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**Rohm and Haas Denmark
Holding Company ApS**
Sorgenfrivej 15
DK-2800 Kgs. Lyngby
Central Business Registration No
28128444

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 Holding Company ApS
Sorgenfrivej 15
DK-2800 Kgs. Lyngby

Central Business Registration No: 28128444
Registered in: Lyngby-Taarbæk
Financial year: 01.01.2016 - 31.12.2016

Board of Directors

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

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 Holding Company 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

Ilona Jensen

Nils Kjellegaard Jensen

Independent auditor's report

To the shareholder of Rohm and Haas Denmark Holding Company ApS

Opinion

We have audited the financial statements of Rohm and Haas Denmark Holding Company 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 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

	2016	2015	2014	2013	2012
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Financial highlights					
Key figures					
Revenue	919	3.127	8.868	9.052	7.925
Gross profit/loss	(679)	2.789	1.284	2.778	1.111
Operating profit/loss	(679)	2.789	989	2.494	(17)
Net financials	35.991	46.462	38.244	(6.795)	1.455
Profit/loss for the year	30.706	40.342	29.927	(4.072)	2.032
Total assets	955.388	931.802	835.284	795.060	841.612
Equity	941.711	906.173	815.716	785.788	789.859
Ratios					
Gross margin (%)	(73,9)	89,2	14,5	30,7	14,0
Net margin (%)	3.341,2	1.290,1	337,5	(45,0)	25,6
Return on equity (%)	3,3	4,7	3,7	(0,5)	0,3
Equity ratio (%)	98,6	97,2	97,7	98,8	93,9

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

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
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

The activity of the Company is to sell and acquire, own, and hold shares and other ownership interests in other associated or affiliated entities etc. in Denmark and abroad, and to engage in financing activities.

Development in activities and finances

In 2016, the Company did not make any further investments in its group enterprises but reduced its holdings via the sale of one subsidiary and the merger of one subsidiary, RH Europe Sales ApS, which had sales activities until 1. May 2016. The Company is part of an internal global project to reduce the number of legal entities in the Dow group. Consequently, the goal is to eventually close the entity by means of a merger into another Dow legal entity.

Profit/(loss) for the year

The Company's profit for the year of EUR 30.706K was lower than 2015 mainly due to lower gains from foreign currency revaluations. This was partly offset by higher income due to divestments when compared to 2015.

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

In line with global efforts on entity reduction, the Company will continue to look at ways of reducing its investment holdings.

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>
Revenue		919	3.127
Other operating income		0	4.102
Cost of sales		(1.390)	(4.091)
Other external expenses		<u>(208)</u>	<u>(349)</u>
Operating profit/loss		(679)	2.789
Income from investments in group enterprises		6.790	1.478
Other financial income from group enterprises		11.677	10.726
Other financial income	1	17.546	34.270
Financial expenses from group enterprises		<u>(22)</u>	<u>(12)</u>
Profit/loss before tax		35.312	49.251
Tax on profit/loss for the year	2	<u>(4.606)</u>	<u>(8.909)</u>
Profit/loss for the year	3	<u>30.706</u>	<u>40.342</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 EUR'000</u>	<u>2015 EUR'000</u>
Investments in group enterprises		471.658	569.957
Fixed asset investments	4	471.658	569.957
Fixed assets		471.658	569.957
Raw materials and consumables		0	54
Inventories		0	54
Trade receivables		0	247
Receivables from group enterprises		483.641	361.249
Income tax receivable		89	19
Prepayments	5	0	276
Receivables		483.730	361.791
Current assets		483.730	361.845
Assets		955.388	931.802

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>EUR'000</u>	<u>2015</u> <u>EUR'000</u>
Contributed capital		1.377	1.377
Retained earnings		940.334	904.796
Equity		941.711	906.173
Provisions for investments in group enterprises	6	0	6.790
Provisions		0	6.790
Trade payables		165	183
Payables to group enterprises		8.947	9.769
Income tax payable		4.565	8.887
Current liabilities other than provisions		13.677	18.839
Liabilities other than provisions		13.677	18.839
Equity and liabilities		955.388	931.802
Contingent liabilities	7		
Mortgages and securities	8		
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Statement of changes in equity for 2016

	Contributed capital EUR'000	Retained earnings EUR'000	Total EUR'000
Equity beginning of year	1.377	904.796	906.173
Increase of capital	0	4.832	4.832
Profit/loss for the year	0	30.706	30.706
Equity end of year	1.377	940.334	941.711

Notes

	2016 EUR'000	2015 EUR'000
1. Other financial income		
Exchange rate adjustments	17.546	34.270
	17.546	34.270
	2016 EUR'000	2015 EUR'000
2. Tax on profit/loss for the year		
Tax on current year taxable income	4.475	8.887
Adjustment concerning previous years	131	22
	4.606	8.909

Notes

	2016	2015
	EUR'000	EUR'000
3. Proposed distribution of profit/loss		
Retained earnings	30.706	40.342
	30.706	40.342
		Investments in group enterprises EUR'000
4. Fixed asset investments		
Cost beginning of year		1.263.668
Disposals		(98.299)
Cost end of year		1.165.369
Impairment losses beginning of year		(693.711)
Impairment losses end of year		(693.711)
Carrying amount end of year		471.658

Subsidiaries:

	Currency	Registered in	Equity interest	Equity	Profit/(loss)	Year
RH International SNC	EUR	France	99,99%	190.986.604	(299.572)	2015
RH Kimya	TRY	Turkey	60,00%	*	*	2015
RH Europe Trading ApS	EUR	Denmark	100,00%	68.636.000	266.000	2015
Rohm and Haas Europe Services ApS	EUR	Denmark	100,00%	(3.835.889)	(2.954.281)	2015
RH Espana Production Holding, S.L.	EUR	Spain	100,00%	*	*	2015
Rohm and Haas Italia Srl.	EUR	Italy	100,00%	159.290.701	1.430.714	2015

* The Companies do not publish officially available financial statements.

Notes

5. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

6. Provisions for investments in group enterprises

Provision for investments in group enterprises relates to an obligation to reestablish the negative equity in a subsidiary.

7. 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.

8. Mortgages and securities

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

9. Related parties with controlling interest

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

	Other related parties.
	EUR'000
10. Transactions with related parties	
Net interest received on loan	3.204
Gain on sale of subsidiaries	8.449
Received group contribution	4.832
Receivables	483.641
Liabilities other than provisions	8.947

Notes

11. 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 may be obtained at the following address:

The Dow Chemical Company
Customer Information Centre
P.O. Box 1206
Midland Michigan 84641-1206
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.

In 2016, Rohm and Haas Denmark Holding Company ApS merged with RH Europe Sales ApS, with Rohm and Haas Denmark Holding ApS as the surviving company. For accounting purposes, the merger was accounted for under the pooling-of-interests method, and the comparative figures have been adjusted as if the entities had always been a combined unit. The merger has affected equity negative at 01.01.2015 by EUR 2.5m.

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.

Accounting policies

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.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

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 interest income on receivables from group enterprises, and gains/losses from sale of group enterprises.

Other financial income

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

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

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.

Accounting policies

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).

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.

Inventories

Costs consist of purchase price plus delivery costs.

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 provisions

Other provisions comprise provisions for investments in group enterprises.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Accounting policies

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