

Financial statements

Other information

Auditor's report

Royal DSM N.V.

Attn. Managing Board of Directors

Report on the financial statements

We have audited the accompanying financial statements of Royal DSM N.V., Heerlen. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2008, the income statement, the statement of recognized income and expense, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at December 31, 2008, the company income statement for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report by the Managing Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Royal DSM N.V. as at December 31, 2008, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Royal DSM N.V. as at December 31, 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Maastricht, 17 February 2009

Ernst & Young Accountants LLP

was signed by P.J.A.M. Jongstra

Profit appropriation

According to Article 32 of the Royal DSM N.V. Articles of Association and with the approval of the Supervisory Board, every year the Managing Board determines the portion of the net profit to be appropriated to the reserves. For the year 2008 the net profit is €577 million and the amount to be appropriated to the reserves has been established at €373 million. From the subsequent balance of the net profit (€204 million), dividend is first distributed on the cumulative preference shares B. At the end of 2008 no cumprefs B were in issue. Subsequently, a 4.348% dividend is distributed on the cumulative preference shares A, based on a share price of €5.29 per cumulative preference share A. For 2008 this distribution amounts to €0.23 per share, which is €10 million in total. An interim dividend of €0.08 per cumulative preference share A having been paid in August 2008, the final dividend will then amount to €0.15 per cumulative preference share A.

The profits remaining after distribution of these dividends (€194 million) will be put at the disposal of the Annual General Meeting of Shareholders 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 outstanding for the year 2008 would amount to €1.20 per share. An interim dividend of €0.40 per ordinary share having been paid in August 2008, the final dividend would then amount to €0.80 per ordinary share.

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

in €million	2008	2007
Net profit	577	429
Profit appropriation:		
- To be added to the reserves	373	215
- Dividend on cumprefs A	10	10
- Interim dividend on ordinary shares	65	59
- Final dividend payable on ordinary shares	129	145

Special statutory rights

DSM Preference Shares Foundation

The DSM Preference Shares Foundation was established in 1989.

By virtue of DSM's Articles of Association, 375,000,000 cumulative preference shares B can be issued. If, without the approval of the Managing Board and Supervisory Board, either a bid is made for the ordinary shares or a significant participation in ordinary shares is built up, or such an event is likely to occur, then these preference shares B may be issued, which shares shall have the same voting rights as the ordinary shares.

Under an agreement entered into between the DSM Preference Shares Foundation and DSM, the Foundation has the right to acquire such preference shares (call option) to a maximum corresponding to 100% of the capital issued in any form other than preference shares B, less one.

The purpose of such agreement is, amongst other things, for the Foundation to allow DSM the opportunity to determine its position, for example with regard to a possible bidder for DSM shares, to examine his plans in detail and, to the extent applicable, to look for (better) alternatives. Preference shares B will not be outstanding longer than necessary. As soon as there are no longer any reasons for the preference shares B to remain outstanding, the Managing Board will convene a General Meeting of Shareholders and recommend the cancellation of the preference shares B that are outstanding.

The Foundation acquired no preference shares B in 2008.

On 31 December 2008 the Foundation Committee was composed as follows:

Floris Maljers, chairman
Maarten van Veen, vice-chairman
Mick den Boogert

The Foundation Committee

Financial statements

Other information

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 as referred to in article 5:71, first paragraph, under c of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*).

The Managing Board of Royal DSM N.V.

The Foundation Committee

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders is to be held at the DSM head office in Heerlen (Netherlands) on Wednesday, 25 March 2009 at 14.00 hours.

Important dates

Ex-dividend quotation	Friday, 27 March 2009
Publication of first-quarter results	Tuesday, 28 April 2009
Publication of second-quarter results	Tuesday, 4 August 2009
Publication of third-quarter results	Tuesday, 3 November 2009
Annual report 2009	Wednesday, 24 February 2010
Annual General Meeting of Shareholders	Wednesday, 31 March 2010