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**Rohm and Haas Denmark  
A/S**  
Sorgenfrivej 15  
DK-2800 Kgs. Lyngby  
Central Business Registration No  
24243079

**Annual report 2016**

The Annual General Meeting adopted the annual report on 23.05.2017

**Chairman of the General Meeting**

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Name: Nils Kjellegaard Jensen

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## Entity details

### Entity

Rohm and Haas Denmark A/S  
Sorgenfrivej 15  
DK-2800 Kgs. Lyngby

Central Business Registration No: 24243079  
Registered in: Lyngby-Taarbæk  
Financial year: 01.01.2016 - 31.12.2016

### Board of Directors

Gino Eduardus Angela van Poorten, Chairman  
Thomas Wagner Just  
Nils Kjellegaard Jensen  
Ilona Jensen

### Executive Board

Thomas Wagner Just

### Lawyer

Advokatfirmaet Kjellegaard Jensen  
Tuborg Boulevard 12  
DK-2900 Hellerup

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
P.O. Box 1600  
0900 Copenhagen C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Rohm and Haas Denmark A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 23.05.2017

### Executive Board

Thomas Wagner Just

### Board of Directors

Gino Eduardus Angela van  
Poorten  
Chairman

Thomas Wagner Just

Nils Kjellegaard Jensen

Ilona Jensen

# Independent auditor's report

## To the shareholder of Rohm and Haas Denmark A/S

### Opinion

We have audited the financial statements of Rohm and Haas Denmark A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 these 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:

## Independent auditor's report

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

## Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

### **Violation of legislation on financial reporting and similar**

Parts of the accounting records for the Company are kept on file outside of the Danish Borders. They are kept on a file with affiliated companies and can be obtained at short notice. The procedures used are in contravention of Danish legislation on the filing of accounting material in general.

Copenhagen, 23.05.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Lars Andersen  
State Authorised Public Accountant

Morten Jarlbo  
State Authorised Public Accountant

## Management commentary

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit/loss	(18)	(11)	(12)	(9)	30
Operating profit/loss	(18)	(11)	(12)	(9)	30
Net financials	31.768	138.739	(1.164)	277	(667)
Profit/loss for the year	31.733	139.004	(881)	213	(578)
Total assets	465.709	444.203	304.132	303.836	290.644
Equity	465.681	433.948	294.761	295.641	282.192
<b>Ratios</b>					
Return on equity (%)	7,1	38,2	(0,3)	0,1	(0,2)
Equity ratio (%)	100,0	97,7	96,9	97,3	97,1

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

### Ratios

Return on equity (%)

**Calculation formula**  

$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

### Ratios

The entity's return on capital invested in the entity by the owners.

Equity ratio (%)

$$\frac{\text{Equity} \times 100}{\text{Total assets}}$$

The financial strength of the entity.



## Management commentary

### Primary activities

The activity of the Company is to acquire, own and hold shares and ownership interests in other companies in The Dow Chemical Company.

### Development in activities and finances

In 2016 the Company received dividend from DC Spectrum Holdings C.V. of EUR 10.506.974. Later in 2016, the Company exchanged its shares in DC Spectrum Holdings C.V. for shares in Dow Luxembourg Spectrum Holding S.a.r.l. The transaction resulted in a gain of EUR 21.159.161 which has been recognised in the income statement.

### Profit/(loss) for the year

The profit for the year is satisfactory. It has decreased compared to 2015 but 2015 was an exceptional year when the entity received EUR 139.906K in dividend.

### Uncertainty relating to recognition and measurement

Anticipated risks and losses that arise before the time of preparation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

### Unusual circumstances affecting recognition and measurement

There are no unusual circumstances affecting recognition and measurement.

### Outlook

It is expected that the Company will continue to operate as in previous years.

### Environmental performance

Sustainability is an important part of The Dow Chemical Company's culture. Description of the Company's sustainability policy is to be found in The Dow Chemical Company 2016 Annual report, "Protection of the environment". The Company also refers to The Dow Chemical Company's webpage for further information: <http://www.dow.com/en-us/science-and-sustainability>

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## Income statement for 2016

	<u>Notes</u>	<u>2016 EUR'000</u>	<u>2015 EUR'000</u>
Other external expenses		(18)	(11)
<b>Operating profit/loss</b>		<b>(18)</b>	<b>(11)</b>
Income from investments in group enterprises		10.507	139.906
Other financial income from group enterprises		21.159	0
Other financial income		145	0
Other financial expenses	1	(43)	(1.167)
<b>Profit/loss before tax</b>		<b>31.750</b>	<b>138.728</b>
Tax on profit/loss for the year	2	(17)	276
<b>Profit/loss for the year</b>	3	<b>31.733</b>	<b>139.004</b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 EUR'000</u>	<u>2015 EUR'000</u>
Investments in group enterprises		465.086	443.926
<b>Fixed asset investments</b>	4	<u>465.086</u>	<u>443.926</u>
<b>Fixed assets</b>		<u>465.086</u>	<u>443.926</u>
Receivables from group enterprises		623	0
Income tax receivable		0	277
<b>Receivables</b>		<u>623</u>	<u>277</u>
<b>Current assets</b>		<u>623</u>	<u>277</u>
<b>Assets</b>		<u>465.709</u>	<u>444.203</u>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 EUR'000</u>	<u>2015 EUR'000</u>
Contributed capital		1.427	1.427
Retained earnings		464.254	432.521
<b>Equity</b>		<b><u>465.681</u></b>	<b><u>433.948</u></b>
Trade payables		10	10
Payables to group enterprises		0	10.245
Income tax payable		18	0
<b>Current liabilities other than provisions</b>		<b><u>28</u></b>	<b><u>10.255</u></b>
<b>Liabilities other than provisions</b>		<b><u>28</u></b>	<b><u>10.255</u></b>
<b>Equity and liabilities</b>		<b><u>465.709</u></b>	<b><u>444.203</u></b>
Contingent liabilities	5		
Mortgages and securities	6		
Related parties with controlling interest	7		
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## Statement of changes in equity for 2016

	<b>Contributed capital EUR'000</b>	<b>Retained earnings EUR'000</b>	<b>Total EUR'000</b>
Equity beginning of year	1.427	432.521	433.948
Profit/loss for the year	0	31.733	31.733
<b>Equity end of year</b>	<b>1.427</b>	<b>464.254</b>	<b>465.681</b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>EUR'000</b>	<b>EUR'000</b>
<b>1. Other financial expenses</b>		
Financial expenses from group enterprises	43	98
Exchange rate adjustments	0	1.069
	<b>43</b>	<b>1.167</b>
	<b>2016</b>	<b>2015</b>
	<b>EUR'000</b>	<b>EUR'000</b>
<b>2. Tax on profit/loss for the year</b>		
Tax on current year taxable income	18	(277)
Adjustment concerning previous years	(1)	1
	<b>17</b>	<b>(276)</b>
	<b>2016</b>	<b>2015</b>
	<b>EUR'000</b>	<b>EUR'000</b>
<b>3. Proposed distribution of profit/loss</b>		
Retained earnings	31.733	139.004
	<b>31.733</b>	<b>139.004</b>
		<b>Investments</b>
		<b>in group</b>
		<b>enterprises</b>
		<b>EUR'000</b>
<b>4. Fixed asset investments</b>		
Cost beginning of year		1.090.694
Additions		161.066
Disposals		(139.906)
<b>Cost end of year</b>		<b>1.111.854</b>
Impairment losses beginning of year		(646.768)
<b>Impairment losses end of year</b>		<b>(646.768)</b>
<b>Carrying amount end of year</b>		<b>465.086</b>

## Notes

### Subsidiaries:

	<b>Cur- rency</b>	<b>Registered in</b>	<b>Equity inte- rest</b>	<b>Equity</b>	<b>Pro- fit/(loss)</b>	<b>Year</b>
RH Denmark Finance A/S	EUR	Denmark	100%	878.499.000	178.651.000	2015
Dow Luxembourg Spectrum Holding S.a.r.l	USD	Netherlands	0,68%	*	*	2015

\* The Companies do not publish officially available financial statements.

### 5. Contingent liabilities

The Company participates in a Danish joint taxation arrangement, in which Dow AgroSciences Denmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

### 6. Mortgages and securities

At 31 December 2016, the Company has no assets charged, and no contingent liabilities are incumbent on the Company.

### 7. Related parties with controlling interest

The Company is a wholly owned subsidiary of RH European Holding ApS, Kgs. Lyngby, Denmark, the ultimate parent is The Dow Chemical Company.

**Other  
related  
parties.**

**EUR'000**

### 8. Transactions with related parties

Dividend received	10.507
Payment of interest	43
Others	21.141
Investments	161.066
Receivables	623

## Notes

### 9. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
The Dow Chemical Company, Michigan, USA

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
The Dow Chemical Company, Michigan, USA

The annual report for The Dow Chemical Company can be obtained at the following address:

The Dow Chemical Company  
Customer Information Centre  
P.O. Box 1206  
Midland Michigan 48641-1206  
USA



## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The annual report is presented in EUR.

Under the new Danish Financial Statements Act, the Entity is classified as a reporting class C medium enterprise as opposed to previously a reporting class B enterprise. This change in reporting class has had no bearing on recognition and measurement, but has resulted in additional requirements for notes

### Consolidated financial statements

Pursuant to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The Company's annual report for 2016 is included in the consolidated financial statements of The Dow Chemical Company, Michigan, USA

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Investments in group enterprises and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

## Accounting policies

### **Income statement**

#### **Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, such as administrative expenses.

#### **Income from investments in group enterprises**

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

#### **Other financial income from group enterprises**

Other financial income from group enterprises comprises gains/losses etc received from sale of group enterprises, and impairment losses on investment in group enterprises.

#### **Other financial income**

Other financial income comprises interest income, including interest income on receivables, net capital gains on receivables and payables and transactions in foreign currencies.

#### **Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on receivables and payables and transactions in foreign currencies.

#### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. Tax attributable to profit for the year is recognised in the income statement, whereas tax attributed to equity entries is recognised directly under equity.

Current tax liabilities and current tax assets are recognised as receivables in the balance sheet in the event of overpayment of tax on account, and as liabilities in the event of underpayment of tax on account.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of the asset is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Entity is jointly taxed with the Danish affiliated entities. Income tax concerning the jointly taxed entities is distributed proportionally between profit and loss making entities according to their taxable income (full allocation with a refund concerning tax losses).

## Accounting policies

### Balance sheet

#### Investments in group enterprises

Investments in group enterprises are measured at cost. Where cost exceeds the net realisable value, the investments are written down to this lower value.

Dividends are recognised in the income statement under "Income from investment in group enterprises" when declared.

If group enterprises make extraordinary large payments of dividends that resemble repayments of the invested capital, the recognised value is written down by an amount corresponding to this extraordinary payment of dividends.

#### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

#### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

#### Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

#### Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The cash flow statement of Rohm and Haas Denmark A/S and the group enterprises is included in the annual report of The Dow Chemical Company, Michigan, (Ultimate Parent Company).