

Dow Danmark A/S
Central Business Registration No
52974216
Sorgenfrivej 15
DK-2800 Kgs. Lyngby

Annual report 2015

The Annual General Meeting adopted the annual report on 30.05.2016

Chairman of the General Meeting



Name: Finn Jeff Lernø

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Entity details

Entity

Dow Danmark A/S
Sorgenfrivej 15
DK-2800 Kgs. Lyngby

Central Business Registration No: 52974216

Registered in: Lyngby-Taarbæk

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Finn Jeff Lernø, Chairman
Andrew Michael Jones
Gino Eduardus Angela van Poorten

Executive Board

Andrew Michael Jones

Bank

Deutsche Bank

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 Dow Danmark A/S for the financial year 01.01.2015 - 31.12.2015.

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 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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, 30.05.2016

Executive Board

Andrew Michael Jones

Board of Directors

Finn Jeff Lernø
Chairman

Andrew Michael Jones

Gino Eduardus Angela van Poor-
ten

Independent auditor's reports

To the owner of Dow Danmark A/S

Report on the financial statements

We have audited the financial statements of Dow Danmark A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Report on other legal and regulatory requirements

Emphasis of matter regarding other issues

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.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 30.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Flemming Larsen
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

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 3.293 thousand. At 31 of December 2015, equity amounts to DKK 76.284 thousand.

The Dow group has undertaken a project to reduce the number of legal entities worldwide. As a result of this review, the Company will take over the activities of other Danish entities that are to be closed as a result of this review at some time during 2016.

Unusual circumstances affecting recognition and measurement

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

Events after the balance sheet date

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

Accounting policies

Reporting class

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

The annual report is presented in DKK.

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.

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.

Accounting policies

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 currencies.

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 currencies.

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).

Accounting policies

Balance sheet

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 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 for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Revenue	1	13.993.456	14.790.350
Gross profit/loss		13.993.456	14.790.350
Staff costs	2	(500.140)	(2.743.979)
Other operating expenses		(10.272.871)	(10.225.213)
Operating profit/loss		3.220.445	1.821.158
Other financial income	3	197.654	335.877
Other financial expenses	4	(124.697)	(65.523)
Profit/loss from ordinary activities before tax		3.293.402	2.091.512
Tax on profit/loss from ordinary activities	5	(725.297)	(1.557.177)
Profit/loss for the year		<u>2.568.105</u>	<u>534.335</u>
Proposed distribution of profit/loss			
Retained earnings		<u>2.568.105</u>	<u>534.335</u>
		<u>2.568.105</u>	<u>534.335</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Receivables from group enterprises		79.771.041	79.370.881
Other short-term receivables		57.893	36.186
Prepayments		11.560	9.385
Receivables		<u>79.840.494</u>	<u>79.416.452</u>
 Current assets		 <u>79.840.494</u>	 <u>79.416.452</u>
 Assets		 <u><u>79.840.494</u></u>	 <u><u>79.416.452</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital	6	54.000.000	54.000.000
Retained earnings		<u>22.283.887</u>	<u>19.715.782</u>
Equity		<u>76.283.887</u>	<u>73.715.782</u>
Debt to group enterprises		2.658.618	4.531.731
Income tax payable		469.334	339.844
Other payables		<u>428.655</u>	<u>829.095</u>
Current liabilities other than provisions		<u>3.556.607</u>	<u>5.700.670</u>
Liabilities other than provisions		<u>3.556.607</u>	<u>5.700.670</u>
Equity and liabilities		<u>79.840.494</u>	<u>79.416.452</u>
Contingent liabilities	7		
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Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	54.000.000	19.715.782	73.715.782
Profit/loss for the year	0	2.568.105	2.568.105
Equity end of year	54.000.000	22.283.887	76.283.887

Notes

1. Revenue

Revenue comprises commission income from group companies.

	2015	2014
	DKK	DKK
2. Staff costs		
Wages and salaries	420.065	2.598.267
Pension costs	80.075	145.712
	500.140	2.743.979

	2015	2014
	DKK	DKK
3. Other financial income		
Financial income arising from group enterprises	197.654	335.877
	197.654	335.877

	2015	2014
	DKK	DKK
4. Other financial expenses		
Financial expenses from group enterprises	0	7.158
Interest expenses	2.349	6.718
Exchange rate adjustments	122.348	51.647
	124.697	65.523

	2015	2014
	DKK	DKK
5. Tax on ordinary profit/loss for the year		
Current tax	469.334	193.155
Change in deferred tax for the year	0	1.364.022
Adjustment relating to previous years	255.963	0
	725.297	1.557.177

Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
6. Contributed capital			
Ordinary shares	108.000	500,00	54.000.000
	108.000		54.000.000

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

7. Contingent liabilities

The Company participates in a Danish joint taxation arrangement, in which Dow AgroSciences Danmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

8. Assets charged and collateral

At 31 December 2015, the Company has no assets charged, and no contingent liabilities are incumbent on the Company.

9. Ownership

The Company is a wholly owned subsidiary of Dow InterBranch B.V., the Netherlands. The Ultimate Parent is The Dow Chemical Company.

10. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest 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