

OTHER INFORMATION

AUDITOR'S REPORT

INTRODUCTION

We have audited the 2004 Financial statements of Royal DSM N.V. Heerlen. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these Financial statements based on our audit.

SCOPE

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the Financial Statements give a true and fair view of the financial position of the company as at 31 December 2004 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

Heerlen, 16 February 2005

for Ernst & Young Accountants

C.J. Bijvoet RA

Chr.J. Westerman RA

PROFIT APPROPRIATION

According to Article 32 of the Royal DSM N.V. Articles of Association and with the approval of the Supervisory Board of Directors, every year the Managing Board of Directors determines the portion of the net profit to be appropriated to the reserves. For the year 2004 the net profit is € 262 million and the amount to be appropriated to the reserves has been established at € 72 million. From the subsequent balance of the net profit, dividend is first distributed on the cumulative preference shares B. At the end of 2004 no cumprefs B were in issue. Subsequently, a 6.78% dividend is distributed on the cumulative preference shares A, based on a share price of € 10.59 per cumulative preference share A. For 2004 this distribution amounts to € 0.72 per share, which is € 16 million in total. Subsequently, the dividend on the cumulative preference shares C is distributed, based on a share value of € 3.03 and a dividend percentage of 5.82%. The cumulative preference shares C were repurchased on 28 November 2004. For that reason the dividend has been established on a pro-rata basis at € 0.163 per share, which is € 6 million in total. The profits remaining after distribution of these dividends (€ 168 million) will be put at the disposal of the Annual General Meeting in accordance with the provisions of Article 32, section 6 of the Articles of Association.

In view of the above, the proposed dividend on ordinary shares for the year 2004 amounts to € 1.75 per share. This dividend corresponds to about 19% of the net profit from ordinary activities excluding exceptional items (€ 359 million) plus depreciation and amortization (€ 524 million) minus the dividend paid to holders of cumulative preference shares (€ 22 million).

An interim dividend of € 0.58 per ordinary share having been paid in August 2004, the final dividend will then amount to € 1.17 per ordinary share.

An interim dividend of € 0.24 per cumulative preference share A having been paid in August 2004, the final dividend will then amount to € 0.48 per cumulative preference share A. Interim dividends to a total of € 0.163 per cumulative preference share C were paid in August 2004 and on repurchase in November 2004. Consequently no final dividend will be distributed on these shares.

If the Annual General Meeting makes a decision in accordance with the proposal, the net profit will be appropriated as follows:

x € million

	2004	2003
net profit	262	139
profit appropriation:		
to be added to / paid from the reserves	72	-49
dividend on cumprefs A and C	22	22
interim dividend on ordinary shares	56	54
final dividend payable on ordinary shares	112	112

SPECIAL STATUTORY RIGHTS

DSM PREFERENCE SHARES FOUNDATION

The DSM Preference Shares Foundation was established in 1989.

By virtue of DSM's Articles of Association, 187,500,000 preference shares B can be issued. Shares thus issued can be placed with the Foundation in order to provide protection against a hostile takeover bid.

The DSM Preference Shares Foundation and DSM have concluded agreements on the placement of preference shares B and an option on such shares. Under these agreements, the Foundation is obliged to take preference shares B in DSM's capital or has the right to acquire such shares to a maximum corresponding to 100% of the capital issued in any form other than preference shares B, less one.

The Foundation acquired no preference shares B in 2004.

On 31 December 2004 the Committee was composed as follows:

Floris Maljers, chairman

Maarten van Veen, vice-chairman

Bas Kortmann

The Foundation Committee

Declaration of independence

The DSM Managing Board and the Foundation Committee hereby declare that, according to their joint assessment, the DSM Preference Shares Foundation meets the independence requirements laid down in Appendix X to the Listing and Issuing Rules of Euronext Amsterdam N.V.

The Managing Board of Royal DSM N.V.

The Foundation Committee

DSM VISION 2005 BV AND DSM VISION 2005 PRIORITY FOUNDATION

In 2002, DSM Vision 2005 BV and the DSM Vision 2005 Priority Foundation were established. DSM has entrusted the revenues from the sale of DSM's petrochemical activities, as well as the financial resources that became available in 2001 following the sale of DSM's interest in Energie Beheer Nederland BV, to its subsidiary DSM Vision 2005 BV. This company was set up to manage these revenues and their use for the implementation of the Vision 2005 strategy.

DSM Vision 2005 BV has issued a single priority share to the DSM Vision 2005 Priority Foundation. A number of decisions by the company, including decisions on the use of the financial resources that it manages, require the approval of the Priority Foundation. The only criterion to be used by the Priority Foundation in assessing the proposed decisions is whether they are compatible with the *Vision 2005: Focus and Value* strategy. The financial resources remaining after the acquisition of Roche Vitamins & Fine Chemicals (now DSM Nutritional Products) will continue to be held in reserve by DSM Vision 2005 BV for use in the framework of the further realization of the Vision 2005 strategy. The consideration for the acquisition of NeoResins that was announced at the end of 2004 and concluded on 2 February 2005 has been paid out of these resources by DSM Vision 2005 BV, after approval by the Managing Committee of the DSM Vision 2005 Priority Foundation.

With effect from 31 December 2004, the Managing Committee of the DSM Vision 2005 Priority Foundation consists of the following people, all of whom are currently members of the Managing Board or the Supervisory Board of Royal DSM N.V.:

Cor Herkströter, chairman
Peter Elverding, deputy chairman
Henk van Dalen
Jan Zuidam
Henk Bodt
Okko Müller

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting is to be held at the DSM head office in Heerlen (the Netherlands) on Wednesday, 6 April 2005 at 2 p.m.

IMPORTANT DATES

Ex-dividend quotation	Friday, 8 April 2005
Publication of first-quarter results	Wednesday, 27 April 2005
Publication of second-quarter results	Wednesday, 27 July 2005
Publication of third-quarter results	Thursday, 27 October 2005
Annual figures 2005	Thursday, 9 February 2006
Annual General Meeting	Wednesday, 29 March 2006

DSM FIGURES: TEN-YEAR SUMMARY*

BALANCE SHEET

x € million

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
intangible fixed assets	369	405	462	594	75	82	69	94	43	25
tangible fixed assets	3,809	4,188	2,885	3,607	3,130	2,971	2,861	2,355	2,408	2,043
financial fixed assets	491	371	292	241	1,326	425	450	295	261	286
fixed assets	4,669	4,964	3,639	4,442	4,531	3,478	3,380	2,744	2,712	2,354
inventories	1,347	1,474	944	1,171	1,224	1,080	979	819	754	612
receivables	1,669	1,746	1,439	1,814	1,888	1,590	1,338	1,144	1,087	886
marketable securities	4	4	2,014	-	-	-	-	96	-	-
cash	1,247	1,212	960	1,148	204	159	163	362	189	708
current assets	4,267	4,436	5,357	4,133	3,316	2,829	2,480	2,421	2,030	2,206
total assets	8,936	9,400	8,996	8,575	7,847	6,307	5,860	5,165	4,742	4,560
shareholders' equity	4,812	4,918	5,142	4,239	3,040	2,507	2,210	2,472	2,241	2,343
minority interests' share	22	43	44	59	30	28	28	76	79	24
group equity	4,834	4,961	5,186	4,298	3,070	2,535	2,238	2,548	2,320	2,367
equalization account	-	-	-	30	27	25	29	28	38	48
investment grants**	-	-	-	30	27	25	29	28	38	48
provisions	874	901	682	809	857	760	721	734	716	691
long-term liabilities	1,045	1,505	1,337	1,533	1,482	1,071	838	581	655	518
current liabilities:										
- interest-bearing	543	382	599	482	870	461	781	125	101	191
- non-interest-bearing	1,640	1,651	1,192	1,423	1,541	1,455	1,253	1,149	912	745
total group equity and liabilities	8,936	9,400	8,996	8,575	7,847	6,307	5,860	5,165	4,742	4,560
capital employed	5,554	6,162	4,538	5,763	4,776	4,268	3,995	3,263	3,380	2,821
capital expenditure:										
- intangible and tangible fixed assets	334	433	503	652	615	647	585	458	484	345
- participating interests and other marketable securities	0	1,561	33	-	889	2	1,351	121	259	13
divestments:										
- intangible and tangible fixed assets	28	9	38	17	6	19	12	52	8	21
- participating interests and other securities	-	8	1,999	1,448	28	185	101	39	43	69
amortization and depreciation, ordinary activities	524	429	442	521	503	458	470	403	341	319
net debt	337	671	-1,038	867	2,148	1,373	1,457	344	567	1
ratios:										
- net sales / average capital employed	1.32	1.21	1.29	1.41	1.77	1.53	1.59	1.69	1.50	1.55
- current assets / current liabilities	1.95	2.18	2.99	2.17	1.38	1.48	1.22	1.90	2.00	2.36
- group equity / total assets	0.54	0.53	0.58	0.50	0.39	0.40	0.38	0.49	0.49	0.52
- net debt / group equity plus net debt	0.07	0.12	-0.25	0.17	0.41	0.35	0.39	0.12	0.20	0.00

* The figures for the years since 2000 were drawn up before the final dividend had been accounted for. The figures for previous years were drawn up after the final dividend had been accounted for. The figures for 2002 were influenced by the sale of DSM Petrochemicals.

** From 2002 onwards, the Equalization account for investment grants has been included under Deferred liabilities.

STATEMENT OF INCOME

x € million	2004*	2003	2002	2001	2000	1999	1998	1997	1996	1995
net sales	7,752	6,050	6,665	7,970	8,090	6,333	6,361	5,629	4,657	4,457
change compared with previous year (%)	28	-9	-16	-1	28	-0	13	21	4	9
operating profit plus depreciation and amortization (EBITDA)	1,013	723	892	1,042	1,254	1,012	1,056	948	794	1,010
operating profit plus amortization of goodwill (EBITA)	512	319	477	550						
operating profit (EBIT)	489	294	450	521	751	554	586	545	453	691
balance of financial income and expense	-51	-31	-14	-97	-57	-69	-71	-33	-27	-27
tax on profit from ordinary activities	-98	-49	-84	-69	-171	-118	-108	-149	-119	-213
profit or loss of non-consolidated companies	8	5	-3	14	48	15	19	34	24	36
profit from ordinary activities after taxation	348	219	349	369	571	382	426	397	331	487
minority interests	11	14	-1	1	-1	2	-2	-	-2	-
net profit from ordinary activities	359	233	348	370	570	384	424	397	329	487
net result from exceptional items	-97	-94	840	1,045	10	-13	-9	-2	-2	-1
net profit	262	139	1,188	1,415	580	371	415	395	327	486
dividend op cumulatief exceptional items	-22	-22	-22	-22	-22	-19	-16	-16	-13	-
net profit available to holders of ordinary shares	240	117	1,166	1,393	558	352	399	379	314	486
workforce at 31 December (x 1,000)	24	26	18	22	22	22	23	18	18	17
wages and salaries (x € million)	1,487	1,215	1,217	1,251	1,191	1,145	1,122	883	824	761
percentage ratios:										
– EBIT / net sales	6.3	4.9	6.8	6.5	9.3	8.7	9.2	9.7	9.7	15.5
– EBIT / average capital employed (ROI)	8.3	5.9	8.7	9.2	16.4	13.4	14.7	16.4	14.6	24.1
– net profit / average shareholders' equity available to holders of ordinary shares	5.7	2.5	26.8	42.3	22.5	17.4	19.3	17.9	14.4	22.4
EBITDA / balance of financial income and expense	19.9	23.3	63.7	10.7	22.0	14.7	14.9	28.7	29.2	38.4
dividend (x € million)	190	188	199	199	199	172	165	148	131	111

* To enable a meaningful comparison, the figures are presented with exceptional items included.

INFORMATION ABOUT ORDINARY DSM SHARES*

per ordinary share in € ¹	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
net profit from ordinary activities	3.52	2.23	3.38	3.62	5.70	3.76	4.09	4.37	3.46	4.49
net profit	2.51	1.24	12.08	14.50	5.80	3.63	4.00	4.34	3.44	4.48
cashflow	7.98	5.76	16.67	19.92	11.03	8.35	8.70	8.97	7.18	7.42
shareholders' equity ²	47.71	47.73	49.64	40.49	28.06	22.23	19.54	26.05	23.05	21.58
dividend:	1.75	1.75	1.75	1.75	1.75	1.52	1.51	1.51	1.36	1.21
– interim-dividend	0.58	0.58	0.58	0.58	0.51	0.51	0.51	0.45	0.40	0.30
– final dividend pay-out as % of net profit from ordinary activities ³	50%	79%	54%	51%	32%	42%	37%	35%	37%	23%
pay-out as % of net profit	70%	142%	15%	13%	32%	43%	37%	35%	38%	23%
dividend yield ⁴	4.3%	4.5%	3.9%	4.5%	5.1%	4.6%	5.2%	5.3%	5.7%	6.1%
SHARE PRICES ON EURONEXT AMSTERDAM:										
highest price	47.70	45.00	51.25	45.15	40.10	42.08	33.79	36.00	27.44	22.37
lowest price	35.75	31.29	37.90	28.80	30.00	23.87	20.87	24.28	19.66	17.62
at 31 December	47.62	39.03	43.38	41.01	37.31	39.80	27.00	28.01	25.77	19.97
x 1,000										
NUMBER OF ORDINARY SHARES										
OUTSTANDING:										
at 31 December	95,978	95,768	96,589	96,146	95,990	97,186	96,546	85,938	87,158	108,587
average	95,808	94,715	96,468	96,090	96,160	97,010	99,763	87,209	91,269	108,560
DAILY TRADING VOLUMES ON EURONEXT AMSTERDAM:⁵										
average	507	563	517	1,086	857	1,048	810	1,017	1,032	795
lowest	13	65	70	47	161	61	96	33	135	102
highest	3,247	3,270	1,932	5,538	6,668	8,073	3,162	5,040	11,778	3,588

* The table is based on the annual figures published for the years concerned.

1 In the figures per ordinary share the amounts available to holders of cumulative preference shares have been deducted from the profit and the shareholders' equity.

2 The figures since 2000 were drawn up before the final dividend had been accounted for. The figures for previous years were drawn up after the final dividend had been accounted for.

3 The total pay-out, including the dividend on cumulative preference shares, amounted to 53% in 2004, 81% in 2003, 57% in 2002, 54% in 2001, 35% in 2000, 45% in 1999, 39% in 1998, 37% in 1997 and 40% in 1996.

4 The calculation of the dividend yield is based on the average price of an ordinary DSM share in the year under review.

5 Up to and including 2001 double count, from 2002 onwards single count.

QUARTERLY FINANCIAL DATA

x € million	1st QUARTER	2nd QUARTER	3rd QUARTER	4th QUARTER	YEAR
2004					
net sales	1,873	1,937	1,943	1,999	7,752
operating profit plus depreciation and amortization	234	265	266	248	1,013
operating profit	110	133	133	113	489
balance of financial income and expense	-14	-11	-15	-11	-51
profit from ordinary activities before taxation	96	122	118	102	438
tax on profit from ordinary activities	-24	-27	-23	-24	-98
profit of non-consolidated companies	2	1	3	2	8
profit from ordinary activities after taxation	74	96	98	80	348
minority interests	5	1	3	2	11
net profit from ordinary activities	79	97	101	82	359
net result from exceptional items	-	-	2	-99	-97
net profit	79	97	103	-17	262
per ordinary share in €:					
net profit from ordinary activities	0.76	0.96	0.99	0.80	3.52
net profit	0.76	0.96	1.01	-0.23	2.51

x € million	1st QUARTER	2nd QUARTER	3rd QUARTER	4th QUARTER	YEAR
2003					
net sales	1,453	1,362	1,325	1,910	6,050
operating profit plus depreciation and amortization	187	179	124	233	723
operating profit	91	85	26	92	294
balance of financial income and expense	-1	-4	-4	-22	-31
profit from ordinary activities before taxation	90	81	22	70	263
tax on profit from ordinary activities	-20	-16	-3	-10	-49
profit of non-consolidated companies	2	2	1	0	5
profit from ordinary activities after taxation	72	67	20	60	219
minority interests	1	1	4	8	14
net profit from ordinary activities	73	68	24	68	233
net result from exceptional items	-	-	-102	8	-94
net profit	73	68	-78	76	139
per ordinary share in €:					
net profit from ordinary activities	0.70	0.67	0.19	0.66	2.23
net profit	0.70	0.67	-0.90	0.73	1.24

In this overview of quarterly financial data and in the ten-year summary:

- *operating profit* is understood to be operating profit from ordinary activities excluding exceptional items.
- *net profit from ordinary activities* is understood to be net profit from ordinary activities excluding exceptional items.

EXPLANATION OF SOME FINANCIAL CONCEPTS AND RATIOS

GENERAL

In calculating financial profitability ratios use is made of the average of the opening and closing values of balance-sheet items in the year under review.

The financial indicators per ordinary share are calculated on the basis of the average number of ordinary shares outstanding (average daily number). In calculating shareholders' equity per ordinary share, however, the number of shares outstanding at year-end is used.

In calculating the figures per ordinary share and the "net profit as a percentage of average shareholders' equity available to holders of ordinary shares", the amounts available to the holders of cumulative preference shares are deducted from the profits and from shareholders' equity.

DEFINITIONS

CAPITAL EMPLOYED

The total of the book value of intangible and tangible fixed assets, inventories and receivables, less non-interest-bearing current liabilities.

CAPITAL EXPENDITURE

This includes all investments in intangible and tangible fixed assets as well as the acquisition of participating interests and other securities.

DIVESTMENTS

This includes the divestment of intangible and tangible fixed assets as well as the sale of participating interests and other securities.

EARNINGS PER ORDINARY SHARE

- Net profit minus dividend on cumulative preference shares, divided by the average number of ordinary shares outstanding.
- Net profit from ordinary activities excluding exceptional items minus dividend on cumulative preference shares, divided by the average number of ordinary shares outstanding.

NET DEBT

The total of long-term liabilities and interest-bearing current liabilities less securities and cash.

ROI (RETURN ON INVESTMENT)

The operating profit as a percentage of the average capital employed.

TOTAL SHAREHOLDER RETURN (TSR)

Total Shareholder Return is capital gain plus dividends.