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Press Release

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Half-year report 2011

DSM reports strong Q2 results with solid growth

- Q2 EBITDA from continuing operations €339 million, above both Q2 2010 and Q1 2011
- Strong Life Sciences results driven by robust growth in Nutrition
- Very solid results in Materials Sciences due to pricing strength and volume growth
- Martek integration on track; excellent Q2 EBITDA performance
- EPS more than doubled, reflecting strong operating results, lower tax rate and one-off gains
- Interim dividend of €0.45 (+12.5%) representing one third of total dividend for 2010
- 2011 is expected to be a strong year; good progress towards achieving the 2013 targets

Commenting on the results, Feike Sijbesma, CEO/Chairman of the DSM Managing Board, said:
"This has been another strong quarter for DSM with continued progress compared to the first quarter and the same period last year reflecting the strength of our businesses. These results include a positive contribution from Martek but also the negative impact of currency effects and higher raw material and energy costs.

"Whilst general economic forecasts for the year continue to be positive, there are increased uncertainties related to the global economy. However, we believe we are well positioned with our balanced, relatively resilient portfolio in health, nutrition and materials, and with our broad geographic footprint, strong technology and leading market positions. This, in combination with our focus on customers and innovation and our ongoing efficiency improvements, gives us confidence that 2011 will be a strong year for DSM with good progress towards achieving the 2013 targets."

second quarter 2011	2010	+/-	in € million	first half 2011	2010	+/-
			Continuing operations:			
2,265	**2,120**	*7%*	Net sales	**4,499**	**4,053**	*11%*
339	**333***	*2%***	Operating profit before depreciation and amortization (EBITDA)	**664**	**617***	*8%***
193	188		- Nutrition	366	354	
12	14		- Pharma	12	28	
82	84		- Performance Materials	173	155	
93	60		- Polymer Intermediates	192	110	
-13	-13		- Innovation Center	-26	-26	
-28	0*		- Corporate activities	-53	-4*	
			* of which €9 million (first half €17 million) IFRS pension adjustment			
			** 5% (first half 11%) if IFRS pension adjustment is excluded			
238	231*	*3%*	Operating profit (EBIT)	469	413*	*14%*
			Discontinued operations:			
34	286		Net sales	145	583	
6	28		Operating profit before depreciation and amortization (EBITDA)	29	79	
6	21		Operating profit (EBIT)	29	57	
			Total DSM:			
2,299	**2,406**	*-4%*	Net sales	**4,644**	**4,636**	*0%*
345	361	*-4%*	Operating profit before depreciation and amortization (EBITDA)	693	696	*0%*
166	**158**	*5%*	Net profit before exceptional items	**338**	**302**	*12%*
226	-9		Net result from exceptional items	220	-23	
392	**149**	*163%*	Net profit	**558**	**279**	*100%*
			Net earnings per ordinary share in €:			
0.97	0.88	*10%*	- before exceptional items, continuing operations	1.88	1.58	*19%*
2.35	0.90	*161%*	- including exceptional items, total DSM	3.33	1.68	*98%*

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 second quarter 2011

The monetary and financial instability, caused by continued global sovereign debt challenges worsened in Q2. This was, amongst other factors, reflected in very volatile currency exchange rates. On average, over the quarter the US dollar decreased by 13% and the Swiss franc increased by 11% against the Euro compared to Q2 2010. Inflationary pressure, especially in food, raw materials and energy remained high.

However, this instability did not affect DSM's markets. Trading conditions remained in line with the positive Q1 environment, as a result of strong growth in high growth economies and moderate, but continuing, growth in Western Europe and North America. The Japanese economy was still weak, following the natural disasters in Q1.

Within this macro-economic context the majority of DSM's businesses continued to offset increased input cost with pricing strength. The increasingly strong Swiss franc, however, negatively affected the cost base of the Nutrition business. The US dollar had a negative impact for all of DSM.

Nutrition posted its best quarter ever. It continued to deliver solid volume growth. Currencies had a negative impact of around €20-25 million on the operating result compared to Q2 2010. Martek, acquired in Q1, delivered an excellent performance.

Pharma sales and results improved compared to Q1, but DSM is conscious that overall performance of the cluster remains below acceptable levels.

In Performance Materials unit margins in DSM Engineering Plastics and DSM Resins continued to improve. However, DSM Dyneema was affected by lower sales to the tender driven vehicle protection business. As a consequence the cluster result was somewhat lower than in Q2 last year.

Polymer Intermediates continued to show an excellent performance. Despite a planned maintenance shutdown for the acrylonitrile plant, results were close to Q1 and substantially above last year's.

Total EBITDA (continuing operations) grew by 2% and on comparable basis by 5% versus last year's Q2. Compared to previous quarter EBITDA increased by 4%.

In Q2 DSM realized one-off profits due to the sale of its shares in Danisco (€140 million before tax) and the divestment of DSM Elastomers (€110 million before tax). These profits are reported as exceptional items. In addition the lower effective tax rate (21% versus 25% in 2010) and a strong operating result contributed to a more than 160% increase of net profit and earnings per share.

Net debt decreased by €372 million during the quarter to €278 million. The main positive contributors were the operating profit and proceeds from disposals, which were partly compensated for by an increase in working capital (from 19.7% in Q1 2011 to 21.0% of sales in Q2 2011), capital expenditure, acquisitions, the share repurchase program and the payment of the final dividend.

Net sales

in € million	second quarter					
	2011	2010	differ-ence	organic growth	exch. rates	other
Nutrition	839	764	10%	5%	-3%	8%
Pharma	178	195	-9%	-5%	-4%	
Performance Materials	709	644	10%	13%	-4%	1%
Polymer Intermediates	423	362	17%	24%	-7%	
Innovation Center	14	9				
Corporate activities	102	146				
Total (continuing operations)	2,265	2,120	7%	10%	-4%	1%*
Discontinued operations	34	286				
Total	2,299	2,406				

* 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.

Organic sales growth was 10%, well above target. This is the sixth consecutive quarter with double digit organic growth. Volume growth was 4% and price increases 6%. Currencies (mainly the US dollar and the Chinese yuan) had a negative effect of 4%.

Nutrition continued to realize strong volume growth, both compared to prior year and Q1. The decreasing price trend was halted during the first half year. Martek added €84 million to the Nutrition sales, which was partly offset by the shift of DSM Food Specialties' ARA sales to Martek from external sales to internal supplies.

Although Pharma sales improved compared to Q1, they are still below last year's level.

Performance Materials continued to post double digit organic growth, mainly due to pricing strength. Volume growth was modest, due to lower sales by DSM Dyneema to the vehicle protection business.

Polymer Intermediates organic sales growth was an excellent 24%, mainly due to price increases.

Business review by cluster

Nutrition

second quarter		in € million	first half	
2011	2010		2011	2010
839	764	Net sales	1,637	1,496
193	188	EBITDA	366	354
154	153	EBIT	294	286
23.0%	24.6%	EBITDA margin	22.4%	23.7%

Sales including Martek increased by 10% over the same period last year. Organic sales growth was 5% and currencies had an impact of -3%. Organic sales growth was 3% over Q1 2011. There was particularly good volume growth in Animal Nutrition & Health and DSM Food Specialties. Overall prices were lower compared to Q2 last year and in line with Q1 2011.

The performance of the cluster remained strong and **EBITDA** was above Q2 last year. EBITDA excluding Martek was lower than the exceptionally strong results of last year, mainly due to the negative impact of the Swiss franc and US dollar which was approximately €20-25 million for DSM Nutritional Products, net of hedging results. Despite higher raw material and energy costs and unfavorable currency developments, EBITDA (excluding Martek) in Q2 2011 improved compared to Q1 2011, due to volume increases with stable prices. To mitigate the effect of currencies and higher input costs, price increases and cost optimization measures are being implemented.

Martek delivered an excellent performance with sales of €84 million and EBITDA of €28 million.

Pharma

second quarter		in € million	first half	
2011	2010		2011	2010
178	195	Net sales	341	381
12	14	EBITDA	12	28
0	-1	EBIT	-10	-1
6.7%	7.2%	EBITDA margin	3.5%	7.3%

In Q2, 2011 **sales** were mainly lower because of the weaker US dollar and lower volumes at DSM Pharmaceutical Products.

Although **EBITDA** was below the 2010 level, it improved compared to Q1 2011 due to margin improvements in DSM Anti-Infectives and volume improvements in DSM Pharmaceutical Products. However, the performance is still well below acceptable level.

Performance Materials

second quarter		in € million	first half	
2011	2010		2011	2010
709	644	Net sales	1,414	1,201
82	84	EBITDA	173	155
53	54	EBIT	115	93
11.6%	13.0%	EBITDA margin	12.2%	12.9%

Organic **sales** growth was 13% in Q2, mainly reflecting price increases to restore unit margins. Volume growth was subdued, especially because of lower sales to the tender driven vehicle protection business at DSM Dyneema and weak Japanese demand, following the natural disasters in March.

The lower **EBITDA** compared to last year is fully attributable to DSM Dyneema. Both DSM Engineering Plastics and DSM Resins continue to improve pricing to compensate for the higher raw material prices.

Polymer Intermediates

second quarter		in € million	first half	
2011	2010		2011	2010
423	362	Net sales	880	676
93	60	EBITDA	192	110
86	52	EBIT	176	94
22.0%	16.6%	EBITDA margin	21.8%	16.3%

Ongoing tight supply and strong demand resulted in organic **sales** growth in Q2 of 24% compared to Q2 2010, mainly due to price increases.

Margins showed a substantial increase compared to Q2 2010 which was reflected in a considerably higher **EBITDA** despite the planned maintenance shutdown in the acrylonitrile business.

Innovation Center

second quarter		in € million	first half	
2011	2010		2011	2010
14	9	Net sales	28	18
-13	-13	EBITDA	-26	-26
-16	-15	EBIT	-32	-31

Second quarter **sales** developed well and were above last year, generating additional gross margin which was offset by higher spending on innovation opportunities.

This quarter DSM and Roquette announced that they will build a commercial scale plant for the production of bio-based succinic acid in Cassano, Italy. The plant will be Europe's largest bio-based succinic acid facility. On July 28 DSM completed the acquisition of C5 Yeast Company B.V. from Royal Cosun, through which it will further increase its leadership position in the field of second generation biofuels. Recent tests have shown that the yield of DSM's advanced yeast technology for second generation biofuels on cellulose derived C5/C6 sugars to ethanol meets conversion performance criteria for commercialization by its customers.

Corporate activities

second quarter		in € million	first half	
2011	2010		2011	2010
102	146	Net sales	199	281
-28	0	EBITDA*	-53	-4
-39	-12	EBIT*	-74	-28
	9	* of which IFRS pension adjustment		17

The lower **sales** in Q2 2011 compared to Q2 2010 were due to the deconsolidation of the Utility Support Group.

The lower **EBITDA** compared to Q2 2010 was due to the changes in the Dutch pension plan, higher share based payment costs following the increase of the share price, additional project expenses related to the implementation of the announced strategy, a lower result in the businesses included in Corporate activities and higher costs in service organizations.

Exceptional items

In Q2 2011 total *exceptional items* amounted to €242 million (€226 million after tax), comprising the book profits before tax on the sale of the Danisco shares (€140 million) and on the divestment of DSM Elastomers (€110 million). In relation to the acquisition of Martek an amount of -€8 million was reported as an exceptional item due to the revaluation of inventories to fair value.

Net profit

Net profit increased from €149 million in Q2 2010 to €392 million in Q2 2011, which was mainly due to the book profits resulting from the divestment of DSM Elastomers and the sale of the Danisco shares as well as a lower tax rate and the strong operating result.

Net finance costs amounted to €18 million in Q2 2011 compared to €29 million in Q2 2010, mainly as a result of favorable hedge results and lower interest costs.

The effective tax rate decreased to 21% (Q2 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.

Net earnings per ordinary share (including exceptional items, total DSM) increased by 161% to a level of €2.35 per ordinary share in Q2 2011 (Q2 2010: €0.90).

Cash flow, capital expenditure and financing

Cash provided by operating activities amounted to €156 million in the first half of 2011 (€133 million in Q2 2011).

Operating working capital increased to 21.0% of sales, mainly due to seasonal factors and the acquisition of Martek (which requires, because of its business model, a relatively high level of operating working capital). Compared to Q2 2010, excluding the Martek effect, operating working capital was 0.5% lower.

Cash flow related to *capital expenditure* amounted to -€160 million in the first half of 2011 (Q2 2011: -€88 million) compared to -€188 million in H1 2010 (Q2 2010: -€90 million). The cash flow related to *acquisitions* amounted to -€800 million in the first half of 2011 (Q2 2011: -€69 million) compared to -€35 million in the first half of 2010.

Net debt increased from -€108 million at the end of 2010 to €278 million at the end of Q2. This was mainly due to the Martek acquisition. During Q2 net debt decreased by €372 million.

Interim dividend
DSM's dividend policy is to provide a stable and preferably rising dividend. It has been decided to pay an interim dividend of €0.45 (+12.5%) per ordinary share for the year 2011. As usual, this represents one third of the total dividend paid for the previous year. The interim dividend is no indication of the total dividend for 2011. The dividend will be payable in cash or in the form of ordinary shares, at the option of the shareholder. Dividend in cash will be paid after deduction of 15% Dutch dividend withholding tax. The ex-dividend date is 3 August 2011. The interim dividend will be payable as from 26 August 2011.

Workforce
Compared to year-end 2010 the *workforce* increased by 580 to 22,491 at the end of Q2 2011. This change was due to the acquisition of Martek, the divestment of DSM Elastomers and additional hiring.

Progress 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.

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*. 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.

DSM has set itself ambitious targets for the next strategy period. With its transformation completed, DSM can now focus on and accelerate growth. Below is an update on DSM's achievements and progress with regard to each of the four growth drivers.

<u>High Growth Economies: from reaching out to being truly global</u>
DSM is reporting sales on a regional level (see table on page 18 of this report). Net sales in China (continuing operations, in USD) increased by 38% from USD 355 million in Q2 2010 to USD 489 million in Q2 2011. In India, DSM recorded a sales increase in Q2 2011 (in Euro) of 12%.

In Q2 2011, DSM and the Russian company KuibyshevAzot OJSC commenced their strategic cooperation and joint ventures in the field of Engineering Plastics and Fibre Intermediates. Furthermore, DSM opened the first feed-premix plant in Russia in a joint venture with Tatenergo JSC (Republic of Tatarstan).

<u>Innovation: from building the machine to doubling innovation output</u>
DSM opened a state-of-the-art Nutrition Innovation Center in Parsippany, New Jersey (United States). Furthermore, DSM's nutrition business has developed a novel way of sugar fortification with vitamin A. This opens a significant additional route to improving the population's micronutrient intake through staple food, next to rice, flour or milk.

<u>Sustainability: from responsibility to a business driver</u>
DSM is on track with its 2011-2015 sustainability aspirations. In the first half year of 2011, 87% of DSM's innovation pipeline were ECO+ solutions (compared to an aspiration of over 80% for 2011-2015). As a

percentage of running business, ECO+ solutions were estimated at almost 40% for the first half year of 2011 compared to an aspired growth from about 34% towards an estimated 50% for the period 2011-2015.

An example of an ECO+ solution is EcoPaXX™, a 70% bio-based high-performance engineering plastic. In Q2 a German automotive producer selected this material for the engine cover for one of its flagship models.

Also energy efficiency is well on target: 1.8% improvement in the first half year of 2011 compared to 2010. The aspiration calls for a 20% improvement in 2020 compared to 2008.

DSM also developed a VOC free powder in mould coating for use as finish in automotive applications with a much better eco-footprint compared to traditional solvent-based methods.

Acquisitions & Partnerships: from portfolio transformation to driving focused growth
The integration of Martek, acquired in the first quarter of 2011, is fully on track. The innovation and growth potential of the company is substantial.

DSM announced the acquisition of Vitatene S.A.U. (Spain), a producer of natural carotenoids. This acquisition, which has meanwhile been closed, allows DSM to strengthen the natural carotenoids offerings of its nutrition business as consumer demand for natural products continues to grow.

DSM announced that it will acquire the premix unit of Fatrom, the leading premix manufacturer in Romania.

DSM and Yixing QianCheng Bio-Engineering Co Ltd (China) have closed a joint venture agreement for the enzyme activities of QianCheng, creating a new company DSM (Jiangsu) Biotechnology Co. Ltd. DSM holds 85% of the shares in the new company.

Outlook
Whilst general economic forecasts for the year continue to be positive, there are increased uncertainties related to the global economy caused by sovereign debt challenges, increased inflation and volatile currencies. However, DSM believes that it is well-positioned with its balanced, relatively resilient portfolio in health, nutrition and materials, its broad geographic footprint and strong technology and leading market positions to make further progress.

DSM, in line with the industry, experienced higher raw material and energy costs during the first half of the year, although this increase is expected to ease during the second half of the year. DSM expects to remain successful in passing on these cost increases due to its strong market positions.

Currencies have also been a negative factor in the second quarter. The strong Swiss franc and the weakening US dollar will continue to impact results going forward.

However, at this stage, no major changes are anticipated to the overall business assumptions for the full year.

The Nutrition cluster is expected to maintain its positive momentum, with good volumes, price increases and further cost efficiencies helping to partially offset the adverse impact of the strong Swiss franc and weak US dollar. The cluster is relatively unaffected by changes in the global economy. EBITDA including Martek is likely to be clearly above last year.

The Pharma cluster continues to be impacted by challenging business conditions and results are expected to be lower than in 2010.

Performance Materials is expecting continued growth in end-user demand. Overall sales volumes for H2 2011 are expected to be lower than in H1 2011 due to normal seasonal trading patterns. In the second half of the year pricing initiatives will continue to take effect and input cost pressures are expected to ease. Full year results are expected to be clearly above last year.

Polymer Intermediates' full year results are expected to be excellent, although DSM sees some potential margin decline.

Taking into consideration all of the above, together with DSM's continued focus on customers, innovation and ongoing efficiency improvements, 2011 is expected to be a strong year for DSM. Therefore DSM believes that good progress is being made towards achieving the EBITDA target of €1.4 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 08.45 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 half year 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 second quarter

second quarter 2011			*in € million*	second quarter 2010		
before exceptional items	exceptional Items	total		before exceptional items	exceptional Items	total
2,299		2,299	net sales	2,406		2,406
339	-8	331	EBITDA from continuing operations	333	10	343
6	110	116	EBITDA from discontinued operations	28	-27	1
345	102	447	EBITDA total DSM	361	-17	344
244	102	346	operating profit (EBIT)	252	-12	240
6	110	116	operating profit from discontinued operations	21	-22	-1
238	-8	230	operating profit from continuing operations	231	10	241
-18	140	122	net finance costs	-29		-29
2		2	share of the profit of associates	0		0
222	132	354	profit before income tax expense	202	10	212
-47	-17	-64	income tax expense	-51	-3	-54
175	115	290	net profit from continuing operations	151	7	158
4	111	115	net profit from discontinued operations	13	-16	-3
179	226	405	profit for the period	164	-9	155
-13		-13	non-controlling interests	-6		-6
166	226	392	net profit	158	-9	149
166	226	392	net profit	158	-9	149
-2		-2	dividend on cumulative preference shares	-2		-2
164	226	390	net profit used for calculating earnings per share	156	-9	147
101		101	depreciation and amortization	109	-5	104
		98	capital expenditure			101
		4	acquisitions			42
			net earnings per ordinary share in €			
0.99	1.36	2.35	- net earnings, total DSM	0.95	-0.05	0.90
0.97	0.68	1.65	- net earnings, continuing operations	0.88	0.04	0.92
		165.5	average number of ordinary shares (x million)			163.6
		166.2	number of ordinary shares, end of period (x million)			163.8
		22,491	workforce (headcount) at end of period			*21,911
		6,588	of which in the Netherlands			*6,754

* Year-end 2010

This report has not been audited.

Condensed consolidated statement of income for the first half

first half 2011			*in € million*	first half 2010		
before exceptional items	exceptional Items	total		before exceptional items	exceptional Items	total
4,644		4,644	net sales	4,636		4,636
664	-17	647	EBITDA from continuing operations	617	10	627
29	110	139	EBITDA from discontinued operations	79	-32	47
693	93	786	EBITDA total DSM	696	-22	674
498	93	591	operating profit (EBIT)	470	-29	441
29	110	139	operating profit from discontinued operations	57	-39	18
469	-17	452	operating profit from continuing operations	413	10	423
-39	140	101	net finance costs	-50		-50
3		3	share of the profit of associates	0		0
433	123	556	profit before income tax expense	363	10	373
-91	-14	-105	income tax expense	-91	-3	-94
342	109	451	net profit from continuing operations	272	7	279
21	111	132	net profit from discontinued operations	39	-30	9
363	220	583	profit for the period	311	-23	288
-25		-25	non-controlling interests	-9		-9
338	220	558	net profit	302	-23	279
338	220	558	net profit	302	-23	279
-5		-5	dividend on cumulative preference shares	-5		-5
333	220	553	net profit used for calculating earnings per share	297	-23	274
195		195	depreciation and amortization	226	7	233
		154	capital expenditure			166
		801	acquisitions			34
			net earnings per ordinary share in €			
2.00	1.33	3.33	- net earnings, total DSM	1.82	-0.14	1.68
1.88	0.65	2.53	- net earnings, continuing operations	1.58	0.04	1.62
		166.1	average number of ordinary shares (x million)			163.4
		166.2	number of ordinary shares, end of period (x million)			163.8
		22,491	workforce (headcount) at end of period			*21,911
		6,588	of which in the Netherlands			*6,754

* Year-end 2010

This report has not been audited.

Consolidated balance sheet: assets*

in € million	**30 June 2011**		**year-end 2010**	
intangible assets	1,602		1,070	
property, plant and equipment	2,960		2,943	
deferred tax assets	289		326	
associates	27		25	
other financial assets	116		271	
	--------		--------	
non-current assets		**4,994**		**4,635**
inventories	1,599		1,340	
trade receivables	1,557		1,361	
other receivables	174		116	
financial derivatives	166		134	
current investments	861		837	
cash and cash equivalents	1,022		1,453	
	--------		--------	
		5,379		5,241
assets to be contributed to joint ventures		375		317
assets held for sale		47		287
		--------		--------
current assets		**5,801**		**5,845**
		--------		--------
total assets		**10,795**		**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 19.

Consolidated balance sheet: equity and liabilities*

in € million	30 June 2011		year-end 2010	
shareholders' equity	5,600		5,481	
non-controlling interests	120		96	
	--------		--------	
equity		**5,720**		**5,577**
deferred tax liabilities	239		155	
employee benefits liabilities	271		297	
provisions	87		93	
borrowings	1,985		1,992	
other non-current liabilities	39		33	
	--------		--------	
non-current liabilities		**2,621**		**2,570**
employee benefits liabilities	20		24	
provisions	24		33	
borrowings	95		105	
financial derivatives	250		219	
trade payables	1,349		1,277	
other current liabilities	595		512	
	--------		--------	
		2,333		2,170
liabilities to be contributed to joint ventures		109		104
liabilities held for sale		12		59
		---------		--------
current liabilities		**2,454**		**2,333**
		---------		--------
total equity and liabilities		**10,795**		**10,480**

capital employed **	6,246	5,468
equity / total assets**	53%	53%
net debt**	278	-108
gearing (net debt / equity plus net debt)**	5%	-2%
operating working capital, continuing operations	1,905	1,487
OWC / net sales, continuing operations	21.0%	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 19.

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

Condensed consolidated cash flow statement

in € million		first half 2011		2010
Cash, cash equivalents and current investments at beginning of period		2,290		1,347
current investments at 1 January		-837		-7
		-------		-------
Cash and cash equivalents at beginning of period		1,453		1,340
operating activities:				
- earnings before interest, tax, depreciation and amortization	786		674	
- change in working capital	-416		-226	
- interest and income tax	-71		-59	
- other	-143		-29	
	-------		---------	
cash provided by operating activities		156		360
investing activities:				
- capital expenditure	-160		-188	
- acquisitions	-800		-35	
- disposal of subsidiaries and businesses	326		333	
- disposal of other non-current assets	222		6	
- change in fixed-term deposits	-24		-	
- other	2		-2	
	---------		---------	
cash used in investing activities		-434		114
dividend	-105		-137	
repurchase of shares	-220			
other cash from financing activities	113		34	
	---------		---------	
cash used in financing activities		-212		-103
changes in consolidation and exchange differences		59		82
		---------		--------
Cash and cash equivalents at end of period		1,022		1,793
current investments at 30 June		861		7
		---------		--------
Cash, cash equivalents and current investments at end of period		1,883		1,800

Condensed consolidated statement of comprehensive income

in € million	first half 2011	first half 2010
exchange differences on translation of foreign operations	-116	341
actuarial gains and losses and asset ceiling*	0	-6
other changes	-72	-43
income tax expense	23	38
	---------	---------
other comprehensive income	-165	330
profit for the period	583	288
	---------	---------
Total comprehensive income	418	618

* 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	first half 2011	first half 2010
Total equity at beginning of period	5,577	5,011
Changes:		
- total comprehensive income	418	618
- dividend	-242	-207
- repurchase of shares	-220	-
- proceeds from reissue of ordinary shares	169	18
- other changes	18	25
	---------	---------
Total equity at end of period	5,720	5,465

Condensed report business segments

first half 2011 *(in € million)*

	Continuing operations								Discon-tinued operations	Elimina-tion	Total
	Nutrition	Pharma	Perform-ance Materials	Polymer Interme-diates	Innovation Center	Corporate activities	Elimina-tion	Total continuing operations			
net sales	1,637	341	1,414	880	28	199		4,499	145		4,644
supplies to other clusters	41	17	8	226	1	14	-306	1	6	-7	
total supplies	1,678	358	1,422	1,106	29	213	-306	4,500	151	-7	4,644
EBITDA	366	12	173	192	-26	-53		664	29		693
EBIT	294	-10	115	176	-32	-74		469	29		498
total assets	5,270	1,336	2,407	1,120	406	10,571	-10,315	10,795			10,795
workforce (headcount) at end of period	8,154	4,104	5,019	1,377	328	3,509		22,491			22,491

first half 2010 *(in € million)*

	Continuing operations								Discon-tinued operations	Elimina-tion	Total
	Nutrition	Pharma	Perform-ance Materials	Polymer Interme-diates	Innovation Center	Corporate activities	Elimina-tion	Total continuing operations			
net sales	1,496	381	1,201	676	18	281		4,053	583		4,636
supplies to other clusters	27	5	24	206	2	9	-234	39	78	-117	
total supplies	1,523	386	1,225	882	20	290	-234	4,092	661	-117	4,636
EBITDA	354	28	155	110	-26	-4		617	79		696
EBIT	286	-1	93	94	-31	-28		413	57		470
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 half 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	1,661	1,267	35	739	121	461	68	57	67	23		4,499
in %	37	28	1	16	3	10	2	1	1	1		100
net sales by destination												
in € million	322	1,400	241	871	276	675	91	148	382	93		4,499
in %	7	33	5	19	6	15	2	3	8	2		100
Total assets in € million	10,809	6,924	81	2,392	465	969	121	154	240	53	-11,413	10,795
Workforce (headcount) at end of period	6,588	6,424	246	3,608	994	3,253	681	142	423	132		22,491

first half 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	1,485	1,267	30	610	107	367	63	32	74	18	-	4,053
in %	36	31	1	15	3	9	2	1	2	0	-	100
net sales by destination												
in € million	278	1,282	208	803	278	550	76	108	373	97	-	4,053
in %	7	31	5	20	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. These accounting policies are applied in the current interim financial statements, as of 30 June 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 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

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 on the DSM financial statements is presented in the table below:

in € million		
intangible assets and property, plant and equipment	132	
other non-current assets	5	
inventories	84	
receivables	50	
cash and cash equivalents	40	
		311
total assets		
non-controlling interests	-5	
non-current liabilities	2	
current liabilities	37	
total liabilities		34
net asset value		277
sales price, net of selling costs, translation differences and net debt		387
result (before income tax expense)		110

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

in € million	January-June 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 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 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, 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 half 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 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. On this basis DSM concludes that the most important risks and responses as reported in the Integrated Annual Report 2010 are 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 amounts to €78 million.

In the first half of 2011 DSM bought back 5 million outstanding DSM shares for a cash consideration of €220 million. In the same period 4.8 million shares were issued in connection with stock dividend, the exercise of options and delivery of performance shares.

Statement of the Managing Board

The half-yearly financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of DSM and its consolidated companies; and the half-yearly report gives a true and fair view of DSM's position as at the balance sheet date, the development during the period of DSM and its group companies included in the half-yearly financial statements, together with the expected developments.

Heerlen, 2 August 2011

The Managing Board

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

Important dates

Ex interim dividend quotation	Wednesday, 3 August 2011
Record date	Friday, 5 August 2011
Interim dividend payable	Friday, 26 August 2011
Report for the third quarter 2011	Tuesday, 1 November 2011
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

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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