of the sales on a global level have been channelled through the other group companies in USA, Japan and China, while other parts were handled through agents and distributors.

Recognition and measurement uncertainties

Reference is made to note 2 for more details.

Financial review

The operating result for the financial year shows a loss of DKK 184 thousand. The outcome of 2016 was targeted to be more profitable. Net sales for the financial year are overall on the same level in comparison with last year.

The result for 2016 was influenced by a hesitating oil & gas market situation where customers are postponing investments. A 2020 growth plan is being implemented and is expected to have a significant positive impact on the coming years' result.

Events after the balance sheet date

As of the balance sheet date and until today, no events have occurred that affect the valuation of the annual report.



Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2016	2015
	Gross margin	23,958	23,861
3	Staff costs	-23,654	-21,856
4	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-205	-175
	Profit before net financials	99	1,830
	Financial income	270	0
5	Financial expenses	-581	-305
	Profit/loss before tax	-212	1,525
	Tax for the year	28	0
	Profit/loss for the year	<u>-184</u>	<u>1,525</u>
	Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	<u>-184</u>	<u>1,525</u>
		<u>-184</u>	<u>1,525</u>



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Acquired intangible assets	85	0
		85	0
7	Property, plant and equipment		
	Plant and machinery	309	170
	Other fixtures and fittings, tools and equipment	550	232
	Leasehold improvements	0	0
		859	402
	Total non-current assets	944	402
	Current assets		
	Inventories		
	Raw materials and consumables	6,368	7,516
	Work in progress	6,828	5,453
	Finished goods and goods for resale	2,433	2,482
		15,629	15,451
	Receivables		
	Trade receivables	8,781	9,031
	Receivables from group entities	1,734	2,398
	Deferred tax assets	2,601	2,573
	Other receivables	268	492
	Prepayments	221	824
		13,605	15,318
	Cash at bank and in hand	4,124	5,321
	Total current assets	33,358	36,090
	TOTAL ASSETS	34,302	36,492



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	601	601
	Retained earnings	4,207	4,391
	Total equity	4,808	4,992
	Provisions		
	Other provisions	442	500
	Total provisions	442	500
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Prepayments received from customers	0	96
	Trade payables	1,610	2,923
	Payables to group entities	21,969	22,953
	Other payables	5,473	5,028
		29,052	31,000
	Total liabilities other than provisions	29,052	31,000
	TOTAL EQUITY AND LIABILITIES	34,302	36,492

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 9 Contractual obligations and contingencies, etc.
- 10 Related parties



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2016	601	4,391	4,992
Profit/loss for the year	0	-184	-184
Equity at 31 December 2016	601	4,207	4,808

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

YXLON International A/S' annual report for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes in accounting policies

As a consequence of the amendments made to the Danish Financial Statements Act, the Company's accounting policies have been changed in the following respects compared to last year:

1. In future, residual values of plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to plant and equipment. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

The above change has no impact on the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above and new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sales', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Cost of sales

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the Company's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3 years
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The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

Property, plant and equipment as well as the depreciation method and period chosen should be reassessed regularly.

The obligation to reassess the residual value does not imply that allowance can be made for expected future price developments regarding the asset. Allowance must be made only for identified price increases when the residual value is reassessed.

In practice, there is rarely any residual value in respect of property, plant and equipment, as such assets are often time-limited rights.

Financial income and expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as foreign exchange differences.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses arising from the sale of items of property, plant and equipment are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Impairment of non-current assets

Every year, intangible assets and property, plant and equipment are reviewed for impairment. Where there is evidence of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

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

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax and based on Management's intended use of the asset. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

2 Recognition and measurement uncertainties

The Company's total basis for calculating tax assets is approx. DKK 26 million, equivalent to a potential tax asset of approx. DKK 6 million. The Company has based on expectations for the coming year's earnings capitalised DKK 2,601 thousand thereof. The value of the tax asset is subject to uncertainties.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
3 Staff costs		
Wages/salaries	21,218	19,648
Pensions	1,296	1,238
Other social security costs	204	216
Other staff costs	936	754
	<u>23,654</u>	<u>21,856</u>
Average number of full-time employees	<u>35</u>	<u>34</u>
4 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	20	13
Depreciation of property, plant and equipment	185	162
	<u>205</u>	<u>175</u>
5 Financial expenses		
Interest expenses, group entities	314	261
Other financial expenses	267	44
	<u>581</u>	<u>305</u>
6 Intangible assets		
DKK'000		Acquired intangible assets
Cost at 1 January 2016		85
Additions in the year		<u>105</u>
Cost at 31 December 2016		190
Impairment losses and amortisation at 1 January 2016		85
Amortisation in the year		<u>20</u>
Impairment losses and amortisation at 31 December 2016		105
Carrying amount at 31 December 2016		<u>85</u>
Amortised over		<u>3 years</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK'000	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2016	1,676	758	3,975	6,409
Additions in the year	203	440	0	643
Disposals in the year	0	-49	0	-49
Cost at 31 December 2016	1,879	1,149	3,975	7,003
Impairment losses and depreciation at 1 January 2016	1,506	526	3,975	6,007
Depreciation in the year	64	122	0	186
Reversal of depreciation and impairment of disposals	0	-49	0	-49
Impairment losses and depreciation at 31 December 2016	1,570	599	3,975	6,144
Carrying amount at 31 December 2016	309	550	0	859
Amortised over	3-10 years	3-10 years	3-10 years	

DKK'000	2016	2015
8 Share capital		
Analysis of the share capital:		
6,010 A shares of DKK 100.00 nominal value each	601	601
	601	601

The Company's share capital has remained DKK 601 thousand over the past 5 years.

9 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	1,242,187	2,565,391
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Financial statements for the period 1 January - 31 December

Notes to the financial statements

10 Related parties

YXLON International A/S' related parties comprise the following:

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Comet Holding AG	Herrengasse 10 Flamatt	Herrengasse 10, P.O. Box 141, CH-3175 Flamatt, Switzerland