

**Rohm and Haas Europe
Trading ApS**
Sorgenfrivej 15
DK-2800 Kgs. Lyngby
Central Business Registration No
29973881

Annual report 2016

The Annual General Meeting adopted the annual report on 13.06.2017

Chairman of the General Meeting

Name: Nils Kjellegaard Jensen

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Entity details

Entity

Rohm and Haas Europe Trading ApS
Sorgenfrivej 15
DK-2800 Kgs. Lyngby

Central Business Registration No: 29973881
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 Europe Trading 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, 13.06.2017

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 Europe Trading ApS

Opinion

We have audited the financial statements of Rohm and Haas Europe Trading 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, 13.06.2017

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	0	1.023.095	1.234.593	1.291.424	1.329.424
Gross profit/loss	0	30.882	34.031	46.246	49.781
Operating profit/loss	0	10.314	(12.092)	13.742	3.743
Net financials	108	408	(3.762)	5.634	(34.723)
Profit/loss for the year	45.383	266	(16.610)	17.116	(39.647)
Total assets	157.103	353.562	455.109	471.192	915.712
Investments in property, plant and equipment	0	44	14	0	10
Equity	94.893	68.636	43.624	59.785	46.279
Employees in average	21	126	157	148	157
Ratios					
Gross margin (%)	-	3,0	2,8	3,6	3,7
Return on equity (%)	55,5	0,5	(32,1)	32,3	(60,9)

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.
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.

Management commentary

Primary activities

The objective of Rohm and Haas Europe Trading ApS is to conduct all lawful business, including but not limited to trading of products and services in Denmark and abroad directly, or through its subsidiaries and/or its branches.

Development in activities and finances

The Company and its branches continued distribution of products in 2016 from January to April.

As of May 1st 2016 the Company has sold its customer lists and does no longer trade with customers. All activity is dissolved, why the entire income statement and certain related assets, in reference to paragraph 80 in the Danish Financial Statement Act is presented as discontinued operations.

RHET is currently under a transfer price audit for the years 2010-2014 and we have received the final assessment in April 2017 for those years, which include a significant increase of the taxable income in Denmark. We are not in agreement with this assessment, as we believe it is based on a wrong understanding of the circumstances. We believe that there is no case for a transfer price adjustment and are now evaluating legal steps with our advisors. No amount has been provided for this.

In 2016, the Entity sold its interest in RH South Africa (PTY) Ltd.

Profit/loss for the year in relation to expected developments

The Company has declared the profit in 2016: EUR 45.383k.

This was significantly more than in 2015 and this development was expected. This was achieved due to the different LER projects, mergers of the branches, sell of customer list, which took place in 2016 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.

Outlook

It is expected that all business transactions in the Entity will transfer during 2019 to Dow Denmark, another Danish entity within the Dow Group.

Particular risks

The Company has limited operating risk mainly involving financing. There is no foreign exchange risk in this entity.

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, section "Protection of the environment". The Company also refers to the webpage for The Dow Chemical Company for further information. <http://www.dow.com/en-us/science-and-sustainability>

Management commentary

Foreign branches

The Company and its branches continued distribution of products until April 2016.

The Company is part of an internal global project to reduce the number of legal entities in the Dow group. Some branches of Rohm and Haas Europe Trading ApS were closed in 2016, and the goal is eventually to close the entity by means of a merger into another Dow legal entity.

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.

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

No events has 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	2	0	1.023.095
Cost of sales		<u>0</u>	<u>(992.213)</u>
Gross profit/loss		0	30.882
Distribution costs	4	0	(23.044)
Administrative costs	3, 4	0	(19.737)
Other operating income		0	22.546
Other operating expenses		<u>0</u>	<u>(333)</u>
Operating profit/loss		0	10.314
Other financial income	5	631	1.595
Other financial expenses	6	<u>(523)</u>	<u>(1.187)</u>
Profit/loss before tax		108	10.722
Tax on profit/loss for the year	7	<u>(24)</u>	<u>(10.456)</u>
Profit or loss from continuing operations		84	266
Profit or loss from discontinued operations	1	<u>45.299</u>	<u>0</u>
Profit/loss for the year	8	<u>45.383</u>	<u>266</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 EUR'000</u>	<u>2015 EUR'000</u>
Acquired patents		0	2.228
Goodwill		0	19.157
Intangible assets	9	<u>0</u>	<u>21.385</u>
Other fixtures and fittings, tools and equipment		0	654
Property, plant and equipment	10	<u>0</u>	<u>654</u>
Investments in group enterprises		44.401	69.462
Fixed asset investments	11	<u>44.401</u>	<u>69.462</u>
Fixed assets		<u>44.401</u>	<u>91.501</u>
Trade receivables		0	156.644
Receivables from group enterprises		98.949	88.520
Deferred tax	12	3.724	11.345
Other receivables		7.947	4.824
Prepayments	13	0	312
Receivables		<u>110.620</u>	<u>261.645</u>
Cash		<u>10</u>	<u>416</u>
Current assets		<u>110.630</u>	<u>262.061</u>
Assets regarding discontinued operations	1	<u>2.072</u>	<u>0</u>
Assets		<u>157.103</u>	<u>353.562</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 EUR'000</u>	<u>2015 EUR'000</u>
Contributed capital	14	83	83
Retained earnings		94.810	68.553
Equity		94.893	68.636
Provisions for pension liabilities etc.	15	24.843	30.653
Provisions		24.843	30.653
Trade payables		305	1.504
Payables to group enterprises		21.517	229.486
Income tax payable		14.772	8.427
Other payables		773	14.856
Current liabilities other than provisions		37.367	254.273
Liabilities other than provisions		37.367	254.273
Equity and liabilities		157.103	353.562
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Related parties with controlling interest	18		
Transactions with related parties	19		
Group relations	20		

Statement of changes in equity for 2016

	Contributed capital EUR'000	Retained earnings EUR'000	Total EUR'000
Equity beginning of year	83	68.553	68.636
Exchange rate adjustments	0	(19.126)	(19.126)
Profit/loss for the year	0	45.383	45.383
Equity end of year	83	94.810	94.893

Notes

	2016	2015
	EUR'000	EUR'000
1. Discontinued operations		
Income statement		
Revenue	320.722	0
Cost of sales	(311.086)	0
Distribution costs	(19.659)	0
Administrative costs	(7.351)	0
Other operating income	329.647	0
Other operating expenses	(235.836)	0
Profit/loss for the period	76.437	0
Profit/loss arising from disposal	0	0
Tax on profit/loss for the year	(31.138)	0
Total effect on profit/loss	45.299	0
Assets		
Other fixtures and fittings, tools and equipment	479	0
Trade receivables	1.593	0
Total effect on assets	2.072	0
	2016	2015
	EUR'000	EUR'000
2. Revenue		
Consumer Care	40.704	120.156
Dow Coating Materials	80.411	228.897
Electronic Materials	36.225	116.282
Industrial Solutions	2.434	14.748
Performance Monomers	49.706	218.187
Dow Packaging & Speciality Plastics	50.850	159.377
Water & Process solution	39.764	103.015
Agricultural sciences, Automotive systems & Building & Construction	20.628	62.433
	320.722	1.023.095

Revenue for 2016 is in reference to paragraph 80 in the Danish Financial Statement act presented as discontinued operations.

Notes

	2016	2015
	EUR'000	EUR'000
<i>Geographical segments</i>		
Europe, Middle East, Africa & India	315.901	1.010.353
North America	102	520
Latin America	567	3.567
Asia	4.152	8.655
	320.722	1.023.095

	2016	2015
	EUR'000	EUR'000
3. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	60	77
Tax services	1	1
Other services	3	3
	64	81

	2016	2015
	EUR'000	EUR'000
4. Staff costs		
Wages and salaries	4.662	11.190
Pension costs	955	16.071
	5.617	27.261
Average number of employees	75	126

Staff costs for 2016 is in reference to paragraph 80 in the Danish Financial Statement act presented as discontinued operations.

Remuneration has been paid neither to Management nor the Board of Directors.

	2016	2015
	EUR'000	EUR'000
5. Other financial income		
Financial income arising from group enterprises	273	146
Exchange rate adjustments	350	1.443
Other financial income	8	6
	631	1.595

Notes

	Acquired patents EUR'000	Goodwill EUR'000
9. Intangible assets		
Cost beginning of year	18.662	128.247
Exchange rate adjustments	507	0
Disposals	(19.169)	(43.253)
Cost end of year	0	84.994
Amortisation and impairment losses beginning of year	(16.434)	(109.090)
Exchange rate adjustments	(150)	0
Impairment losses for the year	0	(4.251)
Amortisation for the year	(316)	(9.941)
Reversal regarding disposals	16.900	38.288
Amortisation and impairment losses end of year	0	(84.994)
Carrying amount end of year	0	0
		Other fixtures and fittings, tools and equipment EUR'000
10. Property, plant and equipment		
Cost beginning of year		846
Exchange rate adjustments		(3)
Transfers		(802)
Disposals		(41)
Cost end of year		0
Depreciation and impairment losses beginning of the year		(192)
Transfers		323
Depreciation for the year		(131)
Depreciation and impairment losses end of the year		0
Carrying amount end of year		0

Notes

	Investments in group enterprises EUR'000
11. Fixed asset investments	
Cost beginning of year	104.839
Disposals	<u>(25.061)</u>
Cost end of year	<u>79.778</u>
Impairment losses beginning of year	<u>(35.377)</u>
Impairment losses end of year	<u>(35.377)</u>
Carrying amount end of year	<u>44.401</u>

Name	Currency	Place	Equity	Profit	Ownership
RH Switzerland Prod. Holding GmbH	CHF	Switzerland	69.081.474	(7.162.698)	100%

The above information is taken from the group enterprises' annual report for 2015.

12. Deferred tax

Deferred tax is incumbent on property, plant and equipment, trade receivables, and tax loss carryforwards within the Company's foreign branches. The movement of EUR 7.621K is solely recorded in the P&L.

13. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

14. Contributed capital

No changes have been made to the contributed capital in the past five financial years.

15. Provisions for pensions and similar liabilities

Provisions for pensions and similar liabilities comprise underfunded defined benefitplans in mainly Germany. The most material assumptions when estimating the provision is:

Weighted average assumptions used to determine benefit obligation at 31 December 2016.

Discount rate 1.68% (2015: 2.22%)

Rate of compensation increase 3.0% (2015: 3.0%)

Social security increase 2.0% (2015: 2.0%)

Expected long-term return on asset plan 3.25% (2015: 3.75%)

Actuarial specialists has been involved in the estimation of the underfunded defined benefitplan.

Notes

	2016	2015
	EUR'000	EUR'000
16. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	0	1.708

The total future minimum lease payments within one year is EUR 0. There are no leases left in the company from 2016, as of the closing of some branches which had leases.

17. 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.

Rohm and Haas Europe Trading ApS is currently under a transfer price audit for the years 2010-2014 and we have received the final assessment in April 2017 for those years, which include a significant increase of the taxable income in Denmark. We are not in agreement with this assessment, as we believe it is based on a wrong understanding of the circumstances. We believe that there is no case for a transfer price adjustment and are now evaluating legal steps with our advisors. No amount has been provided for this.

18. Related parties with controlling interest

1.1.1 Controlling interests

Related parties with a controlling interest in Rohm and Haas Europe Trading ApS are the Parent, the Board of Directors, and the Executive Board.

Other related parties consist of group consolidated companies in The Dow Chemical Company Group.

Notes

	Other related parties.
	EUR'000
19. Transactions with related parties	
Sale of assets	36.485
Recharges	1.844
Other	1.355
Receivables	98.949
Liabilities other than provisions	21.517

20. 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 Dow Chemical Company may 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 large.

The annual report is presented in EUR.

The accounting policies applied for these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The annual report of Rohm and Haas Europe Trading ApS 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.

Discontinued operations

Discontinued operations are material business areas or geographical areas planned, or decided, to be disposed of, discontinued or abandoned and which may be separated from the entity's other operations.

Results from discontinued operations are presented in the income statement as a separate item consisting of operating profit/loss after tax of the relevant operation and any gains or losses from fair value adjustments or sale of the assets and liabilities related to the operation.

Non-current assets and groups of assets related to the discontinued operations are presented separately in the balance sheet as current assets held for sale. Liabilities directly related to the discontinued operations are presented as separate current liabilities in the balance sheet.

Accounting policies

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.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and 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

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Cost of sales

Cost of sales comprises cost of sales for the financial year measured at cost.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets.

Administrative costs

Administrative expenses comprise expenses incurred for the Entity's administrative functions including stationary and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Accounting policies

Other financial income

Other financial income comprises interest income and interest income on receivables from group enterprises as well as realised and unrealised exchange adjustments.

Other financial expenses

Other financial expenses comprises interest expenses and interest expenses on payables from group enterprises as well as realised and unrealised exchange adjustments.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish affiliated entities. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise patents.

Property, plant and equipment

Plant and machinery as well as fixtures, fittings and equipment are valued at cost less accumulated depreciation.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment

3-20 years

Accounting policies

New acquisitions costing less than DKK 20.000 are expensed fully in the year of acquisition. Depreciation and profits and losses on current replacement of property, plant and equipment are expensed under administrative expenses.

1.1.2 Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the asset is written down to its lower recoverable amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets should be assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

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.

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Provisions for pension liabilities etc

To the extent that pension commitments are not covered by the insurance, they are included in the balance sheet as provisions. The calculation of the liability is based on actuarial computations.

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