

DOW DANMARK A/S

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**

24/05/2017

Finn Jeff Lernø
Chairman of general meeting

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Company information

Reporting company DOW DANMARK A/S
Sorgenfrivej 15
2800 Kgs. Lyngby

Phone number: 45280800
Fax number: 45280801
CVR-nr: 52974216
Reporting period: 01/01/2016 - 31/12/2016

Main financial institution Deutsche Bank

Auditor Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S
DK Denmark
CVR-nr: 33963556
P-number: 1017192430

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Dow Danmark A/S 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 24/05/2017

Management

Clas Bertil Filip Tauson

Board of directors

Finn Jeff Lernø

Gino Eduardus Angela van Poorten

Clas Bertil Filip Tauson

The independent auditor's report on financial statements

To the shareholder of DOW DANMARK A/S

Report on financial statements

Opinion

We have audited the financial statements of Dow Danmark A/S 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 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, 24/05/2017

Flemming Larsen
State Authorised Public Accountant
Deloitte Statsautoriseret Revisionspartnerselskab
CVR: 33963556

Management's Review

Primary activities

The Company's activity consists of agency activities and trading of chemicals.

Development in activities and finances

Profit before tax amounts to DKK 11.512.035. At 31 of December 2016, equity amounts to DKK 85.548.446.

During the year the company sold part of its business which resulted in an income of DKK 5.369.479. It is expected that the entity will continue its business with agency activities.

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B.

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 risk 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.

Income statement

Revenue

Revenue comprises commission income.

Staff costs

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

Other operating expenses

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

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

Receivables

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

Deferred income assets

Deferred income assets comprise incurred costs relating to subsequent financial years. They are measured at cost.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Income statement 1 Jan 2016 - 31 Dec 2016

	Disclosure	2016 kr.	2015 kr.
Revenue	1	14,199,016	13,993,456
Other operating income		5,369,479	0
Gross Result		19,568,495	13,993,456
Employee expense	2	-1,609,379	-500,140
Other operating expenses		-6,602,150	-10,272,871
Profit (loss) from ordinary operating activities		11,356,966	3,220,445
Other finance income	3	196,904	197,654
Other finance expenses	4	-41,835	-124,697
Profit (loss) from ordinary activities before tax		11,512,035	3,293,402
Tax expense	5	-2,247,476	-725,297
Profit (loss)		9,264,559	2,568,105
Proposed distribution of results			
Retained earnings		9,264,559	2,568,105
Proposed distribution of profit (loss)		9,264,559	2,568,105

Balance sheet 31 December 2016

Assets

	Disclosure	2016	2015
		kr.	kr.
Receivables from group enterprises		90,768,913	79,771,041
Other receivables		52,970	57,893
Deferred income assets		114,558	11,560
Receivables		90,936,441	79,840,494
Current assets		90,936,441	79,840,494
Total assets		90,936,441	79,840,494

Balance sheet 31 December 2016

Liabilities and equity

	Disclosure	2016	2015
		kr.	kr.
Contributed capital		54,000,000	54,000,000
Retained earnings		31,548,446	22,283,887
Total equity		85,548,446	76,283,887
Payables to group enterprises		2,449,732	2,658,618
Tax payables		2,247,476	469,334
Other payables, including tax payables, liabilities other than provisions		690,787	428,655
Short-term liabilities other than provisions, gross		5,387,995	3,556,607
Liabilities other than provisions, gross		5,387,995	3,556,607
Liabilities and equity, gross		90,936,441	79,840,494

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

	Contributed capital	Retained earnings	Total
	kr.	kr.	kr.
Equity, beginning balance	54,000,000	22,283,887	76,283,887
Profit (Loss)		9,264,559	9,264,559
Equity, ending balance	54,000,000	31,548,446	85,548,446

Disclosures

1. Revenue

Revenue comprises commission income from group companies.

2. Employee expense

	2016	2015
	kr.	kr.
Wages and salaries	-1,520,459	-420,065
Pension costs	-88,920	-80,075
	-1,609,379	-500,140

3. Other finance income

	2016	2015
	kr.	kr.
Financial income arising from group enterprises	196,904	197,654
	196,904	197,654

4. Other finance expenses

	2016	2015
	kr.	kr.
Interest expenses	-3,526	-2,349
Exchange rate adjustments	-38,309	-122,348
	-41,835	-124,697

5. Tax expense

	2016	2015
	kr.	kr.
Current tax	-2,247,476	-469,334
Prior year adjustments	0	-255,963
	-2,247,476	-725,297

6. Disclosure of 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.

The company has a lease commitment of DKK 257.868 until maturity.

7. Disclosure of mortgages and collaterals

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

8. Disclosure of ownership

Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

The Dow Chemical Company, Midland, Michigan, USA

9. Information on average number of employees

	2016	2015
Average number of employees	1	1