

Press Release

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DSM reports very strong Q1 2011 continuing its positive momentum

- Q1 EBITDA from continuing operations up 14% to € 325 million
- Life Sciences results driven by ongoing good performance in Nutrition
- Materials Sciences posts solid results reflecting volume gains and pricing strength
- EPS € 0.91, 30% higher also due to a lower tax rate
- Martek integration underway; EBITDA in line with expectations
- 2011 is expected to be a strong year for DSM towards achieving the 2013 targets

Commenting on the results, Feike Sijbesma, CEO/Chairman of the DSM Managing Board, said:

"Our robust performance in Q1 2011 represents further progress towards our 2013 targets as we continue to successfully execute our strategy. This improvement can be attributed to our focus on innovation, our global customer base, excellent market positions and presence in high growth economies.

"In the quarter we successfully completed our acquisition of Martek, welcoming its employees to DSM. The integration of Martek started immediately and the contribution to our profit is in line with expectations. Our business outlook for the rest of the year is positive and we expect 2011 to be a strong year for DSM."

<i>in € million</i>	First quarter		
	2011	2010	+/-
<u>Continuing operations:</u>			
<u>Net sales</u>	2,234	1,933	16%
<u>Operating profit before depreciation and amortization (EBITDA)</u>	325	284*	14%**
- Nutrition	173	166	
- Pharma	0	14	
- Performance Materials	91	71	
- Polymer Intermediates	99	50	
- Innovation Center	-13	-13	
- Corporate activities	-25	-4*	
* of which € 8 million IFRS pension adjustment			
** 18% if € 8 million IFRS pension adjustment is excluded			
<u>Operating profit (EBIT)</u>	231	182*	27%
<u>Discontinued operations:</u>			
Net sales	111	297	
Operating profit before depreciation and amortization (EBITDA)	23	51	
Operating profit (EBIT)	23	36	
<u>Total DSM:</u>			
<u>Net sales</u>	2,345	2,230	5%
<u>Operating profit before depreciation and amortization (EBITDA)</u>	348	335	4%
<u>Net profit before exceptional items</u>	172	144	19%
Net result from exceptional items	-6	-14	
<u>Net profit</u>	166	130	28%
<u>Net earnings per ordinary share in €:</u>			
- before exceptional items, continuing operations	0.91	0.70	30%
- including exceptional items, total DSM	0.98	0.78	26%

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 Q1 2011.

Overview

The macro-economic trend remained positive in Q1 2011. High growth economies, especially China, continued to be very strong, while growth in Western Europe and North America was moderate. In this environment DSM posted solid sales growth as a result of ongoing volume growth and pricing strength, thanks to DSM's focus on innovation and its global customer base, excellent market positions and presence in high growth economies.

The monetary and financial instability, reflected in volatile currency exchange rates and inflationary pressures, impacted costs. The strength of the Swiss franc affected Nutrition. The increasing input prices were, on average, compensated for by pricing strength. The events in Japan had very little impact on DSM's businesses.

Nutrition showed ongoing volume growth. This compensated for the negative effect on costs caused by the strength of the Swiss franc. Compared to Q4 2010 prices were stable. The Martek acquisition closed on 25 February and has since then been included in the Nutrition results.

There was no fundamental change in the challenging market conditions in Pharma.

Within Performance Materials volumes increased substantially. Price increases were implemented successfully which, on average, more than offset the increasing raw material prices. This resulted in higher margins.

The performance of Polymer Intermediates was excellent. Its global presence and a very good manufacturing performance were enablers to benefit from the extremely good market conditions.

As announced earlier, DSM is reporting the activities of the DSM Innovation Center as a separate cluster because of its strategic importance. Further progress was made in the Emerging Business Areas Biomedical and Bio-based Products & Services.

DSM changed its Dutch pension scheme from a defined benefit plan into a defined contribution plan. The actual cash contribution to the plan will not change; the accounting treatment is, however, different. Because of the funded status of the scheme, the costs to be recognized as a defined benefit plan in 2010 were lower than the cash contributions (which are the costs in a defined contribution plan) which had a positive effect on the Q1 2010 result of € 8 million (total 2010: € 33 million).

Cash provided by operating activities amounted to € 23 million. There was a substantial increase in working capital, partly as a seasonal effect (relatively low end-of-the-year activity level) and due to the strongly growing business in Materials Sciences. Net debt increased by € 758 million, principally due to the Martek acquisition.

Net sales

<i>in € million</i>	first quarter					
	2011	2010	differ- ence	organic growth	exch. rates	other
Nutrition	798	732	9%	3%	2%	4%
Pharma	163	186	-12%	-14%	2%	
Performance Materials	705	557	27%	22%	2%	3%
Polymer Intermediates	457	314	46%	43%	3%	
Innovation Center	14	9				
Corporate activities	97	135				
Total (continuing operations)	2,234	1,933	16%	14%	2%	0%*
Discontinued operations	111	297				
Total	2,345	2,230				

* Including the effect of the deconsolidation of DSM's interest in Utility Support Group B.V. and EdeA v.o.f., which was reported in Corporate activities in 2010.

Net sales

Net sales increased by 16% compared to Q1 2010, of which 6% volume growth, 8% price increase and 2% currency exchange rate development (weaker euro versus the Chinese yuan and the US dollar). The sales momentum is also illustrated by a 7% higher sales level (of which 5% organic) compared to Q4 2010.

Nutrition continues to show above GDP volume growth and, although still slightly below Q1 2010, prices are stable compared to Q4 2010. Martek added € 37 million to the Nutrition sales. This was partly compensated for by the shift of the ARA sales to Martek from external sales to internal supplies.

Pharma sales remain depressed, which is almost completely due to a lower business activity in DSM Pharmaceutical Products; Q1 2010 was positively influenced by the flu vaccine shipments.

In Performance Materials, all business groups showed healthy sales growth evidenced by a double digit growth in volumes as well as prices for the cluster.

Organic growth in Polymer Intermediates was 43%, which is outstanding. The main component is pricing, but, because of an excellent manufacturing performance, volumes added 9%.

Operating profit before depreciation and amortization

EBITDA from continuing operations in Q1 (€ 325 million) was 14% higher than in Q1 2010. Without the positive (non-cash) contribution of € 8 million in Q1 2010 due to the change in status of the Dutch pension scheme, EBITDA increased by 18%.

The Martek acquisition added € 12 million to EBITDA. Excluding Martek, the Nutrition result was slightly lower, which can be attributed to the very strong Swiss franc (+12% versus the euro), which has an adverse impact on DSM Nutritional Products' cost base. This negative impact of the Swiss franc in Q1 was some € 15 - 20 million, net of hedging results.

The Pharma EBITDA is under continued pressure because of the ongoing very challenging market conditions in the pharmaceutical industry.

Performance Materials showed very good momentum, based on further improving trading conditions in most markets. In spite of a strong increase in feedstock prices, EBITDA is almost back on the pre-crisis levels, although with room for further margin improvement.

Polymer Intermediates posted outstanding and unprecedented results. Due to its global presence and an excellent manufacturing performance the cluster was able to benefit optimally from the very tight market conditions for caprolactam and acrylonitrile.

Business review by cluster

Nutrition

<i>in € million</i>	first quarter	
	2011	2010
Net sales	798	732
EBITDA	173	166
EBIT	140	133
EBITDA margin	21.7%	22.7%

In the first quarter 2011 organic sales growth was positive against both Q1 2010 (+ 3%) and Q4 2010 (+ 2%). Compared to Q1 2010, volume growth was healthy, especially in Animal Nutrition & Health, but partly offset by lower prices. Against Q4 last year, prices were stable. Furthermore, in comparison to Q1 2010, sales benefited from the Martek acquisition and on balance favorable exchange rates.

EBITDA remained strong and was higher than Q1 last year, due to the Martek acquisition. Excluding Martek the results were slightly lower mainly due to the already mentioned lower prices, the strong Swiss franc and higher costs for raw materials. The negative impact of the Swiss franc in Q1 was some € 15 - 20 million, net of hedging results.

The Martek acquisition has been included in the Nutrition results since 25 February. Martek added € 37 million to the Nutrition sales. This is partly compensated for by the shift of ARA sales to Martek from external sales to internal supplies. The Martek acquisition added € 12 million to EBITDA.

Pharma

<i>in € million</i>	first quarter	
	2011	2010
Net sales	163	186
EBITDA	0	14
EBIT	-10	0
EBITDA margin	0.0%	7.5%

In Q1 2011 organic sales development was -14%, which was fully attributable to a drop in volumes in DSM Pharmaceutical Products. Last year's sales were positively influenced by flu vaccine shipments. In DSM Anti-Infectives volumes and prices were stable.

EBITDA in both DSM Pharmaceutical Products and DSM Anti-Infectives decreased, in DSM Pharmaceutical Products due to the disappointing sales development and in DSM Anti-Infectives due to higher feedstock prices.

Performance Materials

<i>in € million</i>	first quarter	
	2011	2010
Net sales	705	557
EBITDA	91	71
EBIT	62	39
EBITDA margin	12.9%	12.7%

Sales growth in Q1 was 27%, of which 22% organic growth. In DSM Resins and DSM Engineering Plastics volume growth was double digit, in DSM Dyneema it was close to that. There was also a double digit increase in prices in DSM Engineering Plastics and DSM Resins.

All three business groups posted a better EBITDA compared to Q1 last year, because of growing sales. The increase in selling prices offset the increased raw material prices.

Polymer Intermediates

<i>in € million</i>	first quarter	
	2011	2010
Net sales	457	314
EBITDA	99	50
EBIT	90	42
EBITDA margin	21.7%	15.9%

Organic sales growth in Q1 was 43%. In the current market conditions volume growth in the cluster is constrained by production capacity. Thanks to a very good manufacturing performance and some external sourcing, volumes grew by 9%. Prices increased by 34%, which reflects the very tight market conditions.

Due to volume growth and further increasing margins, EBITDA almost doubled compared to the already good Q1 in last year.

Innovation Center

<i>in € million</i>	first quarter	
	2011	2010
Net sales	14	9
EBITDA	-13	-13
EBIT	-16	-16

The cluster consists of two different areas of activity. The first comprises the innovation businesses, being the Emerging Business Areas (EBAs) DSM Biomedical, DSM Bio-based Products & Services, the new EBA DSM Advanced Surfaces and the Global Incubator. The second area consists of the enabling activities for company wide innovation, the Innovation Program Office and the Licensing and Venturing activities.

First quarter sales developed well and were above last year, generating additional gross margin, which was offset by higher spending on innovation opportunities. This resulted in an EBITDA comparable to last year. This quarter in Biomedical, the joint venture in surgical biomedical materials with DuPont, (Actamax Surgical Materials LLC) received anti-trust approval and started up its activities. Several development

agreements have been signed in the main segments of the Biomedical business. Good progress is being made in Bio-based Products & Services with the development of bio-based succinic acid and tools for second generation biofuels.

Corporate activities

<i>in € million</i>	first quarter	
	2011	2010
Net sales	97	135
EBITDA*	-25	-4
EBIT*	-35	-16
* of which IFRS pension adjustment		8

The lower sales in Q1 2011 compared to Q1 2010 were caused by the deconsolidation of the Utility Support Group.

The lower EBITDA in Q1 2011 compared to last year was mainly due to the changes in accounting for the Dutch pension plan, additional project expenses related to the implementation of the announced strategy and higher share based payment costs following the increase in the share price.

Exceptional items

In the first quarter a pre-tax expense of € 9 million was recognized as exceptional item in relation to the acquisition of Martek. This amount comprised transaction costs of € 7 million and € 2 million higher costs of sales resulting from the revaluation of inventories to fair value. The total inventory revaluation amounts to € 14 million, the remainder of which will be recognized as exceptional item in the second and third quarter.

Net profit

Net profit increased from € 130 million in Q1 2010 to € 166 million in Q1 2011 due to a better operating result as well as a lower effective tax rate.

Net finance costs amounted to € 21 million in Q1 2011, similar to the previous year.

The effective tax rate decreased to 21 % (Q1 2010: 25%) as a result of a different geographic 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.

Due to the higher net profit, *net earnings per ordinary share (continuing operations, before exceptional items)* increased by 30% to a level of € 0.91 (Q1 2010: € 0.70)

Cash flow, capital expenditure and financing

Cash provided by operating activities was € 23 million. The substantial increase in working capital of € 252 million was due to increased raw material prices, the strongly growing business especially in Materials Sciences and seasonal effects.

Cash flow related to *capital expenditure* in Q1 2011 amounted to € 72 million compared to € 98 million in Q1 2010.

Net debt increased by € 758 million and stood at € 650 million at the end of Q1 2011. The increase was principally due to the acquisition of Martek.

Workforce

Compared to year-end 2010 the *workforce* increased by 774 and stood at 22,685 at the end of Q1 2011. This increase was mainly due to the acquisition of Martek.

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 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.

DSM's focus on Life Sciences (Nutrition and Pharma) and Materials Sciences (Performance Materials and Polymer Intermediates) is fueled by three societal trends: *Global Shifts*, *Climate and Energy* and *Health and Wellness*. The main underlying drivers of these trends are the world's population growth and increasing life expectancy on the one hand, and increasing economic prosperity and consumption in the high growth economies on the other. DSM aims to meet the unmet needs resulting from these societal trends with innovative and sustainable solutions.

It is DSM's ambition to fully leverage the unique opportunities in Life Sciences and Materials Sciences, using four growth drivers (*High Growth Economies*, *Innovation*, *Sustainability* and *Acquisitions & Partnerships*) and bringing all four drivers to the next level. At the same time DSM aims to make maximum use of the potential of all four growth drivers to mutually reinforce each other.

DSM has set itself ambitious targets for the next strategy period. With the transformation completed, DSM can now focus on, and accelerate, growth. The company has high aspirations, based on an assessment of the opportunities, particularly in high growth economies.

Below is an update on DSM's achievements and progress with regard to each of the four growth drivers.

High Growth Economies: from reaching out to being truly global

As of this quarter DSM is reporting sales on a regional level. The table can be found on page 17 of this report. Net sales in China (continuing operations, in USD) increased by 21% from USD 377 million in Q1 2010 to USD 458 million in Q1 2011. In India, DSM recorded a sales increase (in Euro) of 30%.

DSM and KuibyshevAzot OJSC announced a strategic cooperation in which DSM Engineering Plastics will enter into two joint ventures with the Russian company. In both joint ventures DSM Engineering Plastics will hold a majority share. In addition, KuibyshevAzot will be granted a license under DSM Fibre Intermediates' technology for the production of cyclohexanone. Russia is an increasingly important market for engineering plastics and it is expected that the market for PA6 will double in the next five years. With this partnership DSM is expected to be in an excellent position to capitalize on this anticipated growth.

The DSM joint venture Jinling DSM Resins Co., Ltd. (JDR) will invest approximately € 50 million in a new production facility for composite resins in Nanjing, China. The new facility, which will replace the current facility, will be among the largest manufacturing plants for composite resins in the world. DSM's share in the investment is 75%.

DSM also announced a partnership with Kemrock Industries in India for the production of specialty composite resins in India. DSM and Kemrock together will invest USD 25 million in a joint venture. DSM will focus on the supply of innovative specialized composite resin solutions to the fast growing Indian market while Kemrock will concentrate on the production of high end composite parts. DSM will hold 51% and Kemrock 49% in the joint venture, which will be based in Pune.

In India DSM opened its first Animal Nutrition & Health premix plant, located in Ambernath, Mumbai. This enables DSM to capitalize on opportunities that arise from the rapidly developing animal nutrition and health industry in the country. India is currently ranked 5th in the world as a broiler producer and is the world's 4th largest egg producer.

Innovation: from 'building the machine' to doubling innovation output

DSM Venturing, the corporate venturing unit of DSM, has made an investment in Germany-based SkySails GmbH & Co. KG, the market and technology leader for automated towing kite systems for ships. Depending on the prevailing wind conditions, a ship's average annual fuel costs and emissions can be reduced by 10 to 35% by using the SkySails system.

DSM's Dyneema® fiber will be used in mooring ropes for a semi-submersible mobile offshore drilling unit of Petrobras, one of the world's leading integrated energy companies. To moor one drilling unit, more than 15 kilometers of rope is needed.

Sustainability: from responsibility to a business driver

DSM and the United States Agency for International Development (USAID) announced that they will collaborate and collectively work to meet the nutritional challenges in the developing world. An initial focus of the collaboration will be on rice fortification for which DSM has a product offering such as NutriRice®. In addition, DSM will provide input to USAID's Office of Food For Peace in order to help improve nutritional value, quality, shelf life, and methods for testing food aid commodities.

At the publication of its Q4 2010 results DSM introduced its new company brand: Bright Science. Brighter Living.™ The new brand is symbolic of the transition to 'the new DSM'. DSM also published its first Integrated Annual Report, combining the Annual Report with the Triple P report.

Acquisitions & Partnerships: from 'portfolio transformation' to 'driving focused growth'

DSM completed the acquisition of Martek Biosciences Corporation. The acquisition is fully in line with DSM's strategy for its Nutrition cluster ('continued value growth') and adds a new growth platform for healthy and natural food ingredients for infant formula and other food and beverage applications, especially focused on polyunsaturated fatty acids (PUFAs) such as microbial Omega-3 DHA (docosahexaenoic acid) and Omega-6 ARA (arachidonic acid).

DSM signed an agreement to acquire the majority shareholding in Shandong ICD High Performance Fibre Co. Ltd. based in Laiwu, Shandong province, China. Closing of this transaction is expected in the course of 2011. The agreement with ICD, a manufacturer of UHMWPE (ultra high molecular weight polyethylene) fiber and a potential strong player in the Chinese market for high performance fibers, concludes an extensive selection process by DSM to find the right company in the Chinese market.

Outlook

Overall, the consensus economic outlook for 2011 is positive. DSM expects the trading conditions experienced during the first quarter to continue in the remainder of the year, with strong growth in China and the other high growth economies, together with moderate growth in mature economies.

DSM is conscious of the macro-economic uncertainties. The unrest in the Middle East has had no impact on DSM's business, except for the higher oil price causing the prices for energy and certain raw materials to increase. DSM continues to pass on these higher costs through further price increases. At this time, DSM believes that the tragic events in Japan are likely to have only a limited impact on full-year earnings.

The Nutrition cluster is expected to achieve sustained good sales performance with healthy volume growth and price increases. Currency exchange rates are expected to remain volatile; the weaker US Dollar and

especially the strong Swiss franc are unfavorable for the Nutrition cluster. The EBITDA with the inclusion of Martek is expected to be clearly above last year.

The focus within the Pharma cluster will be on strategy execution such as the announced anti-infectives joint venture with Sinochem. Overall business conditions remain challenging and results are expected to be lower than in 2010.

The Performance Materials cluster is benefiting significantly from continued global growth in the relevant end-markets such as automotive, electronics and packaging. Results are expected to be clearly above last year.

Polymer Intermediates is expected to continue its excellent performance in 2011 based on DSM's unique global presence and very favorable trading conditions, although the current very tight demand-supply balance might ease somewhat. In Q2 2011 a maintenance shutdown is planned for acrylonitrile.

Despite the headwinds from higher input costs and on balance unfavorable currencies, 2011 is expected to be a strong year for DSM. This gives DSM confidence that it will meet the EBITDA target of € 1.4 to 1.6 billion in 2013, with ROCE expected to exceed 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 first quarter result 2011 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 first quarter

first quarter 2011			<i>in € million</i>	first quarter 2010		
before excep- tional items	excep- tional Items	total		before excep- tional items	excep- tional Items	total
2,345		2,345	net sales	2,230		2,230
348	-9	339	operating profit before depreciation and amortization (EBITDA)	335	-5	330
254	-9	245	operating profit (EBIT)	218	-17	201
23		23	operating profit from discontinued operations	36	-17	19
231	-9	222	operating profit from continuing operations	182	0	182
-21		-21	net finance costs	-21		-21
1		1	share of the profit of associates	0		0
211	-9	202	profit before income tax expense	161		161
-44	3	-41	income tax expense	-40		-40
167	-6	161	net profit from continuing operations	121		121
17		17	net profit from discontinued operations	26	-14	12
184	-6	178	profit for the period	147	-14	133
-12		-12	non-controlling interests	-3		-3
172	-6	166	net profit	144	-14	130
172	-6	166	net profit	144	-14	130
-3		-3	dividend on cumulative preference shares	-3		-3
169	-6	163	net profit used for calculating earnings per share	141	-14	127
94		94	depreciation and amortization	117	12	129
		56	capital expenditure			114
		797	acquisitions			0
			net earnings per ordinary share in €			
1.01	-0.03	0.98	- net earnings, total DSM	0.87	-0.09	0.78
0.91	-0.03	0.88	- net earnings, continuing operations	0.70	0.00	0.70
		166.8	average number of ordinary shares (x million)			163.2
		165.9	number of ordinary shares, end of period (x million)			163.4
		22,685	workforce (headcount) at end of period			*21,911
		6,799	of which in the Netherlands			*6,754

* Year-end 2010

This quarterly report has not been audited.

Consolidated balance sheet: assets*

<i>in € million</i>	31 March 2011	year-end 2010
intangible assets	1,619	1,070
property, plant and equipment	2,951	2,943
deferred tax assets	280	326
prepaid pension costs	1	1
associates	25	25
other financial assets	325	270
	-----	-----
non-current assets	5,201	4,635
inventories	1,480	1,340
trade receivables	1,591	1,361
other receivables	156	116
financial derivatives	122	134
current investments	756	837
cash and cash equivalents	763	1,453
	-----	-----
	4,868	5,241
assets to be contributed to joint ventures	346	317
assets held for sale	300	287
	-----	-----
current assets	5,514	5,845
	-----	-----
total assets	10,715	10,480

* For information on the impact of the consolidation of Martek on the consolidated balance sheet please refer to the Notes to the financial statements on page 18.

Consolidated balance sheet: equity and liabilities*

<i>in € million</i>	31 March 2011	year-end 2010
shareholders' equity	5,530	5,481
minority interests	104	96
	-----	-----
equity	5,634	5,577
deferred tax liabilities	222	155
employee benefits liabilities	274	297
provisions	91	93
borrowings	1,963	1,992
other non-current liabilities	32	33
	-----	-----
non-current liabilities	2,582	2,570
employee benefits liabilities	21	24
provisions	30	33
borrowings	146	105
financial derivatives	182	219
trade payables	1,358	1,277
other current liabilities	593	512
	-----	-----
	2,330	2,170
liabilities to be contributed to joint ventures	110	104
liabilities held for sale	59	59
	-----	-----
current liabilities	2,499	2,333
	-----	-----
total equity and liabilities	10,715	10,480
capital employed **	6,312	5,468
equity / total assets**	53%	53%
net debt**	650	-108
gearing (net debt / equity plus net debt)**	10%	-2%
operating working capital, continuing operations	1,798	1,487
OWC / net sales, continuing operations	19.7%	17.9%

* For information on the impact of the consolidation of Martek on the consolidated balance sheet please refer to the Notes to the financial statements on page 18.

** Before reclassification to held for sale

Condensed consolidated cash flow statement

<i>in € million</i>	first quarter	
	2011	2010
<i>Cash, cash equivalents and current investments</i>		
<i>at beginning of period</i>	2,290	1,347
current investments at 1 January	-837	-7
	-----	-----
<i>Cash and cash equivalents at beginning of period</i>	1,453	1,340
<i>operating activities:</i>		
- earnings before interest, tax, depreciation and amortization	339	330
- change in working capital	-252	-149
- other	-64	-44
	-----	-----
cash provided by operating activities	23	137
<i>investing activities:</i>		
- capital expenditure	-72	-98
- acquisitions	-731	-
- disposal of subsidiaries and businesses	3	-
- disposal of other non-current assets	-	2
- change in fixed-term deposits	81	-
- other	-2	-1
	-----	-----
cash used in investing activities	-721	-97
dividend	-	-
other cash from/used in financing activities	-2	12
	-----	-----
cash used in financing activities	-2	12
changes exchange differences	10	13
	-----	-----
<i>Cash and cash equivalents at end of period</i>	763	1,405
current investments at 31 March	756	6
	-----	-----
<i>Cash, cash equivalents and current investments</i>	1,519	1,411
<i>at end of period</i>		

Condensed consolidated statement of comprehensive income

<i>in € million</i>	first quarter	
	2011	2010
exchange differences on translation of foreign operations	-129	127
actuarial gains and losses and asset ceiling*	0	-2
other changes	58	-9
income tax expense	-15	10
	-----	-----
other comprehensive income	-86	126
profit for the period	178	133
	-----	-----
Total comprehensive income	92	259

* 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

<i>in € million</i>	first quarter	
	2011	2010
Total equity at beginning of period	5,577	5,011
<i>Changes:</i>		
- total comprehensive income	92	259
- dividend	-	-138
- repurchase of shares	-91	-
- proceeds from reissue of ordinary shares	49	8
- other changes	7	14
	-----	-----
Total equity at end of period	5,634	5,154

Condensed report business segments

first quarter 2011 (in € million)

	Continuing operations							Discontinued operations	Elimination	Total
	Nutrition	Pharma	Performance Materials	Polymer Intermediates	Innovation Center	Corporate activities	Elimination			
net sales	798	163	705	457	14	97		2,234	111	2,345
supplies to other clusters	27	4	4	109		7	-151	47	-47	
total supplies	825	167	709	566	14	104	-151	2,234	158	2,345
EBITDA	173	0	91	99	-13	-25		325	23	348
EBIT	140	-10	62	90	-16	-35		231	23	254
total assets	4,625	1,328	2,497	986	446	10,628	-9,795	10,715		10,715
workforce (headcount) at end of period	8,047	4,140	4,929	1,373	323	3,464		22,276	409	22,685

first quarter 2010 (in € million)

	Continuing operations							Discontinued operations	Elimination	Total
	Nutrition	Pharma	Performance Materials	Polymer Intermediates	Innovation Center	Corporate activities	Elimination			
net sales	732	186	557	314	9	135		1,933	297	2,230
supplies to other clusters	13	2	14	101		4	-109	25	47	-72
total supplies	745	188	571	415	9	139	-109	1,958	344	2,230
EBITDA	166	14	71	50	-13	-4		284	51	335
EBIT	133	0	39	42	-16	-16		182	36	218
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)

first quarter 2011

	The Netherlands	Rest of Western Europe	Eastern Europe	North America	Latin America	China	India	Japan	Rest of Asia	Rest of the World	Eliminations	Total
net sales by origin												
in € million	847	631	16	354	59	217	38	29	34	9		2,234
in %	38	28	1	16	3	10	2	1	1			100
net sales by destination												
in € million	161	719	119	419	127	335	43	73	192	46		2,234
in %	7	32	5	19	6	15	2	3	9	2		100
Total assets in € million	10,836	6,419	79	2,388	557	954	119	160	235	51	-11,083	10,715
Workforce (headcount)	6,543	6,453	242	3,551	985	3,130	670	140	408	154		22,276

first quarter 2010

	The Netherlands	Rest of Western Europe	Eastern Europe	North America	Latin America	China	India	Japan	Rest of Asia	Rest of the World	Eliminations	Total
net sales by origin												
in € million	670	631	16	304	46	186	30	8	38	4		1,933
in %	35	33	1	16	2	10	1		2			100
net sales by destination												
in € million	154	610	96	383	129	272	33	47	165	44		1,933
in %	7	32	5	20	7	14	2	2	9	2		100
Workforce (headcount)*	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. These accounting policies are applied in the current interim financial statements, as of 31 March 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. Furthermore, 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 are included in this interim report.

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

In December 2010 DSM reached an agreement with Sinochem Group to form a 50/50 global joint venture for its business group DSM Anti-Infectives. The transaction is subject to customary regulatory approvals. In view of DSM's continuing involvement in the anti-infectives business these activities are not presented as discontinued operations. Assets and liabilities that will be contributed to the joint venture are presented separately in the consolidated balance sheet as 'assets/liabilities to be contributed to joint ventures'. In view of the fact that the carrying amount of these assets will principally be recovered through sale rather than through continuing use depreciation and amortization of the assets was stopped upon reclassification.

In view of the announced agreement regarding the sale of the remaining part of DSM Elastomers (Keltan®) and the expected disposal of the Maleic Anhydride and Derivatives business of DSM Pharmaceutical Products in Linz (Austria) in 2011, these businesses have been classified as 'assets/liabilities held for sale'. For these assets, too, depreciation and amortization was stopped upon reclassification.

- **Related party transactions**

Transactions with related parties are conducted at arm's length conditions. In the first quarter of 2011 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 Integrated Annual Report 2010 and in the governance section on www.dsm.com.

- **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.

Heerlen, 27 April 2011

The Managing Board

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

Important dates

Annual General Meeting of Shareholders
Report for the second quarter
Report for the third quarter

Thursday, 28 April 2011
Tuesday, 2 August 2011
Tuesday, 1 November 2011

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

For more information

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Forward-looking statements

This press release may contain forward-looking statements with respect to DSM's future (financial) performance and position. Such statements are based on current expectations, estimates and projections of DSM and information currently available to the company. DSM cautions readers that such statements involve certain risks and uncertainties that are difficult to predict and therefore it should be understood that many factors can cause actual performance and position to differ materially from these statements. DSM has no obligation to update the statements contained in this press release, unless required by law. The English language version of the press release is leading.