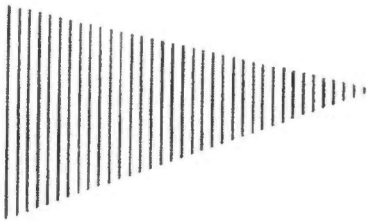


EBI Middle-East A/S

Park Allé 34, 6600 Vejen

CVR no. 28 51 99 31



Annual report 2015

Approved at the annual general meeting of shareholders on *3/6 - 2016*

Chairman:



Building a better
working world

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 EBI Middle-East 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 matters discussed in the Management's review.

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

Vejen, 3 June 2016
Executive Board:

Tien Ba Cao

Board of Directors:

Andreas Klaus Oswald Raps
Chairman
Michael Godeke Stomberg
Jochen Strasser
Norio Uemura
Takafumi Tsuchiya
Yasunari Uemura

Independent auditors' report

To the shareholders of EBI Middle-East A/S

Independent auditors' report on the financial statements

We have audited the financial statements of EBI Middle-East 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, 3 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 | EBI Middle-East A/S |
| Address, Postal code, City | Park Allé 34, 6600 Vejen |
| CVR No. | 28 51 99 31 |
| Financial year | 1 January - 31 December |
| Board of Directors | Andreas Klaus Oswald Raps, Chairman Jochen Strasser Norio Uemura Michael Godeke Stomberg Takafumi Tsuchiya Yasunari Unemura |
| Executive Board | Tien Ba Cao |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P O Box 330, 8100 Aarhus C, Denmark |



Management's review

Operating review

The Company's business review

The activity of the company consists in owning investments in subsidiaries in the Middle East.

Financial review

The income statement for 2015 shows a profit of EUR 6,632 thousand against a profit of EUR 3,183 thousand last year, and the balance sheet at 31 December 2015 shows equity of EUR 9,604 thousand.

Post balance sheet events

No significant events have occurred subsequent to the financial year.



Financial statements for the period 1 January - 31 December

Income statement

| Note | EUR'000 | 2015 | 2014 |
|------|---|--------------|--------------|
| | Other external expenses | <u>-8</u> | <u>-13</u> |
| | Gross profit/loss | -8 | -13 |
| | Income from investments in group entities | 6,645 | 3,191 |
| 2 | Financial income | 0 | 4 |
| 3 | Financial expenses | <u>-1</u> | <u>-2</u> |
| | Profit before tax | 6,636 | 3,180 |
| 4 | Tax for the year | <u>-4</u> | <u>3</u> |
| | Profit for the year | <u>6,632</u> | <u>3,183</u> |
| | Proposed profit appropriation | | |
| | Retained earnings | <u>6,632</u> | <u>3,183</u> |
| | | <u>6,632</u> | <u>3,183</u> |

Financial statements for the period 1 January - 31 December

Balance sheet

| Note | EUR'000 | 2015 | 2014 |
|------|--|--------------|--------------|
| | ASSETS | | |
| | Non-current assets | | |
| 5 | Investments | | |
| | Investments in group entities, net asset value | 1,650 | 1,650 |
| | | <u>1,650</u> | <u>1,650</u> |
| | Total non-current assets | <u>1,650</u> | <u>1,650</u> |
| | Current assets | | |
| | Receivables | | |
| | Receivables from group entities | 7,958 | 5,325 |
| | Income taxes receivable | 0 | 5 |
| | | <u>7,958</u> | <u>5,330</u> |
| | Total current assets | <u>7,958</u> | <u>5,330</u> |
| | TOTAL ASSETS | <u>9,608</u> | <u>6,980</u> |
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 6 | Share capital | 128 | 128 |
| | Retained earnings | 9,476 | 6,844 |
| | Total equity | <u>9,604</u> | <u>6,972</u> |
| | Liabilities other than provisions | | |
| | Current liabilities other than provisions | | |
| | Trade payables | 4 | 8 |
| | | <u>4</u> | <u>8</u> |
| | Total liabilities other than provisions | <u>4</u> | <u>8</u> |
| | TOTAL EQUITY AND LIABILITIES | <u>9,608</u> | <u>6,980</u> |

- 1 Accounting policies
- 7 Collateral
- 8 Contractual obligations and contingencies, etc.
- 9 Related parties



Financial statements for the period 1 January - 31 December

Statement of changes in equity

| EUR'000 | Share capital | Retained earnings | Total |
|----------------------------|---------------|-------------------|--------------|
| Equity at 1 January 2015 | 128 | 6,844 | 6,972 |
| Profit/loss for the year | 0 | 6,632 | 6,632 |
| Dividend | 0 | -4,000 | -4,000 |
| Equity at 31 December 2015 | <u>128</u> | <u>9,476</u> | <u>9,604</u> |

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of EBI Middle-East A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

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

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements are prepared. The financial statements for EBI Middle-East A/S and its group entities are part of the consolidated financial statements for Freudenberg & Co. KG which can be found at www.freudenberg.com.

Reporting currency

The financial statements are presented in EUR, as the entity's most significant transactions are settled in EUR.

Foreign currency translation

Transactions denominated in foreign currencies are translated into euros at the exchange rate at the date of the transaction.

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.

Income statement

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to administration etc.

Income from investments in group entities

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, dividends declared from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses.

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)

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

Investments in group entities

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed 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.

Receivables

Receivables are measured at amortised cost.

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.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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. 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

| | | | |
|---|-------------------------------------|----------|-----------|
| 2 | Financial income | | |
| | Interest receivable, group entities | 0 | 4 |
| | | <u>0</u> | <u>4</u> |
| 3 | Financial expenses | | |
| | Exchange adjustments | 1 | 2 |
| | | <u>1</u> | <u>2</u> |
| 4 | Tax for the year | | |
| | Estimated tax charge for the year | 4 | -3 |
| | | <u>4</u> | <u>-3</u> |

| | | | | | |
|---|---------------------------------|-------------------|--------------------------|-----------------|----------------------------------|
| 5 | Investments | | | | |
| | EUR'000 | <u>Legal form</u> | <u>Domicile</u> | <u>Interest</u> | <u>Equity</u> <u>Profit/loss</u> |
| | Subsidiaries | | | | |
| | EagleBurgmann Middle East FZE | Limited company | The United Arab Emirates | 100.00 % | 8,281 1,993 |
| | EagleBurgmann Saudi Arabia Ltd. | Limited company | Saudi Arabia | 85.00 % | 11,069 3,697 |

| | | | |
|---|--|-------------|-------------|
| | EUR'000 | <u>2015</u> | <u>2014</u> |
| 6 | Share capital | | |
| | The share capital consists of the following: | | |
| | 8,500 shares of EUR 15.00 each | 128 | 128 |
| | | <u>128</u> | <u>128</u> |

The Company's share capital has remained EUR 128 thousand over the past 5 years.

7 Collateral

The Company has not placed any assets or other as security for loans at 31/12 2015.

8 Contractual obligations and contingencies, etc.

Other contingent liabilities

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

9 Related parties

EBI Middle-East A/S' related parties comprise the following:



Financial statements for the period 1 January - 31 December

Notes to the financial statements

Parties exercising control

| <u>Related party</u> | <u>Domicile</u> | <u>Basis for control</u> |
|-----------------------------|--|--------------------------|
| Burgmann International GmbH | Äussere Sauerclacher Str. 6-10, Wolftratshausen, Germany | Participating interest |
| Eagle Industry Co. Ltd. | 1-12-15 Shiba Daimon, Minato-ku, Tokyo, Japan | Participating interest |

Information about consolidated financial statements

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