

YXLON International A/S

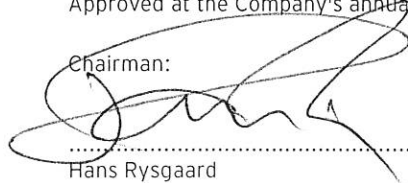
Helgeshøj Allé 38, 2630 Taastrup, Denmark

CVR no. 18 21 52 33

Annual report 2017

Approved at the Company's annual general meeting on 15 February 2018

Chairman:

A handwritten signature in black ink, appearing to be 'Hans Rysgaard', written over a dotted line. The signature is stylized and somewhat cursive.

Hans Rysgaard

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes to the financial statements	11

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of YXLON International A/S for the financial year 1 January - 31 December 2017.

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 financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

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, 15 February 2018

Executive Board:



Hans Rysgaard

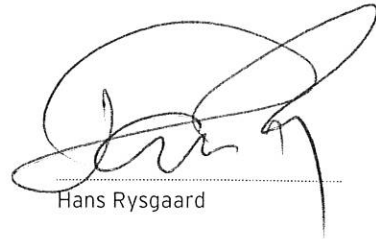
Board of Directors:



René Lenggenhager
Chairman



Markus Emil Portmann



Hans Rysgaard

Independent auditor's 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 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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.

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 as to 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 judgement and maintain professional scepticism 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 auditor's 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 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 note 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, 15 February 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Alex Petersen
State Authorised Public Accountant
MNE no.: mne28604

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	René Lenggenhager, 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

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, whereof other parts were handled through agents and distributors.

Financial review

The income statement for 2017 shows a loss of DKK 6,361 thousand against a loss of DKK 184 thousand last year, and the balance sheet at 31 December 2017 shows a negative equity of DKK 1,553 thousand.

The Company realized a substantial increase in revenue during the financial year 2017, compared to the revenue from last year, from global improvement of the revenue in main markets and industries from sales of services and finished goods.

A new business plan is being implemented and is expected to have a significant positive impact on the following years result.

The net result for the financial year 2017 shows a loss at DKK'000 6,361. The net result was influenced by large investments in development projects as a part of the new business plan.

Events after the balance sheet date

As of the date of the balance sheet and up to today no events have been recovered that changes the valuation of the annual report.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2017	2016
	Gross margin	19,035	23,023
2	Staff costs	-24,423	-22,718
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-310	-206
	Profit/loss before net financials	-5,698	99
	Financial income	180	270
3	Financial expenses	-843	-581
	Profit/loss before tax	-6,361	-212
	Tax for the year	0	28
	Profit/loss for the year	-6,361	-184
	Recommended appropriation of profit/loss	-6,361	-184
	Retained earnings/accumulated loss	-6,361	-184

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Fixed assets		
	Intangible assets		
	Acquired intangible assets	104	85
		<u>104</u>	<u>85</u>
	Property, plant and equipment		
	Plant and machinery	772	310
	Other fixtures and fittings, tools and equipment	383	551
		<u>1,155</u>	<u>861</u>
	Total fixed assets	<u>1,259</u>	<u>946</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	6,233	6,352
	Work in progress	8,079	6,828
	Finished goods and goods for resale	5,053	2,433
		<u>19,365</u>	<u>15,613</u>
	Receivables		
	Trade receivables	3,691	8,781
	Receivables from group entities	2,904	1,734
	Deferred tax assets	0	2,601
	Income taxes receivable	2,601	0
	Other receivables	543	268
	Prepayments	372	221
		<u>10,111</u>	<u>13,605</u>
	Cash	3,648	4,124
	Total non-fixed assets	<u>33,124</u>	<u>33,342</u>
	TOTAL ASSETS	<u><u>34,383</u></u>	<u><u>34,288</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	601	601
	Retained earnings	-2,154	4,207
	Total equity	<u>-1,553</u>	<u>4,808</u>
	Provisions		
	Other provisions	438	442
	Total provisions	<u>438</u>	<u>442</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Prepayments received from customers	825	0
	Trade payables	5,051	1,596
	Payables to group entities	24,147	21,969
	Other payables	5,475	5,473
		<u>35,498</u>	<u>29,038</u>
	Total liabilities other than provisions	<u>35,498</u>	<u>29,038</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>34,383</u></u>	<u><u>34,288</u></u>

- 1 Accounting policies
- 4 Contractual obligations and contingencies, etc.
- 5 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2017	601	4,207	4,808
Transfer through appropriation of loss	0	-6,361	-6,361
Equity at 31 December 2017	601	-2,154	-1,553

At the end of the financial year, the Company had lost more than 50% of its share capital.

Management is going to present a plan for the Company at general meeting on how to re-establish the equity.

Management has furthermore received a letter of comfort issued from the parent Company, undertaking to support the Company's continued operations and investments and to provide the funds required to ensure that the Company can fulfill its obligations as they fall due. The letter of comfort is valid up to and including 31 December 2018.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of YXLON International A/S for 2017 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.

The accounting policies used in the preparation of the financial statements 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

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Cost of sales

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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/depreciation, which is calculated as cost less any residual value, is amortised/depreciated 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
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed 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.

Prepayments

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

Cash

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

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2017	2016
2 Staff costs		
Wages/salaries	22,866	21,218
Pensions	1,354	1,296
Other social security costs	203	204
	24,423	22,718
 Average number of full-time employees	 38	 35
 3 Financial expenses		
Interest expenses, group entities	156	314
Exchange adjustments	632	222
Other financial expenses	55	45
	843	581
 4 Contractual obligations and contingencies, etc.		
Other financial obligations		
Other rent and lease liabilities:		
Rent and lease liabilities	3,877	1,242
 5 Related parties		

Information about consolidated financial statements

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