

RH DK CHEMIHAAS HOLDING ApS

Sorgenfrivej 15
2800 Kgs.Lyngby

Annual report
1 January 2016 - 31 December 2016

**The annual report has been presented and
approved on the company's general meeting the**

31/05/2017

**Nils Kjellegaard Jensen
Chairman of general meeting**

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Company information

Reporting company RH DK CHEMIHAAS HOLDING ApS
Sorgenfrivej 15
2800 Kgs.Lyngby

Phone number: 45280800

CVR-nr: 28672411
Reporting period: 01/01/2016 - 31/12/2016

Main financial institution Deutsche Bank

Auditor Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S
DK Denmark

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of RH Denmark Chemihaas Holding 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, the 23/05/2017

Management

Gino Eduardus Angela van Poorten

Board of directors

Thomas Wagner Just

Gino Eduardus Angela van Poorten

The independent auditor's report on financial statements

To the shareholder of RH DK CHEMIHAAS HOLDING ApS

Report on financial statements

Opinion

Opinion

We have audited the financial statements of RH DK Chemihaas Holding ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity, notes and 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 and cash flows 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.

Responsibilities of management 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 responsibility

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:

- 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's review

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.

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.

Reports on other legal and regulatory requirements

Reporting responsibilities according to the Danish executive order on approved auditors' reports especially legislation on financial reporting, including accounting and

storage of accounting records

Parts of the accounting records for the Company are kept on file outside 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

Lars Andersen
Authorised Public Accountant
Deloitte Statsautoriseret
Revisionspartnerselskab
CVR: 33963556

Morten Jarlbo
Authorised Public Accountant
Deloitte Statsautoriseret
Revisionspartnerselskab
CVR: 33963556

Management's Review

Main activities

The objectives of RH DK ChemiHaas Holding ApS are to sell and acquire, own, and hold shares, partnerships interests and other ownership interests in other Dow companies and/or general or limited partnerships in Denmark, China and elsewhere, lending and other financing activities.

Development in activities and economic conditions

The company has a shareholding (35%) in a JV company in China, ChemiHaas Jiangsu Manufacturing Co. Ltd.

On August 18th 2014, the company entered into an agreement with the joint venture partner, CHEMICREA (Jiangsu) Inc. to terminate the joint venture contract and dissolve the Joint Venture company. This will occur during 2017.

The Company's share of the underlying net assets of ChemiHaas Jiangsu Manufacturing Co. Ltd. exceeds that of the value of the Associate in the Company's balance sheet.

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 close the entity by means of a merger into another Dow legal entity.

Unusual circumstances affecting recognition and measurement

No unusual circumstances are to be disclosed in connection with the presentation of the annual report.

Events following the financial year end

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

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B. There have been options of certain rules in reporting class C.

Accounting Policies

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 and 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.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and are subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Income statement

Other external expenses

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

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on receivables and payables and transactions in foreign currency.

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 currency.

Income taxes

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).

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 "Other financial income from 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 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.

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.

Deferred tax

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 assets 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.

Income statement 1 Jan 2016 - 31 Dec 2016

	Disclosure	2016 EUR	2015 EUR
Other external expenses		-25,975	-27,294
Gross Result		-25,975	-27,294
Profit (loss) from ordinary operating activities		-25,975	-27,294
Other finance income	1	843	887
Profit (loss) from ordinary activities before tax		-25,132	-26,407
Tax expense	2	5,559	6,664
Profit (loss)		-19,573	-19,743
Proposed distribution of results			
Retained earnings		-19,573	-19,743
Proposed distribution of profit (loss)		-19,573	-19,743

Balance sheet 31 December 2016

Assets

	Disclosure	2016 EUR	2015 EUR
Investments in associates		887,372	887,372
Investments	3	887,372	887,372
Total non-current assets		887,372	887,372
Receivables from group enterprises		339,534	349,717
Tax receivables		5,529	6,449
Receivables		345,063	356,166
Current assets		345,063	356,166
Total assets		1,232,435	1,243,538

Balance sheet 31 December 2016

Liabilities and equity

	Disclosure	2016 EUR	2015 EUR
Contributed capital		17,134	17,134
Retained earnings		1,196,448	1,216,021
Total equity		1,213,582	1,233,155
Trade payables		11,500	10,383
Payables to group enterprises		7,353	
Short-term liabilities other than provisions, gross		18,853	10,383
Liabilities other than provisions, gross		18,853	10,383
Liabilities and equity, gross		1,232,435	1,243,538

Statement of changes in equity 1 Jan 2016 - 31 Dec 2016

	Contributed capital	Retained earnings	Total
	EUR	EUR	EUR
Equity, beginning balance	17,134	1,216,021	1,233,155
Profit (Loss)		-19,573	-19,573
Equity, ending balance	17,134	1,196,448	1,213,582

Disclosures

1. Other finance income

	2016	2015
	Eur.	Eur.
Financial Income arising from Group Entities	843	887
	<u>843</u>	<u>887</u>

2. Tax expense

	2016	2015
	Eur.	Eur
Tax on ordinary profit/loss for the year	-5,529	-6,449
Prior year adjustments	-30	-215
	<u>-5,559</u>	<u>-6,664</u>

3. Investments

	Investments in Associates Eur
Cost, beginning of year	<u>958,565</u>
Cost, end of year	<u>958,565</u>
Impairment losses, beginning of year	<u>-71,193</u>
Impairment losses, end of year	<u>-71,193</u>
Carrying value, end of year	<u>887,372</u>

4. Disclosure of significant events occurring after end of reporting period

On August 18th 2014, the company entered into an agreement with the joint venture partner, CHEMICREA (Jiangsu) Inc. to terminate the joint venture contract and dissolve the Joint Venture company. This will occur during 2017.

5. Disclosure of collaterals and assets pledges as security

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

6. Disclosure of ownership

Ownership

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.

Consolidation

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
PO Box 1206
Midland Michigan 48641-1206
USA