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**Rohm and Haas Denmark
China Investment ApS**
Sorgenfrivej 15
DK-2800 Kgs. Lyngby
Central Business Registration No
26721164

Annual report 2016

The Annual General Meeting adopted the annual report on 23.05.2017

Chairman of the General Meeting

Name: Nils Kjellegaard Jensen

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Entity details

Entity

Rohm and Haas Denmark China Investment ApS
Sorgenfrivej 15
DK-2800 Kgs. Lyngby

Central Business Registration No: 26721164
Registered in: Lyngby-Taarbæk
Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Gino Eduardus Angela Van Poorten, Chairman
Thomas Wagner Just

Executive Board

Gino Eduardus Angela van Poorten

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 China Investment ApS 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

Gino Eduardus Angela van
Poorten

Board of Directors

Gino Eduardus Angela Van
Poorten
Chairman

Thomas Wagner Just

Independent auditor's report

To the shareholder of Rohm and Haas Denmark China Investment ApS

Opinion

We have audited the financial statements of Rohm and Haas Denmark China Investment ApS 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 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

	2016	2015	2014	2013	2012
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Financial highlights					
Key figures					
Gross profit/loss	(26)	(22)	(38)	(51)	(11)
Operating profit/loss	(26)	(22)	(38)	(51)	(11)
Net financials	65.119	143.557	147.904	(18.328)	18.867
Profit/loss for the year	40.967	93.788	144.173	(22.054)	17.386
Total assets	1.295.352	1.237.736	1.142.998	995.075	21.220
Equity	1.225.391	1.184.424	1.136.348	992.174	20.186
Ratios					
Return on equity (%)	3,4	8,1	13,5	(4,4)	86,1
Equity ratio (%)	94,6	95,7	99,4	99,7	95,1

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

Ratios	Calculation formula	Ratios
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	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

Rohm and Haas Denmark China Investment ApS is the Company through which investments with-in China will be partly made. Until the funds for such investment are required it is likely that short term loans and the like may be made to other group companies but this is an ancillary activity.

Development in activities and finances

The Company disposed of it's nominal minority shareholdings in Rohm and Haas Latinoamerica S. de R.L. de C.V. Rohm and Haas Mexico S. De R.L. de CV (both Mexico), PT Rohm and Haas Indonesia and it's share in the common partnership within Rohm and Haas Bermuda Partner I GP and Rohm and Haas Bermuda Partner II GP.

Profit/(loss) for the year

The profit from ordinary activities before tax of Euro 65.093K is mainly driven by exchange gains of Euro 43.462K. This is due to the strengthening of the US\$ against the EUR over the year.

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

The Company's profitability remains very much dependent upon exchange rate fluctuations in the future.

Particular risks

Due to the fact that the company's principal asset is denominated in US\$, it remains particularly exposed to foreign currency fluctuations.

Statutory report on corporate social responsibility

Translate policies into action

It is the Company's focus to create a positive and healthy work and performance environment, and to be a workplace where employees have the freedom to achieve common goals and optimise opportunities irrespectively of their gender, age, race, religion, disability or sexual orientation.

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>

Management commentary

The Company has no guidelines of its own regarding social responsibility, human rights, anti-corruption and bribery but follow and refer to the guidelines outlined by The Dow Chemical Company in their Code of Conduct. For further information please visit: <http://www.dow.com/en-us/investor-relations/corporate-governance>.

Statutory report on the underrepresented gender

In accordance with the paragraph 139a, part 1, No.1, in the Danish Companies Act, the company is obliged to set the targets for the share of under-represented gender in the board of directors. As the board is comprised of 2 members, the target is that at no time the board should be comprised of one gender only. The company doesn't currently fulfil this target.

Additionally, the company is also required to prepare and adopt a policy on gender equality on the management levels unless the company throughout the year in question has not had more than 50 employees, according to the § 12 in the regulation no. 344 of March 30, 2012. As the company has had no employees for whom the full time ATP contributions were paid in 2016, the Company is exempt from this requirement.

Events after the balance sheet date

The company is part of an internal global project to reduce the number of legal entities in the Dow group. Thus the goal is to close the entity by means of a merger into another Dow legal entity. This is expected to occur during 2017.

Income statement for 2016

	<u>Notes</u>	<u>2016 EUR'000</u>	<u>2015 EUR'000</u>
Other external expenses		(26)	(22)
Operating profit/loss		(26)	(22)
Income from investments in group enterprises		3.573	4.963
Other financial income from group enterprises		18.090	14.360
Other financial income	2	43.462	124.237
Other financial expenses		(6)	(3)
Profit/loss before tax		65.093	143.535
Tax on profit/loss for the year	3	(24.126)	(49.747)
Profit/loss for the year	4	40.967	93.788

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 EUR'000</u>	<u>2015 EUR'000</u>
Investments in group enterprises		15.200	15.200
Receivables from group enterprises		<u>1.244.030</u>	<u>1.200.751</u>
Fixed asset investments	5	<u>1.259.230</u>	<u>1.215.951</u>
Fixed assets		<u>1.259.230</u>	<u>1.215.951</u>
Receivables from group enterprises		36.122	20.872
Prepayments	6	<u>0</u>	<u>913</u>
Receivables		<u>36.122</u>	<u>21.785</u>
Current assets		<u>36.122</u>	<u>21.785</u>
Assets		<u>1.295.352</u>	<u>1.237.736</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 EUR'000</u>	<u>2015 EUR'000</u>
Contributed capital		160	160
Retained earnings		1.225.231	1.184.264
Equity		1.225.391	1.184.424
Deferred tax	7	55.785	45.214
Non-current liabilities other than provisions		55.785	45.214
Trade payables		627	25
Payables to group enterprises		14	3.714
Income tax payable		13.535	4.359
Current liabilities other than provisions		14.176	8.098
Liabilities other than provisions		69.961	53.312
Equity and liabilities		1.295.352	1.237.736
Contingent liabilities	8		
Mortgages and securities	9		
Related parties with controlling interest	10		
Transactions with related parties	11		
Treasury shares in subsidiaries	12		
Group relations	13		

Statement of changes in equity for 2016

	Contributed capital EUR'000	Retained earnings EUR'000	Total EUR'000
Equity beginning of year	160	1.184.264	1.184.424
Profit/loss for the year	0	40.967	40.967
Equity end of year	160	1.225.231	1.225.391

Notes

	2016	2015
	EUR'000	EUR'000
1. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	8	8
Tax services	1	1
Other services	2	2
	11	11
	2016	2015
	EUR'000	EUR'000
2. Other financial income		
Exchange rate adjustments	43.462	124.237
	43.462	124.237
	2016	2015
	EUR'000	EUR'000
3. Tax on profit/loss for the year		
Tax on current year taxable income	13.535	4.359
Change in deferred tax for the year	10.571	45.214
Adjustment concerning previous years	20	174
	24.126	49.747
	2016	2015
	EUR'000	EUR'000
4. Proposed distribution of profit/loss		
Retained earnings	40.967	93.788
	40.967	93.788
	Investments	Receivables
	in group	from group
	enterprises	enterprises
	EUR'000	EUR'000
5. Fixed asset investments		
Cost beginning of year	15.200	1.200.751
Exchange rate adjustments	0	43.279
Cost end of year	15.200	1.244.030
Carrying amount end of year	15.200	1.244.030

Notes

Subsidiaries:

	Cur- rency	Registered in	Equity inte- rest	Equity	Pro- fit/(loss)	Year
Rohm and Haas Shang- hai Chemical Industry Company LTD	CNY	China	100,00%	310.872.353	32.372.638	2015

6. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

7. Deferred tax

Deferred tax solely comprise of foreign exchange gain/loss on receivables from group enterprises cf. the realization principle. The movement of EUR 10.571K is recorded in the P&L.

8. Contingent liabilities

The Company participates in a Danish joint taxation arrangement, in which Dow AgroSciences Danmark 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

9. Mortgages and securities

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

10. Related parties with controlling interest

The Company is a wholly owned subsidiary of Rohm and Haas Denmark Finance A/S, Kgs. Lyngby, Denmark, the ultimate parent is The Dow Chemical Company.

Notes

	Subsidiaries	Other related parties.
	EUR'000	EUR'000
11. Transactions with related parties		
Dividend recieved	3.573	0
Interest recieved	0	18.090
Joint taxation charge	0	13.642
Others	0	5
Receivables	0	1.280.152
Liabilities other than provisions	0	14

12. Treasury shares in subsidiaries

The Company is a wholly owned subsidiary of Rohm and Haas Denmark Finance A/S, Kgs. Lyngby, Denmark:
The Ultimate Parent is The Dow Chemical Company

13. 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 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 (large).

The annual report is presented in EUR.

Under the new Danish Financial Statements Act, the Entity is classified as a reporting class C Large 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, and impairment losses on investment in group enterprises.

Other financial income from group enterprises

Other financial income from group enterprises comprises dividends etc received from 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 investments 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.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

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 China Investment ApS and group enterprises is included in the annual report of The Dow Chemical Company, Michigan, USA (Ultimate Parent Company).