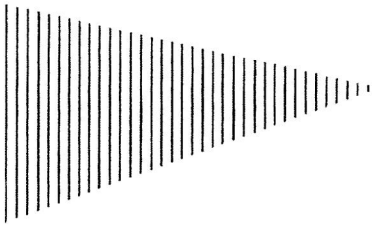


EBI Middle-East A/S

Park Allé 34, 6600 Vejen

CVR no. 28 51 99 31



Annual report 2016

Approved at the annual general meeting of shareholders on 2/6 - 2017

Chairman:



Building a better
working world



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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 EBI Middle-East 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 financial position of the Company 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.

Vejen, 26 May 2017

Executive Board:

Tien Ba Cao

Board of Directors:

Andreas Klaus Oswald Raps
Chairman

Michael Godeke Stomberg

Olaf Sebastian Weisz

Katsuhiro Murakami

Norio Uemura

Yasunari Uemura

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Vejen, 26 May 2017
Executive Board:

.....
Tien Ba Cao

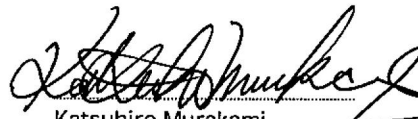
Board of Directors:

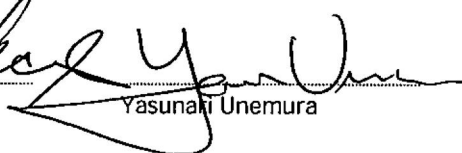
.....
Andreas Klaus Oswald Raps
Chairman

.....
Olaf Sebastian Weiss


Norio Uemura

.....
Michael Godeke Stomberg


Katsuhiro Murakami


Yasunari Unemura

Independent auditor's report

To the shareholders of EBI Middle-East A/S

Opinion

We have audited the financial statements of EBI Middle-East A/S for the financial year 1 January - 31 December 2016, which comprise an 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 2016 and of the results of the Company's 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 judgement 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 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 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 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 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 our procedures, 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.

Aarhus, 26 May 2017

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 Vejle

CVR no. 28 51 99 31
Financial year 1 January - 31 December

Board of Directors Andreas Klaus Oswald Raps, Chairman
Olaf Sebastian Weiss
Norio Uemura
Michael Godeke Stomberg
Katsuhiro Murakami
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

Management commentary

Business review

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

Financial review

The income statement for 2016 shows a profit of EUR 7,558 thousand against EUR 6,632 thousand last year, and the balance sheet at 31 December 2016 shows equity of EUR 10,162 thousand.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements for the period 1 January - 31 December

Income statement

Note	EUR'000	2016	2015
	Other external expenses	-11	-8
	Gross margin	-11	-8
	Income from investments in group entities	7,524	6,645
	Financial expenses	0	-1
	Profit before tax	7,513	6,636
2	Tax for the year	45	-4
	Profit for the year	<u>7,558</u>	<u>6,632</u>
	Recommended appropriation of profit		
	Retained earnings	<u>7,558</u>	<u>6,632</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	EUR'000	2016	2015
	ASSETS		
	Fixed assets		
3	Investments		
	Investments in group entities, net asset value	1,650	1,650
		<u>1,650</u>	<u>1,650</u>
	Total fixed assets	<u>1,650</u>	<u>1,650</u>
	Non-fixed assets		
	Receivables		
	Receivables from group entities	8,475	7,958
	Income taxes receivable	42	0
		<u>8,517</u>	<u>7,958</u>
	Total non-fixed assets	<u>8,517</u>	<u>7,958</u>
	TOTAL ASSETS	<u><u>10,167</u></u>	<u><u>9,608</u></u>
	EQUITY AND LIABILITIES		
	Equity		
4	Share capital	128	128
	Retained earnings	10,034	9,476
	Total equity	<u>10,162</u>	<u>9,604</u>
	Liabilities		
	Current liabilities		
	Trade payables	5	4
		<u>5</u>	<u>4</u>
	Total liabilities other than provisions	<u>5</u>	<u>4</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>10,167</u></u>	<u><u>9,608</u></u>

- 1 Accounting policies
- 5 Contractual obligations and contingencies, etc.
- 6 Collateral
- 7 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 2016	128	9,476	9,604
Transfer, see "Appropriation of profit"	0	7,558	7,558
Dividend	0	-7,000	-7,000
Equity at 31 December 2016	128	10,034	10,162

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 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities.

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.

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 euros (EUR), as the Company'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 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

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 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 is jointly taxed with other subsidiaries. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Investments in subsidiaries

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

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses 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

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".

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 according to the liability method on all temporary differences between the carrying amount and the tax base 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. 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 Tax for the year

Estimated tax charge for the year	-43	4
Tax adjustments, prior years	-2	0
	-45	4

3 Investments

Name	Legal form	Domicile	Interest	Equity EUR'000	Profit/loss EUR'000
Subsidiaries					
EagleBurgmann Middle East FZE	Limited company	The United Arab Emirates	100.00 %	5,022	1,641
EagleBurgmann Saudi Arabia Ltd.	Limited company	Saudi Arabia	85.00 %	14,857	7,090

Financial statements for the period 1 January - 31 December

Notes to the financial statements

EUR'000	2016	2015
4 Share capital		
Analysis of the share capital:		
8,500 shares of DKK 15.00 nominal value each	128	128
	<u>128</u>	<u>128</u>

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

5 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.

6 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2016.

7 Related parties

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

Parties exercising control

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

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company'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