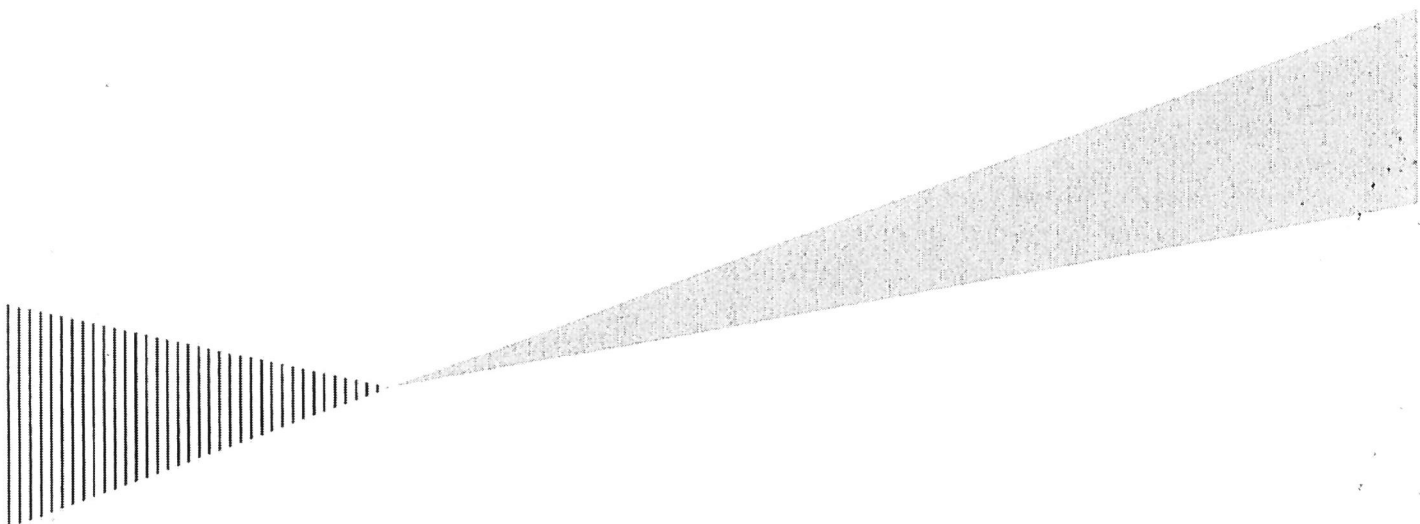


EagleBurgmann KE A/S

Park Allé 34, DK-6600 Vejen

CVR no. 13 43 66 81



Annual report for the year 1 January - 31 December 2015

Approved at the annual general meeting of shareholders on

Chairman:



Building a better
working world



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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 EagleBurgmann KE A/S for the financial year 1 January - 31 December 2015.

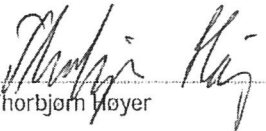
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.


Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

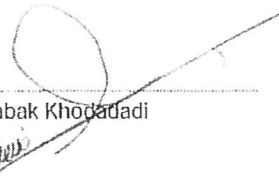
Vejen, 9 June 2016
Executive Board:


Thorbjorn Hoyer

Board of Directors:


Andreas Klaus Oswald Raps
Chairman


Derick Beitel


Babak Khodadadi


Merlie Sandor


Bo Hagde Nielsen



Independent auditors' report

To the shareholders of EagleBurgmann KE A/S

Independent auditors' report on the financial statements

We have audited the financial statements of EagleBurgmann KE A/S for the financial year 1 January - 31 December 2015, which comprise an 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.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements 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 Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 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 other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aarhus, 9 June 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Lone Nørgaard Eskildsen
State Authorised Public Accountant



Management's review

Company details

| | |
|----------------------------|--------------------------------------------------------------------------------------------------------------|
| Name | EagleBurgmann KE A/S |
| Address, Postal code, City | Park Allé 34, DK-6600 Vejten |
| CVR No. | 13 43 66 81 |
| Registered office | Vejten |
| Financial year | 1 January - 31 December |
| Board of Directors | Andreas Klaus Oswald Raps, Chairman Derick Beitel Babak Khodadadi Merlie Sandor Bo Hagde Nielsen |
| Executive Board | Thorbjørn Høyer |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P O Box 330, 8100 Aarhus C, Denmark |



Management's review

Financial highlights

| DKK'000 | 2015 | 2014 | 2013 | 2012 | 2011 |
|------------------------------------|---------|---------|---------|---------|---------|
| Key figures | | | | | |
| Gross margin | 114,041 | 139,086 | 101,695 | 63,175 | 63,204 |
| Operating profit | 768 | 9,233 | -39,057 | -18,129 | 2,186 |
| Net financials | -2,311 | -5,625 | -3,441 | -2,046 | -1,411 |
| Profit before tax | 8,177 | 14,786 | 0 | 0 | 0 |
| Profit/loss for the year | 8,804 | 13,831 | -19,420 | 2,795 | 40,740 |
| Total assets | | | | | |
| Equity | 187,898 | 211,035 | 240,353 | 191,312 | 184,111 |
| | 71,194 | 60,296 | 44,283 | 82,472 | 128,373 |
| Financial ratios | | | | | |
| Return on assets | 0.4% | 4.1% | -18.1% | -9.7% | 1.2% |
| Solvency ratio | 37.9% | 28.6% | 18.4% | 43.1% | 69.7% |
| Return on equity | 13.4% | 26.5% | -30.6% | 2.7% | 29.2% |
| Average number of employees | | | | | |
| | 197 | 220 | 233 | 133 | 136 |

At 1 January 2014, EagleBurgmann KE A/S merged with the wholly-owned subsidiary, EagleBurgmann Bredan A/S with EagleBurgmann KE A/S as the continuing company. The intra-group merger is accounted for using the pooling-of-interests method. Comparative figures for 2013 are restated. Figures for 2011-2012 are not restated.



Management's review

Operating review

The Company's business review

The Company's business segment comprises two divisions:

Expansion Joints Division

The division supplies total solutions, which compensate for termic expansions, vibrations and assembling imbalances in pipes, ducts and other systems, primarily within the energy sector. The solutions are based on compensator technology within fabric, rubber, elastomers and special compensators with steel parts, sealing products and engineering. Focus is on customised quality, design, engineering, installation and after sales service.

The Seals Division

The Seals division sells sealing products, including mechanical axial sealings, braided and static sealings for the industry.

Financial review

The income statement for 2015 shows a profit of DKK 8,804 thousand against a profit of DKK 13,831 thousand last year, and the balance sheet at 31 December 2015 shows equity of DKK 71,194 thousand.

Profits from group enterprises after tax are recognised in the income statement at DKK 9,720 thousand against DKK 11,179 thousand in 2014.

At the end of 2015, the Company's equity amounted to DKK 71,194 thousand, corresponding to an equity ratio of approx. 37.9 %.

The Company's capital structure is considered to be sufficient.

Knowledge resources

The Company's knowledge resources mainly consist of knowhow on compensator technology.

Special risks

The Company is not exposed to special risks except for what is usual to the line of business.

Impact on the external environment

The Company's impact on the external environment and work environment and measures for prevention aim at the least possible risk of pollution and at minimising the risk of accidents. The Company has an environmental approval, just as the Company is certified according to ISO 9001:2008, ISO 14001:2004 and ISO 180001:2007.

Post balance sheet events

No events have occurred after the financial-year end which could significantly affect the company's financial position.

Outlook

The Company expects difficult market conditions which will have a negative impact on operating profit for 2016. Especially the outlook for Metal Expansion Joints is uncertain.

However, the company continues to focus on salesimprovements, further integration and consolidation of factory footprint inside the EagleBurgmann Group.



Financial statements for the period 1 January - 31 December

Income statement

| Note | DKK'000 | 2015 | 2014 |
|------|-------------------------------------------------------------------------------------------------|----------|----------|
| | Gross profit | 114,041 | 139,086 |
| 2 | Staff costs | -102,043 | -115,607 |
| 3 | Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | -11,026 | -10,628 |
| | Other operating expenses | -204 | -3,618 |
| | Operating profit | 768 | 9,233 |
| | Income from investments in group entities | 9,720 | 11,178 |
| 4 | Financial income | 1,205 | 224 |
| 5 | Financial expenses | -3,516 | -5,849 |
| | Profit before tax | 8,177 | 14,786 |
| 6 | Tax for the year | 627 | -955 |
| | Profit for the year | 8,804 | 13,831 |
| | Proposed profit appropriation | | |
| | Net revaluation reserve according to the equity method | -10,399 | 43,731 |
| | Retained earnings/accumulated loss | 19,203 | -29,900 |
| | | 8,804 | 13,831 |



Financial statements for the period 1 January - 31 December

Balance sheet

| Note | DKK'000 | 2015 | 2014 |
|------|--------------------------------------------------|----------------|----------------|
| | ASSETS | | |
| | Non-current assets | | |
| 7 | Intangible assets | | |
| | Acquired intangible assets | 3,248 | 5,684 |
| | | <u>3,248</u> | <u>5,684</u> |
| 8 | Property, plant and equipment | | |
| | Land and buildings | 31,563 | 32,936 |
| | Plant and machinery | 16,270 | 17,983 |
| | Other fixtures and fittings, tools and equipment | 1,337 | 1,936 |
| | | <u>49,170</u> | <u>52,855</u> |
| 9 | Investments | | |
| | Investments in group entities, net asset value | 45,892 | 61,328 |
| | Other securities and investments | 0 | 1,685 |
| | Other receivables | 37 | 37 |
| | | <u>45,929</u> | <u>63,050</u> |
| | Total non-current assets | <u>98,347</u> | <u>121,589</u> |
| | Current assets | | |
| | Inventories | | |
| | Raw materials and consumables | 7,751 | 19,345 |
| | Work in progress | 6,769 | 6,350 |
| | Finished goods and goods for resale | 8,523 | 5,592 |
| | | <u>23,043</u> | <u>31,287</u> |
| | Receivables | | |
| | Trade receivables | 34,692 | 28,432 |
| | Receivables from group entities | 24,188 | 19,448 |
| | Deferred tax assets | 4,751 | 6,201 |
| | Income taxes receivable | 1,567 | 2,154 |
| | Other receivables | 235 | 977 |
| | Deferred income | 984 | 944 |
| | | <u>66,417</u> | <u>58,156</u> |
| | Cash | 91 | 3 |
| | Total current assets | <u>89,551</u> | <u>89,446</u> |
| | TOTAL ASSETS | <u>187,898</u> | <u>211,035</u> |



Financial statements for the period 1 January - 31 December

Balance sheet

| Note | DKK'000 | 2015 | 2014 |
|------|--------------------------------------------------------|----------------|----------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 10 | Share capital | 16,000 | 16,000 |
| | Net revaluation reserve according to the equity method | 33,332 | 43,731 |
| | Retained earnings | 21,862 | 565 |
| | Total equity | 71,194 | 60,296 |
| | Provisions | | |
| | Other provisions | 5,558 | 3,906 |
| | Total provisions | 5,558 | 3,906 |
| | Liabilities other than provisions | | |
| | Current liabilities other than provisions | | |
| | Current portion of long-term liabilities | 0 | 73,643 |
| | Bank debt | 0 | 10 |
| | Trade payables | 7,624 | 11,391 |
| | Payables to group entities | 66,406 | 28,229 |
| | Other payables | 37,116 | 33,560 |
| | | 111,146 | 146,833 |
| | Total liabilities other than provisions | 111,146 | 146,833 |
| | TOTAL EQUITY AND LIABILITIES | 187,898 | 211,035 |

- 1 Accounting policies
- 11 Contractual obligations and contingencies, etc.
- 12 Related parties



Financial statements for the period 1 January - 31 December

Statement of changes in equity

| DKK'000 | Share capital | Net revaluation reserve according to the equity method | Retained earnings | Total |
|----------------------------|---------------|-----------------------------------------------------------------|----------------------|--------|
| Equity at 1 January 2015 | 16,000 | 43,731 | 565 | 60,296 |
| Profit/loss for the year | 0 | -10,399 | 19,203 | 8,804 |
| Exchange adjustment | 0 | 0 | 2,094 | 2,094 |
| Equity at 31 December 2015 | 16,000 | 33,332 | 21,862 | 71,194 |



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of EagleBurgmann KE A/S for 2015 has been prepared in accordance with the provisions applying to medium-sized reporting class C enterprises under the Danish Financial Statements Act.

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

Omission to present a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, Freudenberg & Co. KG, which can be obtained at www.freudenberg.com under Home - Press - Publications.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements are prepared. The financial statements of EagleBurgmann KE A/S and its group entities are part of the consolidated financial statements of Freudenberg & Co. KG which can be obtained at www.freudenberg.com under Home - Press - Publications.

Intra-group business combinations

Intra-group mergers are treated according to the pooling-of-interests method where the acquirer recognises the acquiree's assets and liabilities at the former carrying amounts. Comparatives are restated as if the two entities have always been combined.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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.

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 at 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.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (percentage of completion method).

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

Gross profit

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

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of non-current 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 entity'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 entity's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

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

The cost for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include software, patents, rights and licences.

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 are as follows:

| | |
|--------------------|---------------|
| Acquired IP rights | 7 years years |
|--------------------|---------------|

The intangible assets are amortised over a period longer than 5 years because they relate to software where the useful life is estimated to be 7 years. This is in accordance with the accounting policy for the Group.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 are as follows:

| | |
|---------------------|-------------------|
| Buildings | 10-50 years years |
| Plant and machinery | 3-10 years years |

Land is not depreciated.

Income from investments in group entities

The item includes the entity's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Financial income and expenses include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

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.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

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

Gains and losses on the sale of intangible assets 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 for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating costs.

Investments in group entities

Investments in subsidiaries are measured, using the equity method, at the parent's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of negative equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognised under 'Provisions' in so far as the parent has a legal or constructive obligation to cover the deficit.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised up to the date of disposal.

The purchase method of accounting is applied to corporate takeovers except for intra-group business combinations which are accounted for using the pooling of interests method.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated selling costs.

Impairment of non-current assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

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 costs necessary 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.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Write-downs are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Write-downs are made to the lower of the net realisable value and the carrying amount.

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

Prepayments

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Restructuring provisions comprise severance pay to employees, losses due to termination of agreements, etc. arising in connection with Management's decision to restructure the business. Restructuring provisions are recognised once Management, before the balance sheet date, has made a decision to restructure the business and when it can be rendered probable, at the balance sheet date, that the restructuring will be carried through.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for 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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. 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. In subsequent periods, the 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 liability in respect of finance leases.

Other liabilities are measured at net realisable value.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

| | |
|------------------|------------------------------------------------------------------------------------------------|
| Return on assets | $\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$ |
| Solvency ratio | $\frac{\text{Equity at year end}}{\text{Total equity and liabilities at year end}} \times 100$ |
| Return on equity | $\frac{\text{Profit/loss for the year after tax}}{\text{Average equity}} \times 100$ |



Financial statements for the period 1 January - 31 December

Notes to the financial statements

| DKK'000 | 2015 | 2014 |
|---------------------------------------|----------------|----------------|
| 2 Staff costs | | |
| Wages/salaries | 93,460 | 105,718 |
| Pensions | 3,741 | 3,967 |
| Other social security costs | 2,988 | 3,333 |
| Other staff costs | 1,854 | 2,589 |
| | <u>102,043</u> | <u>115,607</u> |
| Average number of full-time employees | <u>197</u> | <u>220</u> |

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration of Management is not disclosed.

| DKK'000 | 2015 | 2014 |
|---------------------------------------------------------------------------------------------------|---------------|---------------|
| 3 Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | | |
| Amortisation of intangible assets | 2,436 | 2,436 |
| Depreciation of property, plant and equipment | 8,590 | 8,192 |
| | <u>11,026</u> | <u>10,628</u> |
| 4 Financial income | | |
| Interest receivable, group entities | 86 | 143 |
| Other financial income | 1,119 | 81 |
| | <u>1,205</u> | <u>224</u> |
| 5 Financial expenses | | |
| Interest expenses, group entities | 3,323 | 3,584 |
| Other financial expenses | 193 | 2,265 |
| | <u>3,516</u> | <u>5,849</u> |



Financial statements for the period 1 January - 31 December

Notes to the financial statements

| DKK'000 | 2015 | 2014 |
|--------------------------------------|-------------|------------|
| 6 Tax for the year | | |
| Estimated tax charge for the year | -1,568 | -2,153 |
| Deferred tax adjustments in the year | 1,450 | 2,911 |
| Tax adjustments, prior years | -509 | 197 |
| | <u>-627</u> | <u>955</u> |

7 Intangible assets

| DKK'000 | Acquired intangible assets |
|--------------------------------------------------------|-------------------------------|
| Cost at 1 January 2015 | <u>19,626</u> |
| Cost at 31 December 2015 | <u>19,626</u> |
| Impairment losses and amortisation at 1 January 2015 | 13,942 |
| Amortisation/depreciation in the year | <u>2,436</u> |
| Impairment losses and amortisation at 31 December 2015 | <u>16,378</u> |
| Carrying amount at 31 December 2015 | <u>3,248</u> |
| Amortised over | <u>7 years</u> |



Financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

| DKK'000 | Land and buildings | Plant and machinery | Other fixtures and fittings, tools and equipment | Total |
|-------------------------------------------------------------------|--------------------|---------------------|--------------------------------------------------|---------|
| Cost at 1 January 2015 | 59,651 | 72,884 | 11,269 | 143,804 |
| Additions in the year | 1,122 | 3,559 | 518 | 5,199 |
| Disposals in the year | 0 | -1,152 | 0 | -1,152 |
| Cost at 31 December 2015 | 60,773 | 75,291 | 11,787 | 147,851 |
| Impairment losses and depreciation at 1 January 2015 | 26,715 | 54,901 | 9,333 | 90,949 |
| Amortisation/depreciation in the year | 2,495 | 5,013 | 1,117 | 8,625 |
| Reversal of amortisation/depreciation and impairment of disposals | 0 | -893 | 0 | -893 |
| Impairment losses and depreciation at 31 December 2015 | 29,210 | 59,021 | 10,450 | 98,681 |
| Carrying amount at 31 December 2015 | 31,563 | 16,270 | 1,337 | 49,170 |
| Amortised over | 10-50 years | 3-10 years | 3-10 years | |



Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Investments

| DKK'000 | Investments in group entities, net asset value | Other securities and investments | Other receivables | Total |
|-----------------------------------------------------|------------------------------------------------------|-------------------------------------|-------------------|---------|
| Cost at 1 January 2015 | 17,597 | 1,685 | 37 | 19,319 |
| Disposals in the year | -5,038 | -1,685 | 0 | -6,723 |
| Cost at 31 December 2015 | 12,559 | 0 | 37 | 12,596 |
| Value adjustments at 1 January 2015 | 43,731 | 0 | 0 | 43,731 |
| Exchange adjustment | 2,094 | 0 | 0 | 2,094 |
| Dividend distributed | -23,283 | 0 | 0 | -23,283 |
| Share of the profit/loss for the year | 9,914 | 0 | 0 | 9,914 |
| Change in intra-group gains, investments | -79 | 0 | 0 | -79 |
| Reversal of impairment losses on assets disposed | 956 | 0 | 0 | 956 |
| Value adjustments at 31 December 2015 | 33,333 | 0 | 0 | 33,333 |
| Carrying amount at 31 December 2015 | 45,892 | 0 | 37 | 45,929 |

| | Legal form | Domicile | Interest |
|---------------------------------|--------------------|-----------------------------|----------|
| Subsidiaries | | | |
| KE-Burgmann Finland OY | Limited company | Vantaa, Finland | 100.00 % |
| Speci-Tex ApS | Limited company | Vejen, Denmark | 100.00 % |
| EagleBurgmann KE Pte. Ltd. | Limited company | Singapore | 100.00 % |
| EagleBurgmann Pvt. Ltd. | Limited company | Madras, India Congleton, | 100.00 % |
| KE-Burgmann UK Ltd. | Limited company | United Kingdom | 100.00 % |
| EagleBurgmann Poland Sp. z.o.o. | Limited company | Warsaw, Poland | 100.00 % |



Financial statements for the period 1 January - 31 December

Notes to the financial statements

| DKK'000 | <u>2015</u> | <u>2014</u> |
|----------------------------------------------|---------------|---------------|
| 10 Share capital | | |
| The share capital consists of the following: | | |
| 16 shares of DKK 1,000,000.00 each | <u>16,000</u> | <u>16,000</u> |
| | <u>16,000</u> | <u>16,000</u> |

The Company's share capital has remained DKK 16,000 thousand over the past 5 years.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

| DKK'000 | 2015 | 2014 |
|-----------------------|--------------|--------------|
| Guarantee commitments | 4,651 | 6,339 |
| | <u>4,651</u> | <u>6,339</u> |

The Company is jointly taxed with EBI Atlantic A/S, which acts as management company, and, together with other jointly taxed group entities, is jointly and severally liable for the payment of income taxes for the income year 2013 and onwards as well as for withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Other financial obligations

Other rent and lease liabilities:

| DKK'000 | 2015 | 2014 |
|----------------------------|--------------|--------------|
| Rent and lease liabilities | 3,743 | 4,660 |
| | <u>3,743</u> | <u>4,660</u> |

12 Related parties

EagleBurgmann KE A/S' related parties comprise the following:

Parties exercising control

| Related party | Domicile | Basis for control |
|----------------------|--------------------------------------------|-----------------------|
| EBI Atlantic A/S | Park Allé 34, 6600 Vejen, Denmark | Principal shareholder |
| Freudenberg & Co. KG | Höhnerweg 2-4, D69469 Weinheim, Germany | Parent company |

Information about consolidated financial statements

| Parent | Domicile | Requisitioning of the parent's consolidated financial statements |
|----------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Freudenberg & Co. KG | Höhnerweg 2-4, D69469 Weinheim, Germany | Höhnerweg 2-4, D69469 Weinheim, Germany or www.freudenberg.com under Home - Press - Publications |