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# Press Release

Heerlen (NL), 1 November 2011

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## DSM reports strong Q3 results

- Q3 EBITDA from continuing operations €339 million, 26% ahead of Q3 2010
- Organic sales growth 14%
- Robust performance in Life Sciences despite significant impact of Swiss franc
- Very good Materials Sciences results driven by Polymer Intermediates
- Martek continued its excellent performance; integration completed
- DSM Sinochem Pharmaceuticals joint venture established
- EPS (before exceptional items, continuing operations) up 38% to €0.94
- Outlook confirmed: 2011 expected to be a strong year

Commenting on the results, Feike Sijbesma, CEO/Chairman of the DSM Managing Board, said:
*"We are pleased to have delivered continued profitable growth compared to last year across all business clusters. This performance has been achieved despite the significant impact of a very strong Swiss franc and a weak US dollar.*

*"Our outlook remains unchanged: 2011 is expected to be a strong year with further progress towards achieving our 2013 targets. However, DSM remains vigilant to possible negative developments in the global economy. Through Q3 we have experienced weakening in the electronics and electrical markets and in the depressed building and construction markets. DSM would not be immune to a deterioration in the economic environment, however, we have transformed DSM into a much more balanced and stronger company with a relatively resilient portfolio in health, nutrition and materials, a broad geographic spread with a strong presence in high growth economies and a solid balance sheet."*

| third quarter 2011 | 2010 | +/- | in € million | January - September 2011 | 2010 | +/- |
|---|---|---|---|---|---|---|
| | | | **Continuing operations:** | | | |
| **2,322** | **2,041** | *14%* | Net sales | **6,821** | **6,094** | *12%* |
| **339** | **268*** | *26%*** | Operating profit before depreciation and amortization (EBITDA) | **1,003** | **885*** | *13%*** |
| 176 | 167 | | - Nutrition | 542 | 521 | |
| 13 | 7 | | - Pharma | 25 | 35 | |
| 77 | 72 | | - Performance Materials | 250 | 227 | |
| 109 | 46 | | - Polymer Intermediates | 301 | 156 | |
| -14 | -10 | | - Innovation Center | -40 | -36 | |
| -22 | -14 | | - Corporate activities | -75 | -18* | |
| | | | * of which €7 million (January - September €24 million) IFRS pension adjustment | | | |
| | | | ** 30% (January - September 16%) if IFRS pension adjustment is excluded | | | |
| 231 | 169* | *37%* | Operating profit (EBIT) | 700 | 582* | *20%* |
| | | | Discontinued operations: | | | |
| - | 171 | | Net sales | 145 | 754 | |
| - | 24 | | Operating profit before depreciation and amortization (EBITDA) | 29 | 103 | |
| - | 19 | | Operating profit (EBIT) | 29 | 76 | |
| | | | **Total DSM:** | | | |
| **2,322** | **2,212** | *5%* | Net sales | **6,966** | **6,848** | *2%* |
| 339 | 292 | *16%* | Operating profit before depreciation and amortization (EBITDA) | 1,032 | 988 | *4%* |
| **159** | **128** | *24%* | Net profit before exceptional items | **497** | **430** | *16%* |
| 12 | -49 | | Net result from exceptional items | 232 | -72 | |
| **171** | **79** | *116%* | Net profit | **729** | **358** | *104%* |
| | | | **Net earnings per ordinary share in €:** | | | |
| 0.94 | 0.68 | *38%* | - before exceptional items, continuing operations | 2.82 | 2.26 | *25%* |
| 1.00 | 0.46 | *117%* | - including exceptional items, total DSM | 4.33 | 2.14 | *102%* |

*In this report:*

- *'operating profit' (before depreciation and amortization) is understood to be operating profit (before depreciation and amortization) before exceptional items;*
- *'net profit' is the net profit attributable to equity holders of Royal DSM N.V.;*
- *'continuing operations' refers to the DSM operations excluding DSM Agro, DSM Melamine, DSM Special Products B.V., S.A. Citrique Belge N.V and DSM Elastomers;*
- *'discontinued operations' comprise net sales and operating profit (before depreciation and amortization) of DSM Agro and DSM Melamine up to and including Q2 2010, S.A. Citrique Belge N.V. up to and including Q3 2010, DSM Special Products B.V. up to and including Q4 2010 and DSM Elastomers up to and including Q2 2011.*

**Overview of third quarter 2011**
The monetary and financial instability continued to increase during Q3 with substantial currency volatility. The Swiss franc in particular appreciated very strongly, reaching an all time high and almost parity against the euro in Q3 before stabilizing at a lower, but still very high level. On average, the Swiss franc was 13% stronger against the euro compared to Q3 last year. The US dollar was 10% weaker compared to Q3 2010.

The governmental austerity programs combined with the financial turmoil and a drop in consumer and producer confidence caused a slowdown in economic growth in the developed world. The building and construction sector continues to be weak, and demand has also weakened in the electronics and electrical markets. In the high growth economies, economic growth slowed marginally, partly due to interventions to address inflationary pressure.

DSM believes that it is well positioned to face the challenges caused by this difficult macro-economic environment. The Life Sciences clusters are relatively resilient to the economic turmoil and DSM overall is benefiting from its strong presence in high growth economies, especially China.

| **Net sales** | **third quarter** | | | | | |
|---|---|---|---|---|---|---|
| *in € million* | 2011 | 2010 | differ-ence | organic growth | exch. rates | other |
| Nutrition | 868 | 751 | 16% | 8% | -2% | 10% |
| Pharma | 171 | 168 | 2% | 14% | -4% | -8% |
| Performance Materials | 711 | 666 | 7% | 7% | -3% | 3% |
| Polymer Intermediates | 473 | 340 | 39% | 45% | -6% | |
| Innovation Center | 15 | 17 | | | | |
| Corporate activities | 84 | 99 | | | | |
| **Total** (continuing operations) | 2,322 | 2,041 | 14% | 14% | -3% | 3%* |
| Discontinued operations | | 171 | | | | |
| Total | 2,322 | 2,212 | | | | |

* Including the effect of the deconsolidation of Sitech Manufacturing Services, which was reported in Corporate activities in 2010.

Q3 was the seventh consecutive quarter with double digit organic sales growth (14%), of which 6% from volumes and 8% from prices. Prices increased mainly in Materials Sciences, which resulted in a further improvement of margins. The volume trend in most businesses remained very sound. As in Q2, DSM Dyneema was affected by lower sales to the tender driven vehicle protection business.

Net sales in China (continuing operations in USD) increased by 52% from USD 364 million in Q3 2010 to USD 554 million in Q3 2011. Total sales in high growth economies increased to 40% of overall DSM sales in Q3 2011.

Total EBITDA in Q3 was €339 million, which is 26% higher than last year and equal to Q2 2011. All business clusters posted a better result than in Q3 2010.

Nutrition continued to deliver year-on-year profit growth despite the strength of the Swiss franc. Martek once again delivered an excellent performance that clearly exceeded expectations.

The Pharma results continued to improve, mainly due to DSM Pharmaceutical Products.

In Performance Materials DSM Engineering Plastics more than compensated for the drop in results at DSM Dyneema.

Polymer Intermediates posted its best quarter ever, driven by extremely good margins and an excellent manufacturing performance.

**Business review by cluster**

**Nutrition**

| third quarter | | *in € million* | January - September | |
|---|---|---|---|---|
| 2011 | 2010 | | 2011 | 2010 |
| 868 | 751 | Net sales | 2,505 | 2,247 |
| 176 | 167 | EBITDA | 542 | 521 |
| 134 | 133 | EBIT | 428 | 419 |
| 20.3% | 22.2% | EBITDA margin | 21.6% | 23.2% |

**Sales** in Q3 2011 increased by 16% over the same period last year due to a steady organic sales growth of 8%, reflecting the strong volumes in Animal Nutrition & Health, and the Martek acquisition. Overall prices were in line with Q3 last year. The currency impact on sales of -2% was mainly caused by the weak US dollar. Compared to the second quarter of this year, organic sales growth was 1%, as a result of improving prices.

The performance of the cluster continued to be robust with **EBITDA** margins above 20%. EBITDA in Q3 improved compared to last year despite the negative impact of currencies (of around €25 million net of hedging results, mainly Swiss franc related) and higher raw material and energy costs. These negative effects were compensated for by volume growth, the effect of the Martek acquisition and the ongoing efforts to optimize costs.

Martek delivered an excellent performance with sales of €84 million and EBITDA of €26 million. The integration of Martek has been successfully completed.

**Pharma**

| third quarter | | *in € million* | January - September | |
|---|---|---|---|---|
| 2011 | 2010 | | 2011 | 2010 |
| 171 | 168 | Net sales | 512 | 549 |
| 13 | 7 | EBITDA | 25 | 35 |
| 3 | -7 | EBIT | -7 | -8 |
| 7.6% | 4.2% | EBITDA margin | 4.9% | 6.4% |

Organic **sales** growth was 14%, mainly driven by higher volumes from DSM Pharmaceutical Products, which were partially offset by lower volumes from DSM Sinochem Pharmaceuticals.

Higher sales volumes drove an increase in **EBITDA** in Q3 compared to last year. However, EBITDA was still well below an acceptable level.

The anti-infectives joint venture between DSM and Sinochem Group was established in the third quarter. DSM has proportionally consolidated the joint venture, DSM Sinochem Pharmaceuticals, at 50% as of 1 September 2011. This impacted the reported net sales (-8%) and EBITDA of the cluster.

**Performance Materials**

| third quarter | | in € million | January - September | |
|---|---|---|---|---|
| 2011 | 2010 | | 2011 | 2010 |
| 711 | 666 | Net sales | 2,125 | 1,867 |
| 77 | 72 | EBITDA | 250 | 227 |
| 47 | 43 | EBIT | 162 | 136 |
| 10.8% | 10.8% | EBITDA margin | 11.8% | 12.2% |

The Performance Materials cluster delivered 7% organic **sales** growth, mainly due to strong pricing at DSM Engineering Plastics and DSM Resins. Volumes were higher at DSM Engineering Plastics because of its improved market position. Volumes at DSM Resins were lower due to further weakening in the building & construction markets. Volumes at DSM Dyneema were lower as growth in fiber solutions and personal protection was more than offset by lower volumes in the tender driven vehicle protection business.

Prices and unit margins continued to improve at DSM Engineering Plastics and DSM Resins compared to last year. **EBITDA** for the cluster improved slightly compared to Q3 2010 as a consequence of higher results at DSM Engineering Plastics, partly offset by lower results at DSM Dyneema, which are mainly related to lower volumes in the vehicle protection business.

**Polymer Intermediates**

| third quarter | | in € million | January - September | |
|---|---|---|---|---|
| 2011 | 2010 | | 2011 | 2010 |
| 473 | 340 | Net sales | 1,353 | 1,016 |
| 109 | 46 | EBITDA | 301 | 156 |
| 96 | 38 | EBIT | 272 | 132 |
| 23.0% | 13.5% | EBITDA margin | 22.2% | 15.4% |

Polymer Intermediates achieved organic **sales** growth of 45% compared to Q3 2010. The cluster continued to benefit from the high global utilization rate, resulting in excellent pricing. Prices were 26% above last year's level. Volumes were higher in comparison to last year due to yield improvements in operations in both caprolactam and acrylonitrile and a maintenance shutdown in China in Q3 2010.

Polymer Intermediates continued to show a substantial **EBITDA** increase compared to the same period last year. Continued pricing strength and higher margins, combined with higher sales volumes and an excellent manufacturing performance, drove the result to a new record high.

**Innovation Center**

| third quarter | | in € million | January - September | |
|---|---|---|---|---|
| 2011 | 2010 | | 2011 | 2010 |
| 15 | 17 | Net sales | 43 | 35 |
| -14 | -10 | EBITDA | -40 | -36 |
| -16 | -13 | EBIT | -48 | -44 |

**EBITDA** was lower than Q3 2010 due to lower sales and costs related to the Actamax® Joint Venture with DuPont in DSM Biomedical and increased innovation costs for the new projects in DSM Bio-based Products & Services.

The C5 Yeast Company BV acquisition was completed on 28 July, through which DSM will further increase its leadership position in the field of second generation biofuels. In addition to cellulosic biofuels DSM invests in developing bio-succinic acid, biogas, biodiesel and bio-adipic acid businesses. DSM Personalized Nutrition was sold to Viocare, Inc. on 13 September. DSM will remain involved in the business as a minority shareholder in Viocare through DSM Venturing.

**Corporate activities**

| third quarter | | in € million | January - September | |
|---|---|---|---|---|
| 2011 | 2010 | | 2011 | 2010 |
| 84 | 99 | Net sales | 283 | 380 |
| -22 | -14 | EBITDA* | -75 | -18 |
| -33 | -25 | EBIT* | -107 | -53 |
| | 7 | * of which IFRS pension adjustment | | 24 |

The lower EBITDA in Q3 2011 compared to Q3 2010 was mainly due to the changes in the Dutch pension plan. These lower results were partly compensated for by lower share based payment costs in line with the development of the share price during Q3.

**Exceptional items**

Total *exceptional items* in Q3 2011 amounted to €12 million profit after tax, comprising an after tax book profit of € 39 million in relation to the establishment of the DSM Sinochem Pharmaceuticals joint venture, an after tax book loss of €16 million for non-recurring value adjustments of inventories in relation to the Martek acquisition and an after tax loss of €11 million in relation to DSM Resins' restructurings.

**Net profit**

*Net profit* increased from €79 million in Q3 2010 to €171 million in Q3 2011, which was mainly due to the strong increase in operating profit, a lower tax rate and the net result of exceptional items.

*Net finance costs* amounted to €15 million in Q3 2011 compared to €16 million in Q3 2010.

*The effective tax rate* was 21% (Q3 2010 25%). The lower tax rate was a result of a different geographical spread of results and the application of preferential tax regimes. The decrease was negatively impacted by the very strong results in Polymer Intermediates, which were partly realized in high tax jurisdictions.

*Net earnings per ordinary share (continuing operations, excluding exceptional items)* increased by 38% to a level of €0.94 per ordinary share in Q3 2011 (Q3 2010: €0.68).

**Cash flow, capital expenditure and financing**

*Cash provided by operating activities* in Q3 was €323 million, bringing the year-to-date total to €479 million.

*Operating working capital* increased from 21.0% of sales at the end of Q2 2011 to 21.6% of sales at the end of Q3 2011.

Cash flow related to *capital expenditure* amounted to -€144 million in Q3 2011, which is an increase compared to prior quarters, due to several large projects entering the construction phase. Year-to-date capital expenditure was €304 million (€251 million in 2010). Cash flow from *acquisitions* amounted to -€58 million in Q3, mainly related to AGI Corporation of Taiwan and C5 Yeast Company.

*Net debt* increased during the quarter from €278 million to €304 million.

**Progress of strategy: DSM in motion:** ***driving focused growth***

DSM in motion: *driving focused growth* marks the shift from an era of intensive portfolio transformation to a strategy for the coming years of maximizing sustainable and profitable growth of 'the new DSM'. The current businesses compose the new core of DSM in Life Sciences and Materials Sciences. Below is an update on DSM's achievements and progress in the third quarter of 2011.

DSM established the 50/50 global joint venture for its business group DSM Anti-Infectives with Sinochem Group. The joint venture includes all of the current DSM Anti-Infectives activities across the world. DSM Sinochem Pharmaceuticals aims to increase its sales to more than €600 million with an EBITDA margin above 15% by 2015.

DSM successfully completed the acquisition of a majority share of 91.75% in Shandong ICD High Performance Fibre Co. Ltd. (ICD) in China. ICD is a manufacturer of UHMWPE (ultra high molecular weight polyethylene) fiber and a strong player in the high-performance fiber market in China. The acquisition brings complementary manufacturing and technology assets to DSM and substantially strengthens the company's presence in this key market.

DSM also finalized the acquisition of a 51% stake in AGI Corporation of Taiwan (AGI), producer of a broad range of environmentally friendly UV (ultraviolet) curable resins and other products. The acquisition is one of the initiatives from DSM Resins to strengthen its market position in high growth economies and high-end sustainable, innovative products. On 28 July a fire occurred at the Shinhua site of AGI in Taiwan. As a result, 7 employees were injured. DSM deeply regrets this serious accident.

The building and construction markets in Europe and the US continue to be depressed and this is negatively affecting DSM Resins' results. In order to achieve its objectives, including accelerating its switch to highly innovative and sustainable business (styrene free resins, powder-, waterborne and UV resins), the business group will optimize and streamline its global organization. Therefore, DSM Resins will close a few smaller operations in the United Kingdom and Taiwan (90 fte) and reduce its global staff (210 fte, of which 130 fte in the Netherlands). For this purpose an exceptional item of approximately €26 million (after tax) will be recorded in 2011, of which €11 million (after tax) in Q3. These actions are expected to result in annualized cost savings of €25-30 million in 2013.

In Romania DSM completed the acquisition of the premix unit of Fatrom Furajeri Additivi, the country's leading premix manufacturer. It allows DSM to expand its global network of premix facilities and offers improved access to the growing Romanian livestock feed market.

DSM once again retained its number one position in the chemical industry sector in the Dow Jones Sustainability World Index. This is the third consecutive year that DSM has held this top position in worldwide sustainability and the sixth time in total since 2004. In 2007 and 2008, the two years when DSM was not ranked number one, it was still among the leaders in the sector.

**Outlook 2011**

The outlook for the remainder of the year is consistent with DSM's earlier expectations. However, DSM is mindful of the impact that a deterioration in macro-economic conditions could have on its end markets. At the same time DSM remains confident that it will continue to benefit from its balanced, relatively resilient portfolio in health, nutrition and materials, its broad geographic spread with a strong presence in high growth economies, and its solid balance sheet.

DSM assumes that there will be no major changes to the overall business conditions for the remainder of the year.

The Nutrition cluster is expected to maintain its resilient performance through firm pricing and continued volume growth. At the current exchange rate the Swiss franc is estimated to have a negative impact of between €10 million and €15 million net of hedges in Q4 2011 compared to last year. Including Martek, full year EBITDA for the cluster is expected to be clearly above last year's level.

Conditions in the Pharma cluster remain challenging and the overall results are anticipated to be lower than in 2010. DSM has proportionally consolidated DSM Sinochem Pharmaceuticals at 50% as of 1 September 2011.

In Performance Materials, unit margins have clearly increased during the year. However, the cluster will continue to be impacted by weakening demand in building and construction and electronics and electrical and lower sales at DSM Dyneema related to the tender driven vehicle protection business as previously communicated. The cluster is expected to report full year results above last year.

The Polymer Intermediates business continues to benefit from very strong, although softening trading conditions. Polymer Intermediates' full year results are expected to be excellent.

DSM remains confident that 2011 will be a strong year with further progress being made towards achieving the EBITDA target of €1.4 billion to 1.6 billion in 2013, in conjunction with a ROCE of more than 15%.

**Additional information**

Today DSM will hold a conference call for the media from 08.00 AM to 08.30 AM CET and a conference call for investors and analysts from 09.00 AM to 10.00 AM CET. Details on how to access these calls can be found on the DSM website, www.dsm.com. Also, information regarding DSM's Q3 2011 results can be found in the Presentation to Investors, which can be downloaded from the Investors section of the DSM website.

## Condensed consolidated statement of income for the third quarter

| third quarter 2011 | | | *in € million* | third quarter 2010 | | |
|---|---|---|---|---|---|---|
| before exceptional items | exceptional Items | total | | before exceptional items | exceptional Items | total |
| 2,322 | | 2,322 | net sales | 2,212 | | 2,212 |
| 339 | 47 | 386 | EBITDA from continuing operations | 268 | -4 | 264 |
| | | | EBITDA from discontinued operations | 24 | 1 | 25 |
| 339 | 47 | 386 | EBITDA total DSM | 292 | -3 | 289 |
| 231 | -21 | 210 | operating profit (EBIT) | 188 | -53 | 135 |
| | | | operating profit from discontinued operations | 19 | -37 | -18 |
| 231 | -21 | 210 | operating profit from continuing operations | 169 | -16 | 153 |
| -15 | | -15 | net finance costs | -16 | | -16 |
| 2 | | 2 | share of the profit of associates | 4 | | 4 |
| 218 | -21 | 197 | profit before income tax expense | 157 | -16 | 141 |
| -46 | 33 | -13 | income tax expense | -40 | 5 | -35 |
| 172 | 12 | 184 | net profit from continuing operations | 117 | -11 | 106 |
| | | | net profit from discontinued operations | 14 | -38 | -24 |
| 172 | 12 | 184 | profit for the period | 131 | -49 | 82 |
| -13 | | -13 | non-controlling interests | -3 | | -3 |
| 159 | 12 | 171 | net profit | 128 | -49 | 79 |
| 159 | 12 | 171 | net profit | 128 | -49 | 79 |
| -3 | | -3 | dividend on cumulative preference shares | -2 | | -2 |
| 156 | 12 | 168 | net profit used for calculating earnings per share | 126 | -49 | 77 |
| 108 | 68 | 176 | depreciation and amortization | 104 | 50 | 154 |
| | | 136 | capital expenditure | | | 91 |
| | | 106 | acquisitions | | | 12 |
| | | | net earnings per ordinary share in € | | | |
| 0.94 | 0.06 | 1.00 | - net earnings, total DSM | 0.76 | -0.30 | 0.46 |
| 0.94 | 0.06 | 1.00 | - net earnings, continuing operations | 0.68 | -0.06 | 0.62 |
| | | 166.4 | average number of ordinary shares (x million) | | | 164.1 |
| | | 165.4 | number of ordinary shares, end of period (x million) | | | 164.6 |
| | | 21,702 | workforce (headcount) at end of period | | | *21,911 |
| | | 6,146 | of which in the Netherlands | | | *6,754 |

* Year-end 2010

This report has not been audited.

## Condensed consolidated statement of income for January - September

| January - September 2011 | | | *in € million* | January - September 2010 | | |
|---|---|---|---|---|---|---|
| before exceptional items | exceptional Items | total | | before exceptional items | exceptional Items | total |
| 6,966 | | 6,966 | net sales | 6,848 | | 6,848 |
| 1,003 | 30 | 1,033 | EBITDA from continuing operations | 885 | 6 | 891 |
| 29 | 110 | 139 | EBITDA from discontinued operations | 103 | -31 | 72 |
| 1,032 | 140 | 1,172 | EBITDA total DSM | 988 | -25 | 963 |
| 729 | 72 | 801 | operating profit (EBIT) | 658 | -82 | 576 |
| 29 | 110 | 139 | operating profit from discontinued operations | 76 | -76 | 0 |
| 700 | -38 | 662 | operating profit from continuing operations | 582 | -6 | 576 |
| -54 | 140 | 86 | net finance costs | -66 | | -66 |
| 5 | | 5 | share of the profit of associates | 4 | | 4 |
| 651 | 102 | 753 | profit before income tax expense | 520 | -6 | 514 |
| -137 | 19 | -118 | income tax expense | -131 | 2 | -129 |
| 514 | 121 | 635 | net profit from continuing operations | 389 | -4 | 385 |
| 21 | 111 | 132 | net profit from discontinued operations | 53 | -68 | -15 |
| 535 | 232 | 767 | profit for the period | 442 | -72 | 370 |
| -38 | | -38 | non-controlling interests | -12 | | -12 |
| 497 | 232 | 729 | net profit | 430 | -72 | 358 |
| 497 | 232 | 729 | net profit | 430 | -72 | 358 |
| -8 | | -8 | dividend on cumulative preference shares | -7 | | -7 |
| 489 | 232 | 721 | net profit used for calculating earnings per share | 423 | -72 | 351 |
| 303 | 68 | 371 | depreciation and amortization | 330 | 57 | 387 |
| | | 290 | capital expenditure | | | 257 |
| | | 907 | acquisitions | | | 46 |
| | | | net earnings per ordinary share in € | | | |
| 2.94 | 1.39 | 4.33 | - net earnings, total DSM | 2.58 | -0.44 | 2.14 |
| 2.82 | 0.71 | 3.53 | - net earnings, continuing operations | 2.26 | -0.02 | 2.24 |
| | | 166.2 | average number of ordinary shares (x million) | | | 163.7 |
| | | 165.4 | number of ordinary shares, end of period (x million) | | | 164.6 |
| | | 21,702 | workforce (headcount) at end of period | | | *21,911 |
| | | 6,146 | of which in the Netherlands | | | *6,754 |

* Year-end 2010

This report has not been audited.

## Consolidated balance sheet: assets*

| *in € million* | 30 September 2011 | | year-end 2010 | |
|---|---|---|---|---|
| intangible assets | 1,698 | | 1,070 | |
| property, plant and equipment | 3,148 | | 2,943 | |
| deferred tax assets | 285 | | 326 | |
| associates | 58 | | 25 | |
| other financial assets | 140 | | 271 | |
| | -------- | | -------- | |
| **non-current assets** | | **5,329** | | **4,635** |
| inventories | 1,644 | | 1,340 | |
| trade receivables | 1,652 | | 1,361 | |
| other receivables | 206 | | 116 | |
| financial derivatives | 46 | | 134 | |
| current investments | 633 | | 837 | |
| cash and cash equivalents | 1,539 | | 1,453 | |
| | -------- | | -------- | |
| | | 5,720 | | 5,241 |
| assets to be contributed to joint ventures | | | | 317 |
| assets held for sale | | 48 | | 287 |
| | | -------- | | -------- |
| **current assets** | | **5,768** | | **5,845** |
| | | -------- | | -------- |
| **total assets** | | **11,097** | | **10,480** |

***** For information on the impact of the consolidation of Martek and DSM Sinochem Pharmaceuticals on the consolidated balance sheet please refer to the Notes to the financial statements on page 17 to 19.

## Consolidated balance sheet: equity and liabilities*

| *in € million* | 30 September 2011 | | year-end 2010 | |
|---|---|---|---|---|
| shareholders' equity | 5,746 | | 5,481 | |
| non-controlling interests | 168 | | 96 | |
| | -------- | | -------- | |
| **equity** | | **5,914** | | **5,577** |
| deferred tax liabilities | 228 | | 155 | |
| employee benefits liabilities | 270 | | 297 | |
| provisions | 100 | | 93 | |
| borrowings | 2,018 | | 1,992 | |
| other non-current liabilities | 63 | | 33 | |
| | -------- | | -------- | |
| **non-current liabilities** | | **2,679** | | **2,570** |
| employee benefits liabilities | 20 | | 24 | |
| provisions | 44 | | 33 | |
| borrowings | 181 | | 105 | |
| financial derivatives | 323 | | 219 | |
| trade payables | 1,333 | | 1,277 | |
| other current liabilities | 589 | | 512 | |
| | -------- | | -------- | |
| | | 2,490 | | 2,170 |
| liabilities to be contributed to joint ventures | | | | 104 |
| liabilities held for sale | | 14 | | 59 |
| | | --------- | | -------- |
| **current liabilities** | | **2,504** | | **2,333** |
| | | --------- | | -------- |
| **total equity and liabilities** | | **11,097** | | **10,480** |
| capital employed ** | | 6,463 | | 5,468 |
| equity / total assets** | | 53% | | 53% |
| net debt** | | 304 | | -108 |
| gearing (net debt / equity plus net debt)** | | 5% | | -2% |
| operating working capital, continuing operations | | 1,984 | | 1,487 |
| OWC / net sales, continuing operations | | 21.6% | | 17.9% |

***** For information on the impact of the consolidation of Martek and DSM Sinochem Pharmaceuticals on the consolidated balance sheet please refer to the Notes to the financial statements on page 17 to19.

****** Before reclassification to Held for sale

## Condensed consolidated cash flow statement

| | January - September | | | |
|---|---|---|---|---|
| *in € million* | | 2011 | | 2010 |
| **cash, cash equivalents and current investments at beginning of period** | | 2,290 | | 1,347 |
| current investments at beginning of period | | -837 | | -7 |
| | | ------- | | ------- |
| **cash and cash equivalents at beginning of period** | | 1,453 | | 1,340 |
| *operating activities:* | | | | |
| - EBITDA | 1,172 | | 963 | |
| - change in working capital | -472 | | -160 | |
| - interest and income tax | -55 | | -86 | |
| - other | -166 | | -27 | |
| | ------- | | --------- | |
| cash provided by operating activities | | 479 | | 690 |
| *investing activities:* | | | | |
| - capital expenditure | -304 | | -251 | |
| - acquisitions | -858 | | -63 | |
| - disposal of subsidiaries and businesses | 502 | | 350 | |
| - disposal of other non-current assets | 222 | | 11 | |
| - change in fixed-term deposits | 210 | | -50 | |
| - other | -1 | | -4 | |
| | --------- | | --------- | |
| cash used in investing activities | | -229 | | -7 |
| dividend | -153 | | -206 | |
| repurchase of shares | -278 | | | |
| other cash from financing activities | 171 | | 17 | |
| | --------- | | --------- | |
| cash used in financing activities | | -260 | | -189 |
| changes in consolidation and exchange differences | | 96 | | 50 |
| | | --------- | | -------- |
| **cash and cash equivalents at end of period** | | 1,539 | | 1,884 |
| current investments at end of period | | 633 | | 57 |
| | | --------- | | -------- |
| **cash, cash equivalents and current investments at end of period** | | 2,172 | | 1,941 |

## Condensed consolidated statement of comprehensive income

| *in € million* | January - September 2011 | 2010 |
|---|---|---|
| exchange differences on translation of foreign operations | -40 | 191 |
| actuarial gains and losses and asset ceiling* | | -8 |
| other changes | -159 | 37 |
| income tax expense | 38 | 14 |
| | --------- | --------- |
| other comprehensive income | -161 | 234 |
| profit for the period | 767 | 370 |
| | --------- | --------- |
| **total comprehensive income** | 606 | 604 |

* With the introduction of the defined contribution plan in 2011 for DSM in the Netherlands €765 million has been transferred from the reserve for actuarial gains & losses to the other retained earnings.

## Condensed consolidated statement of changes in equity

| *in € million* | January - September 2011 | 2010 |
|---|---|---|
| **total equity at beginning of period** | 5,577 | 5,011 |
| changes: | | |
| - total comprehensive income | 606 | 604 |
| - dividend | -242 | -206 |
| - repurchase of shares | -278 | |
| - proceeds from reissue of ordinary shares | 199 | 38 |
| - other changes | 52 | 23 |
| | --------- | --------- |
| **total equity at end of period** | 5,914 | 5,470 |

## Condensed report business segments

**January - September 2011** *(in € million)*

| | Continuing operations | | | | | | | | Discon- | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Nutrition | Pharma | Perform-ance Materials | Polymer Interme-diates | Innovation Center | Corporate activities | Elimina-tion | Total continuing operations | tinued operations | Elimina-tion | |
| net sales | 2,505 | 512 | 2,125 | 1,353 | 43 | 283 | | 6,821 | 145 | | 6,966 |
| supplies to other clusters | 53 | 19 | 14 | 339 | 3 | 18 | -445 | 1 | 6 | -7 | |
| total supplies | 2,558 | 531 | 2,139 | 1,692 | 46 | 301 | -445 | 6,822 | 151 | -7 | 6,966 |
| EBITDA | 542 | 25 | 250 | 301 | -40 | -75 | | 1,003 | 29 | | 1,032 |
| EBIT | 428 | -7 | 162 | 272 | -48 | -107 | | 700 | 29 | | 729 |
| total assets | 5,219 | 1,405 | 2,555 | 1,193 | 407 | 10,929 | -10,611 | 11,097 | | | 11,097 |
| workforce (headcount) at end of period | 8,149 | 3,222 | 5,417 | 1,410 | 363 | 3,141 | | 21,702 | | | 21,702 |

**January - September 2010** *(in € million)*

| | Continuing operations | | | | | | | | Discon- | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Nutrition | Pharma | Perform-ance Materials | Polymer Interme-diates | Innovation Center | Corporate activities | Elimina-tion | Total continuing operations | tinued operations | Elimina-tion | |
| net sales | 2,247 | 549 | 1,867 | 1,016 | 35 | 380 | | 6,094 | 754 | | 6,848 |
| supplies to other clusters | 37 | 11 | 35 | 304 | 3 | 13 | -356 | 47 | 92 | -139 | |
| total supplies | 2,284 | 560 | 1,902 | 1,320 | 38 | 393 | -356 | 6,141 | 846 | -139 | 6,848 |
| EBITDA | 521 | 35 | 227 | 156 | -36 | -18 | | 885 | 103 | | 988 |
| EBIT | 419 | -8 | 136 | 132 | -44 | -53 | | 582 | 76 | | 658 |
| total assets* | 4,648 | 1,367 | 2,794 | 966 | 443 | 9,894 | -9,632 | 10,480 | | | 10,480 |
| workforce (headcount) at end of period* | 7,409 | 4,079 | 4,918 | 1,361 | 309 | 3,417 | | 21,493 | 418 | | 21,911 |

*Year-end 2010

## Geographical information (continuing operations)

**January - September 2011**

| | The Nether-lands | Rest of Western Europe | Eastern Europe | North America | Latin America | China | India | Japan | Rest of Asia | Rest of the World | Elimi-nations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| net sales by origin | | | | | | | | | | | | |
| in € million | 2,444 | 1,917 | 61 | 1,157 | 181 | 726 | 86 | 92 | 123 | 34 | | 6,821 |
| in % | 36 | 28 | 1 | 17 | 3 | 11 | 1 | 1 | 2 | | | 100 |
| net sales by destination | | | | | | | | | | | | |
| in € million | 502 | 2,085 | 380 | 1,265 | 429 | 1,067 | 120 | 221 | 600 | 152 | | 6,821 |
| in % | 7 | 30 | 6 | 19 | 6 | 16 | 2 | 3 | 9 | 2 | | 100 |
| total assets in € million | 11,246 | 7,062 | 94 | 2,528 | 460 | 1,260 | 92 | 163 | 306 | 51 | -12,165 | 11,097 |
| workforce (headcount) | | | | | | | | | | | | |
| at end of period | 6,146 | 6,388 | 320 | 3,615 | 764 | 3,000 | 465 | 142 | 726 | 136 | | 21,702 |

**January - September 2010**

| | The Nether-lands | Rest of Western Europe | Eastern Europe | North America | Latin America | China | India | Japan | Rest of Asia | Rest of the World | Elimi-nations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| net sales by origin | | | | | | | | | | | | |
| in € million | 2,212 | 1,877 | 48 | 919 | 173 | 565 | 90 | 71 | 107 | 32 | | 6,094 |
| in % | 36 | 31 | 1 | 15 | 3 | 9 | 1 | 1 | 2 | 1 | | 100 |
| net sales by destination | | | | | | | | | | | | |
| in € million | 403 | 1,924 | 318 | 1,180 | 435 | 832 | 118 | 189 | 551 | 144 | | 6,094 |
| in % | 7 | 32 | 5 | 19 | 7 | 14 | 2 | 3 | 9 | 2 | | 100 |
| workforce (headcount) | | | | | | | | | | | | |
| at end of period* | 6,491 | 6,381 | 241 | 2,878 | 979 | 3,170 | 662 | 139 | 400 | 152 | - | 21,493 |

*Year-end 2010

**Notes to the financial statements**

- Accounting policies and presentation

The consolidated financial statements of DSM for the year ended 31 December 2010 were prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union and valid as of the balance sheet date. The same accounting policies are applied in the current interim financial statements, as of 30 September 2011. These statements are in compliance with IAS 34 'Interim Financial Reporting' and need to be read in conjunction with the Integrated Annual Report 2010 and the discussion by the Managing Board earlier in this interim report. Neither pensions and similar obligations nor plan assets are subjected to interim revaluation. From the first quarter of 2011 onwards, the Dutch pension plan is reported as a defined contribution plan. The presentation of business segments and the geographical information has been aligned with the new strategy DSM in motion: *driving focused growth*.

- Audit

These interim financial statements have not been audited.

- Scope of the consolidation

On 25 February 2011 DSM obtained control of Martek BioSciences Corporation (Martek). From that date onwards the financial statements of Martek are consolidated by DSM and reported in the Nutrition segment. Martek has annual sales of approximately USD 450 million and employs about 600 people. In accordance with IFRS 3 the purchase price of Martek needs to be allocated to identifiable assets and liabilities acquired. This so-called purchase price allocation is currently ongoing. The provisional results of the purchase price allocation were reported in the interim report for the first quarter of 2011 and are presented below.

The impact of the acquisition of Martek on DSM's consolidated balance sheet, at the date of acquisition, is shown in the following table. This information is based on the provisional results of the purchase price allocation and may change when more final information becomes available.

| **Acquisition of Martek** *in € million* | | Fair value |
|---|---|---|
| intangible assets | 254 | |
| property, plant and equipment | 134 | |
| other non-current assets | 11 | |
| inventories | 87 | |
| receivables | 55 | |
| cash and cash equivalents | 58 | |
| **total assets** | | 599 |
| non-current liabilities | 93 | |
| current liabilities | 47 | |
| **total liabilities** | | 140 |
| **net assets at fair value** | | 459 |
| acquisition price (in cash) | 789 | |
| acquisition price (payable) | 5 | |
| **total consideration** | | 794 |
| **goodwill** | | 335 |

On 12 July 2011 DSM obtained control of AGI Corporation of Taiwan (AGI) through the acquisition of a 51% stake in the company for €41 million. From that date onwards the financial statements of AGI are consolidated by DSM and reported in the Performance Materials segment. AGI has annual sales of approximately TWD 4 billion (€100 million) and employs about 300 people. In accordance with IFRS 3 the purchase price of AGI needs to be allocated to identifiable assets and liabilities acquired. In this report the provisional results of the purchase price allocation are used which may change when more final information becomes available.

On 28 July 2011 DSM obtained control of C5 Yeast Company BV. From that date onwards the company is consolidated by DSM and reported in the Innovation Center. In accordance with IFRS 3 the purchase price of C5 Yeast Company BV needs to be allocated to identifiable assets and liabilities acquired. In this report the provisional results of the purchase price allocation are used which may change when more final information becomes available.

Both acquisitions were immaterial with respect to other disclosure requirements of IFRS 3.

In the second quarter of 2011 DSM completed the sale of DSM Elastomers (Keltan®) to LANXESS for €338 million on a cash and debt-free basis. In view of the disposal the related activities are reported as discontinued operations and comparatives have been re-presented. The impact of the deconsolidation of these activities is presented in the table below:

| **Sale of** DSM Elastomers (Keltan®)<br>*in € million* | | |
|---|---|---|
| intangible assets and property, plant and equipment | 132 | |
| other non-current assets | 5 | |
| inventories | 84 | |
| receivables | 50 | |
| cash and cash equivalents | 40 | |
| **total assets** | | 311 |
| non-controlling interests | -5 | |
| non-current liabilities | 2 | |
| current liabilities | 37 | |
| **total liabilities** | | 34 |
| **net asset value** | | 277 |
| total consideration, net of selling costs, translation differences, taxes and net debt | | 388 |
| **book profit (after income tax expense)** | | 111 |

The impact of the disposal on the cash flow statement is presented in the following table:

| *in € million* | January-April 2011 | Full year 2010 |
|---|---|---|
| net cash provided by operating activities | -14 | 60 |
| net cash used in investing activities | -3 | -8 |
| net cash from/used in financing activities | 0 | 0 |
| net change in cash and cash equivalents | -17 | 52 |

Before disposal the business was classified as asset/liabilities held for sale and discontinued operations.

In the third quarter of 2011 DSM completed the formation of the DSM Sinochem Pharmaceuticals joint venture which is consolidated on a 50% proportionate basis from 1 September 2011 onwards. As a consequence of the transaction 50% of the assets and liabilities of the business were effectively sold to the joint venture partner. DSM continues to account for the assets and liabilities that are retained in the business on the basis of existing book values. In view of DSM's continuing involvement with the business the related activities remain part of continuing operations. The impact of the 50% disposal is presented in the table below:

| **Sale of 50%** of DSM Anti-infectives<br>*in € million* | | |
|---|---|---|
| intangible assets and property, plant and equipment | 72 | |
| other non-current assets | 17 | |
| inventories | 41 | |
| receivables | 67 | |
| cash and cash equivalents | 17 | |
| **total assets** | | 214 |
| non-controlling interests | 4 | |
| non-current liabilities | 26 | |
| current liabilities | 92 | |
| **total liabilities** | | 122 |
| **net asset value** | | 92 |
| total consideration, net of selling costs, value adjustments and taxes | | 131 |
| **book profit (after income tax expense)** | | 39 |

Before disposal the business was classified as asset/liabilities to be contributed to joint ventures.

In view of the expected disposal of the Maleic Anhydride and Derivatives business of DSM Pharmaceutical Products in Linz (Austria) in 2011, this business was classified as 'assets/liabilities held for sale' at the end of 2010. For these assets depreciation and amortization was stopped upon reclassification.

- Related party transactions

Transactions with related parties are conducted at arm's length conditions.

- Risks

DSM has a risk management system in place. A description of the system and an overview of potentially important risks for DSM are provided in the Integrated Annual Report 2010 and in the governance section on www.dsm.com. DSM has reviewed the developments and incidents in the first half of 2011 and assessed the risks for the rest of the year at the time of issuance of the Half-year report 2011. On the basis of that assessment DSM concluded that the most important risks and responses as reported in the Integrated Annual Report 2010 were still applicable.

- Seasonality

In cases where businesses are significantly affected by seasonal or cyclical fluctuations in sales this is discussed in the 'Business review by cluster' earlier in this report.

- Dividends and equity

On 25 May the final dividend of €0.95 per share for the year 2010 was paid to holders of ordinary shares and a dividend of €0.15 per share was paid to holders of cumulative preference shares A. The total distribution to shareholders amounting to €164 million, of which €61 million was paid as stock dividend, was recorded against retained earnings. In addition to the final dividend for 2010 the interim dividend of €0.45 per ordinary share for 2011 was recognized in the second quarter of 2011. This distribution to shareholders amounted to €78 million, of which €29 million paid as stock dividend, and was recorded against retained earnings.

In the months up to and including September 2011 DSM bought back 6.8 million outstanding ordinary DSM shares for a cash consideration of €278 million. In the same period 5.7 million ordinary shares were issued in connection with stock dividend, the exercise of options and delivery of performance shares.

Heerlen, 1 November 2011

The Managing Board

Feike Sijbesma, Chairman/CEO
Rolf-Dieter Schwalb, CFO
Stefan Doboczky
Nico Gerardu
Stephan Tanda

**Important dates**

| | |
|---|---|
| Annual Report 2011 | Wednesday, 29 February 2012 |
| Report for the first quarter 2012 | Tuesday, 8 May 2012 |
| Annual General Meeting of Shareholders | Friday, 11 May 2012 |
| Report for the second quarter 2012 | Tuesday, 7 August, 2012 |
| Report for the third quarter 2012 | Tuesday, 6 November 2012 |

**DSM – Bright Science. Brighter Living.™**
Royal DSM N.V. is a global science-based company active in health, nutrition and materials. By connecting its unique competences in Life Sciences and Materials Sciences DSM is driving economic prosperity, environmental progress and social advances to create sustainable value for all stakeholders. DSM delivers innovative solutions that nourish, protect and improve performance in global markets such as food and dietary supplements, personal care, feed, pharmaceuticals, medical devices, automotive, paints, electrical and electronics, life protection, alternative energy and bio-based materials. DSM's 22,000 employees deliver annual net sales of about €9 billion. The company is listed on NYSE Euronext. More information can be found at www.dsm.com.

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