

**Rohm and Haas Europe
Services ApS**
Sorgenfrivej 15
DK-2800 Kgs. Lyngby
Central Business Registration No
30822048

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 Services ApS
Sorgenfrivej 15
DK-2800 Kgs. Lyngby

Central Business Registration No: 30822048
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 Services 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 Services ApS

Opinion

We have audited the financial statements of Rohm and Haas Europe Services 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 filling 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	24.639	34.098	31.877	60.588
Gross profit/loss	(210)	18.869	19.061	21.749	9.446
Profit (loss) from ordinary activities	3.856	(96)	5.056	2.038	8.765
Operating profit/loss	(210)	4.160	317	5.550	9.346
Net financials	(229)	(303)	(412)	(493)	581
Profit/loss for the year	5.469	2.954	(3.993)	4.971	1.711
Total assets	16.326	57.148	55.411	62.991	83.227
Investments in property, plant and equipment	281	356	0	276	999
Equity	1.633	(3.836)	(6.790)	(3.037)	(3.691)
Employees in average	42	125	140	151	206
Ratios					
Gross margin (%)	-	76,6	55,9	68,2	15,6
Equity ratio (%)	10,0	(6,7)	(12,3)	(4,8)	(4,4)
Return on equity (%)	232,7	55,6	83,5	(88,7)	74,6
Return on assets (%)	23,9	(0,6)	8,8	4,0	11,2

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.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
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.
Return on assets (%)	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$	A measure of profitability calculated by expressing a company's net income as a percentage of total assets.

[Click here to enter text.](#)

Management commentary

Primary activities

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

Development in activities and finances

The company's French branch ceased operations during 2016 and is expected to be closed during 2017. The entire income statement is in reference to paragraph 80 in the Danish Financial Statement Act presented as discontinued operations.

The company's profit of Euro 5.469.313 was almost entirely derived from the French branch

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 not unusual circumstances affecting the recognition and measurement.

Outlook

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 down the branch and eventually close the entity by means of a merger into another Dow legal entity.

Particular risks

The Company has limited operating risk mainly involving bad debt and 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, "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>

Foreign branches

The Company has only one remaining branch; in France, and this ceased operations during 2016.

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

	Notes	2016 EUR	2015 EUR
Revenue	2	0	24.638.733
Other operating income		0	575.557
Other external expenses		<u>(210.345)</u>	<u>(6.345.403)</u>
Gross profit/loss		(210.345)	18.868.887
Staff costs	3	<u>0</u>	<u>(14.709.193)</u>
Operating profit/loss		(210.345)	4.159.694
Other financial income	4	111.000	110.878
Other financial expenses	5	<u>(339.893)</u>	<u>(414.131)</u>
Profit/loss before tax		(439.238)	3.856.441
Tax on profit/loss for the year	6	<u>96.632</u>	<u>(902.160)</u>
Profit or loss from continuing operations		(342.606)	2.954.281
Profit or loss from discontinued operations	1	<u>5.811.919</u>	<u>0</u>
Profit/loss for the year	7	<u>5.469.313</u>	<u>2.954.281</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 EUR</u>	<u>2015 EUR</u>
Other fixtures and fittings, tools and equipment		0	547.088
Property, plant and equipment in progress		0	174.910
Property, plant and equipment	8	0	721.998
Deferred tax	10	0	55.963
Fixed asset investments	9	0	55.963
Fixed assets		0	777.961
Trade receivables		0	53.989
Receivables from group enterprises		14.328.790	53.704.482
Other receivables		75.319	516.019
Income tax receivable		1.921.609	2.095.423
Receivables		16.325.718	56.369.913
Cash		12	58
Current assets		16.325.730	56.369.971
Assets		16.325.730	57.147.932

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 EUR</u>	<u>2015 EUR</u>
Contributed capital		17.163	17.163
Retained earnings		1.616.261	(3.853.052)
Equity		1.633.424	(3.835.889)
Provisions for pension liabilities etc.	11	1.582.910	1.935.265
Deferred tax	10	0	633.039
Provisions		1.582.910	2.568.304
Trade payables		88.074	893.832
Payables to group enterprises		12.912.969	53.297.787
Income tax payable		107.535	109.503
Other payables		818	4.114.395
Current liabilities other than provisions		13.109.396	58.415.517
Liabilities other than provisions		13.109.396	58.415.517
Equity and liabilities		16.325.730	57.147.932
Contingent liabilities	12		
Related parties with controlling interest	13		
Transactions with related parties	14		
Group relations	15		

Statement of changes in equity for 2016

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	17.163	(3.853.052)	(3.835.889)
Profit/loss for the year	0	5.469.313	5.469.313
Equity end of year	17.163	1.616.261	1.633.424

Notes

	2016	2015
	EUR	EUR
1. Discontinued operations		
Income statement		
Revenue	11.089.950	0
Other operating income	1.405.779	0
Other External expenses	<u>(1.574.538)</u>	<u>0</u>
Gross profit/loss	10.921.191	0
Staff costs	<u>(5.701.158)</u>	<u>0</u>
Profit/loss for the period	5.220.033	0
Profit/loss arising from disposal	<u>0</u>	<u>0</u>
Tax on profit/loss for the year	<u>591.886</u>	<u>0</u>
Total effect on profit/loss	<u>5.811.919</u>	<u>0</u>

2. Revenue

The Company operates exclusively on the European market and revenue includes only the providing of services to group enterprises, for which reason there is no further segmentation of revenue. Revenue for 2016 is in reference to paragraph 80 in the Danish Financial Statement act presented as discontinued operations.

	2016	2015
	EUR	EUR
3. Staff costs		
Wages and salaries	3.379.780	9.468.343
Pension costs	2.289.513	5.077.547
Other staff costs	<u>31.865</u>	<u>163.303</u>
	<u>5.701.158</u>	<u>14.709.193</u>
Average number of employees	<u>42</u>	<u>125</u>

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

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

Notes

	2016	2015
	EUR	EUR
4. Other financial income		
Financial income arising from group enterprises	111.000	110.878
	111.000	110.878
5. Other financial expenses		
Financial expenses from group enterprises	334.906	390.651
Interest expenses	95	595
Exchange rate adjustments	4.892	22.885
	339.893	414.131
6. Tax on profit/loss for the year		
Tax on current year taxable income	(96.632)	776.436
Change in deferred tax for the year	0	292.000
Adjustment concerning previous years	0	(166.276)
	(96.632)	902.160
7. Proposed distribution of profit/loss		
Retained earnings	5.469.313	2.954.281
	5.469.313	2.954.281

Notes

	Other fixtures and fittings, tools and equipment EUR	Property, plant and equipment in progress EUR
8. Property, plant and equipment		
Cost beginning of year	9.545.294	174.910
Additions	42.690	237.859
Disposals	(9.587.984)	(412.769)
Cost end of year	0	0
Depreciation and impairment losses beginning of the year	(8.998.206)	0
Depreciation for the year	(61.852)	0
Reversal regarding disposals	9.060.058	0
Depreciation and impairment losses end of the year	0	0
Carrying amount end of year	0	0
		Deferred tax EUR
9. Fixed asset investments		
Cost beginning of year		55.963
Disposals		(55.963)
Cost end of year		0
Carrying amount end of year		0

10. Deferred tax

Deferred tax is incumbent on property, plant and equipment, trade receivables, and tax loss carryforwards within the Company's foreign branches. The net movement of EUR 577.076 is recorded in the P&L.

Notes

11. 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.

12. 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 1 July 2012 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.

13. 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.

	Other related parties.
	EUR
14. Transactions with related parties	
Net services provided	11.089.950
Net interest paid	223.906
Joint taxation charge	117.331
Receivables	14.328.790
Liabilities other than provisions	12.912.969

Notes

15. 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 48641-1206
USA

Accounting policies

Reporting class

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

The annual report is presented in EUR.

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

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.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement provided that general criteria are met, i.e. that delivery and transfer of risk have passed to the buyer by year-end, the amount can be determined accurately and it is expected to be paid.

Revenue is recognised exclusive of VAT and net of discount relating to sales.

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.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises as well as realised and unrealised currency translation adjustments.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises as well as realised and unrealised currency translation adjustments.

Accounting policies

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 the 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

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured 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
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1.1.1 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.

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

Receivables

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

Accounting policies

Income tax payable or receivable

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

Cash comprises cash in hand and bank deposits.

Provisions for pension liabilities etc

To the extent that pension commitments are not covered by 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.

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