DSM Press Release

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DSM

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DSM delivers continued strong earnings and cash performance in Q3

- Q3 operating profit from continuing operations up 28% to € 185 million (versus € 144 million in Q3 2009)
- Sales growth from continuing operations 19% compared to Q3 2009
- Continued strong Nutrition performance drives Life Sciences results
- Very good results for Materials Sciences
- Cash flow from operating activities in Q3 € 330 million
- New strategy announced; DSM in motion: *driving focused growth*
- Dividend increase of € 0.10 to € 1.30 per ordinary share proposed for 2010
- Based on the continued positive business environment, 2010 is expected to be a strong year for DSM

Commenting on the results, Feike Sijbesma, Chairman of the DSM Managing Board, said: *"I am pleased to report another strong quarter. Operating profit increased by almost 30% compared to the same period last year. Nutrition delivered a continued excellent performance, whilst Materials Sciences also posted very good results. Our strong market focus, disciplined cost and cash management and a broadly improving business environment helped drive these results. Based on the continued positive business environment we expect 2010 to be a strong year for DSM.*

"The announcement of our new corporate strategy – DSM in motion: *driving focused growth – marks the shift from a period of intensive portfolio management to an era of maximizing sustainable, profitable growth of the 'new' DSM. We are committed to fully leverage the unique opportunities in Life Sciences and Materials Sciences. With our focus on high growth economies, innovation and sustainability and with our strong capital structure and leadership in biotechnology we are in an excellent position to deliver on our ambitious sales and profit targets."*

third quarter 2010	third quarter 2009	+/-	*in € million*	January - September 2010	January - September 2009	+/-
			Continuing operations:			
2,154	1,816	*+19%*	Net sales	6,419	5,196	*+24%*
288	249	*+16%*	Operating profit before depreciation and amortization (EBITDA)	937	567	*+65%*
185	144	*+28%*	Operating profit (EBIT)	622	268	*+132%*
137	119		- Nutrition	433	384	
-6	2		- Pharma	-5	16	
48	45		- Performance Materials	149	45	
40	21		- Polymer Intermediates	137	-5	
19	7		- Base Chemicals and Materials	54	-23	
-53	-50		- Other activities	-146	-149	
			Discontinued operations:			
58	243		Net sales	429	654	
4	34		Operating profit before depreciation and amortization (EBITDA)	51	75	
3	21		Operating profit (EBIT)	36	33	
			Total DSM:			
2,212	2,059	*+7%*	Net sales	6,848	5,850	*+17%*
188	165	*+14%*	Operating profit (EBIT)	658	301	*+119%*
128	100		Net profit before exceptional items	430	155	
-49	274		Net result from exceptional items	-72	242	
79	374		Net profit	358	397	
			Net earnings per ordinary share in €:			
0.76	0.53		- before exceptional items, continuing operations	2.44	0.80	
0.46	2.29		- including exceptional items, total DSM	2.14	2.40	

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 Energie Holding B.V., Stamicarbon B.V., DSM Agro, DSM Melamine, DSM Special Products B.V. and S.A. Citrique Belge N.V.*
- *'discontinued operations' comprise net sales and operating profit of DSM Energie Holding B.V. up to and including Q3 2009, Stamicarbon B.V. up to and including Q4 2009, DSM Agro and DSM Melamine up to and including Q2 2010 and DSM Special Products B.V. and S.A. Citrique Belge N.V. up to and including Q3 2010.*

Overview
The general economic conditions continued to be good in Q3. Most western economies sustained their growth, although at a low pace. In most high growth economies the growth is very strong.

Most end-markets that are relevant for DSM continued to grow. Those end-markets (especially Materials Sciences related markets) which experienced a downswing in demand have largely closed the gap with the 2008 level, with some exceptions like building and construction, which is still clearly lagging behind. Re-stocking downstream in the value chain, which was one of the drivers for the excellent result in Q2 2010, did not have much of an impact in Q3, with order patterns appearing to normalize.

The euro was clearly weaker against most other currencies compared to Q3 2009. Compared to Q2 2010, currency exchange rates were on average fairly stable, with the exception of the relatively strong Swiss franc, which negatively affects DSM Nutritional Products because of its Swiss activity base.

Nutrition continued its strong financial performance, driven by good business conditions and a very strong market position. The overall business environment normalized compared to the very good situation in Q2.

For Pharma, Q3 2010 saw no change in the challenging business dynamics that the entire pharmaceutical industry is facing. Results were negative, as expected.

Performance Materials is delivering continued strong organic sales growth. The recovery in operating profit was slowed down by margin pressure at DSM Engineering Plastics and to a lesser extent at DSM Resins, due to a time lag in passing on increased raw material prices.

Polymer Intermediates continued to perform very well, in spite of a maintenance shutdown in China and, as expected, somewhat lower margins compared to the very high level in Q2.

Base Chemicals and Materials, which is mainly DSM Elastomers now, continued to perform well.

Cash flow from operating activities in Q3 amounted to € 330 million. This includes a € 66 million contribution from a reduction in working capital. Operating working capital as a percentage of sales decreased from 21.0% to 19.7% during the quarter. Year-to-date cash flow from operating activities amounted to € 690 million. This is amply sufficient to cover capital expenditure and dividends. The operating cash flow in combination with the proceeds from divestments has led to a considerable reduction in net debt during the year.

Net sales

in € million	**third quarter** 2010	2009	differ-ence	organic growth	exch. rates	other
Nutrition	751	702	7%	0%	7%	
Pharma	168	152	11%	4%	7%	
Performance Materials	666	496	34%	25%	6%	3%
Polymer Intermediates	340	246	38%	29%	9%	
Base Chemicals and Materials	154	124	24%	18%	6%	
Other activities	75	96				
Total (continuing operations)	2,154	1,816	19%	13%	7%	-1% *
Discontinued operations	58	243				
Total	2,212	2,059				

* Including the effect of the deconsolidation of DSM's interest in Utility Support Group BV and EdeA v.o.f., which were reported in Other activities

Organic sales growth from continuing operations was a healthy 13% compared to Q3 2009, a period when economic recovery already was underway. The organic growth consisted of 8% autonomous volume growth and 5% higher prices. All business groups benefited from the weaker euro, which was on average 10% lower against the US dollar compared to Q3 2009.

In Nutrition somewhat lower prices were compensated for by higher volumes. Pharma growth was moderate, mainly driven by DSM Anti-Infectives. Organic growth was very strong in the Materials Sciences clusters, driven by prices as well as volumes.

Operating profit

Operating profit was almost 30% higher than in Q3 2009, which is a reflection of the continuing improvement in business conditions. Nutrition and Polymer Intermediates continued to deliver very strong results. Pharma posted a small loss, as expected. Performance Materials posted an improved result compared to Q3 2009, although the current level is not satisfactory yet.

The result was lower than the very high level of Q2 2010 mainly because there were more planned maintenance activities in manufacturing operations, the Swiss franc was very strong, and there was margin pressure in Performance Materials.

Business review by cluster

Nutrition

third quarter 2010	2009	*in € million*	**January - September** 2010	2009
751	702	Net sales	2,247	2,108
171	151	Operating profit before depreciation and amortization	535	481
137	119	Operating profit	433	384

Compared to Q3 2009 **sales** growth was 7%, driven by currency exchange rates. Nutrition experienced some volume growth in most of its businesses but prices were somewhat lower than last year.

Compared to the previous quarter, volumes in Animal Nutrition & Health increased, whereas volumes in Human Nutrition & Health, Personal Care and DSM Food Specialties were somewhat lower due to seasonal effects.

Operating profit in Q3 2010 was 15% higher than last year due to continued good market conditions resulting in strong performance in DSM Nutritional Products and DSM Food Specialties. As expected, operating profit was below the very strong Q2 2010 results due to the planned maintenance activities and less favorable exchange rates (especially for the Swiss franc). The strategic focus on value over volume continues to be successful and sustainable.

Pharma

third quarter		*in € million*	**January - September**	
2010	2009		2010	2009
168	152	Net sales	549	526
8	14	Operating profit before depreciation and amortization	38	57
-6	2	Operating profit	-5	16

Organic **sales** growth was +4%, driven by higher sales volumes and prices at DSM Anti-Infectives. Favorable exchange rates contributed to top line growth for DSM Anti-Infectives as well as DSM Pharmaceutical Products.

Operating profit was below the Q3 2009 result. DSM Pharmaceutical Products' business environment remained very challenging during the third quarter of 2010. At DSM Anti-Infectives higher PEN prices and improved costs were partially offset by the loss of margin as a result of the termination of clavulanic acid production last year.

Performance Materials

third quarter		*in € million*	**January - September**	
2010	2009		2010	2009
666	496	Net sales	1,867	1,347
77	72	Operating profit before depreciation and amortization	240	122
48	45	Operating profit	149	45

The Performance Materials cluster showed strong organic **sales** growth of +25% compared to Q3 2009. The drivers of this growth were both volumes and prices.

Operating profit for Q3 2010 improved slightly compared to Q3 2009. Although strict margin management is in place there is a time lag in passing on higher raw material costs at DSM Engineering Plastics and to a lesser extent at DSM Resins. DSM Dyneema's results were somewhat lower than in Q2 2010 due to a lower impact of a large life protection order.

Polymer Intermediates

third quarter 2010	third quarter 2009	in € million	January - September 2010	January - September 2009
340	246	Net sales	1,016	600
48	29	Operating profit before depreciation and amortization	161	18
40	21	Operating profit	137	-5

Organic **sales** growth was +29% compared to Q3 2009 due to higher selling prices and continued strong demand.

Consequently **operating profit** showed a strong increase compared to Q3 2009 in spite of the scheduled maintenance turnaround in China.

Base Chemicals and Materials

third quarter 2010	third quarter 2009	in € million	January - September 2010	January - September 2009
154	124	Net sales	452	323
25	13	Operating profit before depreciation and amortization	70	-6
19	7	Operating profit	54	-23

Organic **sales** growth in Q3 was +18%, due mainly to increased prices and also partly to volume increases.

Higher margins together with higher volumes resulted in a higher **operating profit** for all units in this cluster.

Other activities

third quarter 2010	third quarter 2009	in € million	January - September 2010	January - September 2009
75	96	Net sales	288	292
-41	-30	Operating profit before depreciation and amortization	-107	-105
-53	-50	Operating profit	-146	-149
		of which:		
-17	-17	- defined benefit plans	-51	-54
-13	-15	- Innovation Center	-44	-43
-23	-18	- other	-51	-52

The **operating result** of Other activities stayed in line with Q3 2009. Higher costs related to Share Based Payments (because of the increase in the share price) and higher project related costs were compensated for by better results of DSM Biomedical, which is part of the Innovation Center.

Exceptional items

In total, *exceptional items* amounted to a loss of € 53 million before tax (€ 49 million after tax) in Q3 2010.

In view of the sale of S.A. Citrique Belge N.V., this business was reclassified to assets held for sale at the end of Q3 2010. The business was valued at fair value less costs to sell upon reclassification, resulting in a loss of € 38 million.

The transfer of DSM assets to PERCIVIA LLC resulted in a book loss of € 15 million before tax (€ 11 million after tax) for DSM, which was recognized as an exceptional item.

Net profit
Net finance costs amounted to € 16 million, which represents an improvement of € 14 million. This improvement is mainly due to favorable exchange rates, higher income from other participating interests and lower net debt.

The *effective tax rate* for the third quarter remained at 25%, the same as last year.

Net profit before exceptional items increased from € 100 million in Q3 2009 to € 128 million in Q3 2010. Total net profit in Q3 2010 was € 79 million compared to € 374 million in Q3 2009, which included a € 274 million net profit from exceptional items as a result of the disposal of DSM Energy.

Net earnings per share decreased from € 2.29 per ordinary share in Q3 2009 (which included the above-mentioned book profit) to € 0.46 in Q3 2010.

Cash flow, capital expenditure and financing
A continued strong focus on cash resulted in a *cash flow from operating activities* of € 330 million in Q3.

Cash flow related to *capital expenditure* amounted to € 63 million in Q3 2010 (€ 102 million in Q3 2009).

Compared to year-end 2009 *net debt* decreased by € 555 million to € 275 million.

Workforce
Compared to year-end 2009 the workforce decreased by 335 mainly due to the divestment of DSM Agro and DSM Melamine. At the end of Q3 2010 it stood at 22,403.

Fatal accident in Capua (Italy)
On Saturday 11 September 2010, a fatal accident took place at the DSM site in Capua (Italy), in which three contractor employees lost their lives. The accident occurred during maintenance work in the fermentation facilities. DSM deeply regrets this tragic accident and has expressed its sympathy to the victims' families, friends and colleagues. DSM has appointed a committee to conduct an internal investigation into the causes of the accident. The Italian authorities have also initiated an investigation.

Progress update on DSM strategy *Vision 2010*
DSM's acceleration of the strategic program *Vision 2010 – Building on Strengths*, announced in September 2007, focuses on delivering faster growth, higher margins and improved earnings quality from the company's portfolio. The strategy is transforming DSM into a Life Sciences and Materials Sciences company capable of sustainable growth fueled by important societal trends.

The key drivers – market-driven growth and innovation, increased presence in emerging economies and operational excellence – remain at the heart of DSM's strategy.

Improving earnings quality

DSM has made substantial progress with its portfolio transformation. With the divestment of DSM Energy and the urea licensing subsidiary Stamicarbon B.V. last year and the divestment of DSM Agro and DSM Melamine to Orascom Construction Industries earlier in the year a significant proportion of the planned divestment program has now been completed.

During the quarter DSM reached an agreement regarding the sale of the business unit Thermoplastic Elastomers (Sarlink®), part of the business group DSM Elastomers, to Teknor Apex Company. The sale closed on 1 November 2010. DSM expects to recognize a small book profit in Q4 as a result of this transaction.

DSM also reached an agreement regarding the sale of S.A. Citrique Belge N.V. to Adcuram. The transaction closed on 1 October 2010.

The selling process for the remaining businesses in Base Chemicals and Materials is underway.

DSM remains committed to pursuing attractive growth opportunities to further accelerate its evolution towards a Life Sciences and Materials Sciences company. DSM will maintain its disciplined acquisition policy.

During the quarter, DSM announced the acquisition of Microbia, Inc. (Lexington, Massachusetts, United States) from Ironwood Pharmaceuticals, Inc. Microbia is a successful industrial biotechnology research and development specialist. Microbia's sales are still limited. The acquisition will allow DSM to incorporate Microbia's proprietary platform and world class research and development capabilities and support DSM's ongoing development of the natural carotenoids market.

DSM and Dutch biopharmaceutical company Crucell N.V. announced an expansion of the activities in their existing joint venture, the PERCIVIA PER.C6® Development Center (Cambridge, Massachusetts, United States), to transform the company from a development center into a full biopharmaceutical company for the development of PER.C6®-based biobetter proteins and monoclonal antibodies as well as global licensing of the PER.C6® human cell line for production of third party monoclonal antibodies and other proteins.

A large proportion of group revenues and earnings are now in high margin, high quality businesses that have significantly lower cyclicality. Illustrative of the quality of these businesses is that in Q3 2010 profits from these core operations were 8% higher than in the same quarter of 2008, which at the time was the second best quarter in the company's history.

Further progress in the third quarter

DSM once again realized very healthy sales growth in China in Q3 2010. Net sales increased by 15% compared to Q3 2009 to USD 385 million. In the first nine months of 2010 net sales in China increased by 44% to USD 1169 million. DSM expects to achieve the USD 1.5 billion target for 2010. DSM's sales in China in the first nine months of 2010 represent 13% of DSM's total net sales compared to 10% in the first nine months of 2009.

DSM expects to clearly surpass the € 1 billion target for additional innovation sales.

Construction began on the fifth DSM premix plant in China, located in Pixian County, Sichuan. This plant is anticipated to be operational in the third quarter of 2011.

DSM Composite Resins announced that it was going to boost its innovation capabilities in China with the opening of a new Research & Development Center at the DSM Campus facility in Shanghai. The new Shanghai center is set to officially open in November 2010 and follows a previous expansion of its existing technical services facility in Nanjing.

DSM Engineering Plastics and RESINEX entered into a distribution agreement, to join forces in the market development and sales of DSM Engineering Plastics resins in Romania, Bulgaria, Slovenia, Croatia, Serbia and Bosnia. The move is designed to strengthen DSM Engineering Plastics' position in Eastern Europe.

A key element in DSM's strategy to focus on Life Sciences and Materials Sciences is the potential that lies in the cross-fertilization between the two. This provides DSM with a unique position to grow platforms in biomedical materials and industrial (white) biotechnology.

DSM and DuPont announced an agreement to form a joint venture to develop, manufacture and commercialize advanced surgical biomedical materials, pending European Union regulatory approval. The joint venture will be named Actamax Surgical Materials LLC. Under the joint venture agreement, DSM and DuPont will each hold a 50 percent interest.

DSM Biomedical also extended its partnership with Spinelab Ltd., a privately held company specialized in developing a dynamic stabilization system for the spine. Spinelab's Elaspine™ Implant System uses Bionate® PCU, which is a proprietary DSM Biomedical polymer.

During the quarter, DSM announced and introduced many other innovations as well. More information can be found in the innovation section at www.dsm.com.

DSM in motion: *driving focused growth*
As the timeframe of *Vision 2010* will end, DSM announced its new strategy "DSM in motion: *driving focused growth"* on 23 September 2010. This strategy marks the shift from an era of intensive portfolio management to a strategy of maximizing sustainable, profitable growth of the 'new' DSM. It is the company's ambition to fully leverage the unique opportunities in Life Sciences and Materials Sciences.

The four growth drivers – High Growth Economies, Innovation, Sustainability and Acquisitions & Partnerships – will result in growth across all businesses and regions. To realize its growth ambitions, DSM is transforming its organization and culture to become truly global and agile.

Outlook
DSM expects further end-market growth especially in high growth economies. Medium term macro-economic uncertainties remain. Investing in future growth is a core objective whilst a focus on cash generation and cost savings continues to be important.

The growth in food and feed markets will continue in line with long-term trends and prices are expected to remain stable at the current level. The full year results for Nutrition are expected to be clearly above 2009.

For Pharma, full year results are expected to be slightly positive due to ongoing challenges at DSM Pharmaceutical Products and relatively low prices at DSM Anti-Infectives.

A further increase in demand is expected in the Performance Materials end-markets. Strict margin management is being applied to pass on the higher raw material costs. The 2010 cluster results are expected to be substantially better than in 2009, though results in Q4 2010, which is traditionally a seasonally weaker quarter, are expected to be lower than in Q3 2010, but clearly above Q4 2009.

Polymer Intermediates is expected to deliver an outstanding 2010 result. Healthy demand and margins are expected to be continued in the last quarter of the year. Results in Q4 2010 are expected to be higher than Q3 2010.

Operating profit in the non-core Base Chemicals and Materials cluster is expected to be clearly positive in Q4 2010, despite a maintenance turnaround at DSM Elastomers.

In relation to the announced strategy, additional project related expenses (amongst others investing in internationalization and branding) will amount to € 10 - € 15 million in Q4 2010 which will be reflected in Other activities.

Trading activities of the individual clusters are expected to continue to be in line with earlier expectations. Based on the continued positive business environment, 2010 is expected to be a strong year for DSM and a good basis for delivering on the new strategy "DSM in motion: *driving focused growth"*

Additional information
Today DSM will hold a conference call for the media from 08.00 AM – 08.45 AM CET and a conference call for investors and analysts from 09.00 AM - 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 2010 results can be found in the Presentation to Investors, which can be downloaded from the Investors section.

Condensed consolidated statement of income for the third quarter

third quarter 2010			*in € million*	third quarter 2009		
before exceptional items	exceptional Items	total		before exceptional items	exceptional Items	total
2,212		2,212	net sales	2,059	-	2,059
292	-3	289	operating profit before depreciation and amortization (EBITDA)	283	283	566
188	-53	135	operating profit (EBIT)	165	283	448
3	-38	-35	operating profit from discontinued operations	21		21
185	-15	170	operating profit from continuing operations	144	283	427
-16		-16	net finance costs	-30		-30
4		4	share of the profit of associates	0		0
173	-15	158	profit before income tax expense	114	283	397
-44	4	-40	income tax expense	-26	-9	-35
129	-11	118	net profit from continuing operations	88	274	362
2	-38	-36	net profit from discontinued operations	12		12
131	-49	82	profit for the period	100	274	374
-3		-3	minority interests	0		0
128	-49	79	net profit	100	274	374
128	-49	79	net profit	100	274	374
-2		-2	dividend on cumulative preference shares	-2		-2
126	-49	77	net profit used for calculating earnings per share	98	274	372
104	50	154	depreciation and amortization	118		118
		91	capital expenditure			92
		12	acquisitions			-6
			net earnings per ordinary share in €			
0.76	-0.30	0.46	- net earnings, total DSM	0.60	1.69	2.29
0.76	-0.07	0.69	- net earnings, continuing operations	0.53	1.69	2.22
		164.1	average number of ordinary shares (x million)			162.3
		164.6	number of ordinary shares, end of period (x million)			162.3
		22,403	workforce (headcount) at end of period			*22,738
		6,866	of which in the Netherlands			*7,331

* Year-end 2009.

This quarterly report has not been audited.

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Condensed consolidated statement of income for January - September

January - September 2010			in € million	January - September 2009		
before exceptional items	exceptional Items	total		before exceptional items	exceptional Items	total
6,848		6,848	net sales	5,850		5,850
988	-25	963	operating profit before depreciation and amortization (EBITDA)	642	248	890
658	-82	576	operating profit (EBIT)	301	233	534
36	-60	-24	operating profit from discontinued operations	33		33
622	-22	600	operating profit from continuing operations	268	233	501
-66		-66	net finance costs	-90		-90
4		4	share of the profit of associates	-1		-1
560	-22	538	profit before income tax expense	177	233	410
-142	8	-134	income tax expense	-41	9	-32
418	-14	404	net profit from continuing operations	136	242	378
24	-58	-34	net profit from discontinued operations	17		17
442	-72	370	profit for the period	153	242	395
-12		-12	minority interests	2		2
430	-72	358	net profit	155	242	397
430	-72	358	net profit	155	242	397
-7		-7	dividend on cumulative preference shares	-7		-7
423	-72	351	net profit used for calculating earnings per share	148	242	390
330	57	387	depreciation and amortization	341	15	356
		257	capital expenditure			322
		46	acquisitions			-2
			net earnings per ordinary share in €			
2.58	-0.44	2.14	- net earnings, total DSM	0.91	1.49	2.40
2.44	-0.09	2.35	- net earnings, continuing operations	0.80	1.49	2.29
		163.7	average number of ordinary shares (x million)			162.3
		164.6	number of ordinary shares, end of period (x million)			162.3
		22,403	workforce (headcount) at end of period			*22,738
		6,866	of which in the Netherlands			*7,331

* Year-end 2009.

Consolidated balance sheet

in € million	**30 September 2010**		**year-end 2009**	
intangible assets	1,064		1,053	
property, plant and equipment	3,086		3,477	
deferred tax assets	294		322	
prepaid pension costs	308		282	
associates	31		18	
other financial assets	256		233	
non-current assets		5,039		5,385
inventories	1,450		1,359	
trade receivables	1,537		1,321	
other receivables	157		89	
financial derivatives	77		88	
current investments	57		7	
cash and cash equivalents	1,884		1,340	
current assets		5,162		4,204
assets held for sale		154		25
total assets		10,355		9,614
in € million	**30 September 2010**		**year-end 2009**	
shareholders' equity	5,377		4,949	
minority interests	93		62	
equity		5,470		5,011
deferred tax liabilities	122		115	
employee benefits liabilities	305		298	
provisions	94		103	
borrowings	2,031		2,066	
other non-current liabilities	34		49	
non-current liabilities		2,586		2,631
employee benefits liabilities	22		26	
provisions	50		102	
borrowings	115		138	
financial derivatives	147		61	
trade payables	1,307		1,169	
other current liabilities	620		469	
current liabilities		2,261		1,965
liabilities held for sale		38		7
total equity and liabilities		10,355		9,614
capital employed *		5,480		5,673
equity / total assets		53%		52%
net debt		275		830
gearing (net debt / equity plus net debt)		5%		14%
operating working capital (OWC)		1,680		1,511
OWC / net sales		19.7%		18.8%

* Before reclassification to Held for Sale

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Condensed consolidated cash flow statement

in € million		January - September 2010		2009
Cash, cash equivalents and current investments at beginning of period		1,347		605
operating activities:				
- earnings before interest, tax, depreciation and amortization	963		753	
- change in working capital	-160		414	
- other	-113		-217	
	-------		---------	
cash flow from operating activities		690		950
investing activities:				
- capital expenditure	-251		-337	
- acquisitions	-63		-16	
- disposal of subsidiaries and businesses	350		237	
- disposal of other non-current assets	11		2	
- other	-4		-28	
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net cash from/used in investing activities		43		-142
dividend		-206		-205
net cash from/used in financing activities		17		-45
changes in consolidation and exchange differences		50		-12
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Cash, cash equivalents and current investments at end of period		1,941		1,151

Condensed consolidated statement of comprehensive income

in € million	January - September 2010	2009
exchange differences on translation of foreign operations	191	-39
actuarial gains and losses and asset ceiling	-8	0
other changes	37	71
income tax expense	14	-21
	---------	---------
other comprehensive income	234	11
profit for the period	370	395
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Total comprehensive income	604	406

Condensed consolidated statement of changes in equity

in € million	January - September 2010	2009
Total equity at beginning of period	5,011	4,695
Changes:		
- total comprehensive income	604	406
- dividend	-206	-206
- proceeds from reissue of ordinary shares	38	-
- other changes	23	15
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Total equity at end of period	5,470	4,910

Condensed report business segments

January - September 2010 (in € million)

	Continuing operations								Discon-tinued operations	Elimina-tion	Total
	Nutrition	Pharma	Perform-ance Materials	Polymer Interme-diates	Base Chemicals and Materials	Other activities	Elimina-tion	Total continuing operations			
net sales	2,247	549	1,867	1,016	452	288		6,419	429		6,848
supplies to other clusters	37	11	39	304	27	3	-401	20	70	-90	
total supplies	2,284	560	1,906	1,320	479	291	-401	6,439	499	-90	6,848
operating profit before depreciation and amortization	535	38	240	161	70	-107		937	51		988
operating profit	433	-5	149	137	54	-146		622	36		658
total assets	4,361	1,419	2,872	957	584	10,373	-10,211	10,355			10,355
workforce (headcount) at end of period	7,351	4,155	4,894	1,359	674	3,567		22,000	403		22,403

January - September 2009 (in € million)

	Continuing operations								Discon-tinued operations	Elimina-tion	Total
	Nutrition	Pharma	Perform-ance Materials	Polymer Interme-diates	Base Chemicals and Materials	Other activities	Elimina-tion	Total continuing operations			
net sales	2,108	526	1,347	600	323	292		5,196	654		5,850
supplies to other clusters	47	14	17	187	14	24	-283	20	97	-117	
total supplies	2,155	540	1,364	787	337	316	-283	5,216	751	-117	5,850
operating profit before depreciation and amortization	481	57	122	18	-6	-105		567	75		642
operating profit	384	16	45	-5	-23	-149		268	33		301
total assets *	4,233	1,250	2,555	793	1,049	9,331	-9,597	9,614			9,614
workforce (headcount) at end of period *	7,110	4,374	4,633	1,321	662	3,454		21,554	1,184		22,738

* Year-end 2009

Notes to the financial statements

- Accounting policies

The consolidated financial statements of DSM for the year ended 31 December 2009 were prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union and valid as of the balance sheet date. These accounting policies and the revised IFRS 3, 'Business Combinations' and the amended IAS 27 'Consolidated and Separate Financial Statements' that became effective on 1 January 2010 are applied in the interim financial statements. These statements are in compliance with IAS 34 ‘Interim Financial Reporting’ and need to be read in conjunction with the Annual Report 2009 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.

- Audit

These interim financial statements have not been audited.

- Scope of the consolidation

Acquisitions since the end of 2009, both individually and in aggregate, were immaterial with respect to IFRS disclosure requirements.

In the second quarter of 2010 DSM completed the sale of DSM Agro and DSM Melamine to Orascom Construction Industries 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 on the DSM financial statements was presented in the Half-year report 2010.

Before disposal both business groups, which represented individual cash generating units, were reported in the Base Chemicals and Materials segment. As a result of the divestment DSM's interests in the Utility Support Group BV (USG) and in EdeA v.o.f. were also reduced. At the end of June DSM only retained significant influence in the financial and operating policy decisions of both companies and therefore consolidation of USG and proportionate consolidation of EdeA was terminated. The remaining investments in both entities were recognized at their fair value at the time when (proportionate) consolidation was terminated and accounted for in accordance with the equity method. These de-recognitions led to an immaterial result.

In July DSM reached an agreement with Emerald Performance Materials regarding the sale of DSM Special Products BV. The sale is subject to regulatory and other customary approvals and notifications. In September DSM reached an agreement with Adcuram regarding the sale of S.A. Citrique Belge N.V. Both businesses were classified as held for sale at the end of the first nine months and reported as discontinued operations. Prior period figures have been adjusted accordingly. Before reclassification DSM Special Products BV and S.A. Citrique Belge N.V. were reported in the Base Chemicals and Materials segment. Furthermore, DSM reached an agreement regarding the sale of the business unit Thermoplastic Elastomers (Sarlink®), part of the business group DSM Elastomers, to Teknor Apex Company. This business is also classified as held for sale but does not represent a discontinued operation.

- Related party transactions

Transactions with related parties are conducted at arm's length conditions. In the first nine months of 2010 these transactions were not material to DSM as a whole.

- Risks

DSM has a risk management system in place. A description of the system and an overview of potentially important risks for DSM is provided in the Annual Report 2009 and in the governance section on www.dsm.com. DSM reviewed the developments and incidents in the first half year of 2010 at the time of issuance of the Half-year report 2010. On the basis of that assessment DSM concluded that the most important risks and responses as reported in the Annual Report 2009 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

On 30 April the final dividend of € 0.80 per share for the year 2009 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 distribution to shareholders amounted to € 137 million and was recorded against retained earnings. In addition to the final dividend for 2009 the interim dividend of € 0.40 per ordinary share (and € 0.08 per cumulative preference share) was recognized in the second quarter of 2010 amounting to € 69 million. The total distribution to shareholders recorded against retained earnings in the first 9 months of 2010 amounted to € 206 million.

Heerlen, 2 November 2010

The Managing Board
Feike Sijbesma, Chairman/CEO
Rolf-Dieter Schwalb, CFO
Nico Gerardu
Stephan Tanda

Important dates

Annual Report 2010	Wednesday, 23 February 2011
Annual General Meeting of Shareholders	Thursday, 28 April 2011
Report for the first quarter	Wednesday, 27 April 2011
Report for the second quarter	Tuesday, 2 August 2011
Report for the third quarter	Tuesday, 1 November 2011

DSM – the Life Sciences and Materials Sciences Company

Royal DSM N.V. creates solutions that nourish, protect and improve performance. Its end markets include human and animal nutrition and health, personal care, pharmaceuticals, automotive, coatings and paint, electrical and electronics, life protection and housing. DSM manages its business with a focus on the triple bottom line of economic performance, environmental quality and social responsibility, which it pursues simultaneously and in parallel. DSM has annual net sales of about € 8 billion and employs some 22,700 people worldwide. The company is headquartered in the Netherlands, with locations on five continents. DSM is listed on Euronext Amsterdam. More information: www.dsm.com

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