

Financial statements

Consolidated financial statements

2 Change in the scope of the consolidation

Acquisitions

2008

In May, DSM acquired 100% of the shares of The Polymer Technology Group, Inc. (PTG), a market leader in the field of biomedical polymers, for a total consideration of € 107 million. The goodwill of € 61 million primarily results from the know-how of the employees, the ability to retain these employees and DSM-specific synergies, notably the ability to cross-sell PTG's technology through the DSM network. PTG has annual sales of approximately USD 43 million and employs about 100 people in Berkeley, California (United States). The impact of the acquisition of PTG on DSM's consolidated balance sheet, at the date of acquisition, is shown in the following table:

	Carrying amount	Adjustments to fair value	Opening balance sheet DSM
Assets			
Intangible assets	-	41	41
Property, plant and equipment	2	0	2
Other non-current assets	0	-	0
Inventories	3	(0)	3
Receivables	4	-	4
Cash and cash equivalents	1	-	1
Total assets	10	41	51
Liabilities			
Current liabilities	5	(0)	5
Total liabilities	5	(0)	5
Net assets, at fair value	5	41	46
Acquisition price (in cash)			61
Acquisition price (payable)			46
Acquisition costs			0
Consideration			107
Goodwill			61

The impact of all acquisitions (CMT, Soluol, Valley Research, Shanxi FengHe Melamine, The Polymer Technology Group, Polymeric Processes, Diolen Industrial Fibers) made in 2008 on

DSM's consolidated balance sheet, at the date of acquisition, is summarized in the following table:

	PTG	Other acquisitions	Opening balance sheet DSM
Assets			
Intangible assets	41	3	44
Property, plant and equipment	2	24	26
Other non-current assets	0	1	1
Inventories	3	3	6
Receivables	4	3	7
Cash and cash equivalents	1	0	1
Total assets	51	34	85
Liabilities			
Other non-current liabilities	-	0	0
Current liabilities	5	2	7
Total liabilities	5	2	7
Net assets, at fair value	46	32	78
Acquisition price (in cash)	61	44	105
Acquisition price (payable)	46	1	47
Acquisition costs	0	1	1
Consideration	107	46	153
Goodwill	61	14	75

The acquisitions in 2008 contributed € 26 million to net sales. If all acquisitions had occurred on 1 January 2008, additional net sales would have been € 46 million. The acquisitions in 2008 contributed € 3 million to the profit for the year; this would have been € 5 million if they had all occurred on 1 January 2008.

2007

In July, DSM acquired 100% of the cosmetic active ingredients specialist Pentapharm Holding Ltd. Pentapharm has annual net sales of some € 40 million and employs about 200 people at locations in Switzerland, Japan and Brazil. The goodwill of € 31 million primarily results from the know-how of the employees and from the fact that the acquisition

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provides DSM Nutritional Products with a stronger position in the market for active ingredients for the cosmetics industry.

The impact of all acquisitions made in 2007 on DSM's consolidated balance sheet, at the date of acquisitions, is summarized in the next table.

	Pentapharm	Other acquisitions	Opening balance sheet DSM
<i>Assets</i>			
Intangible assets	12	5	17
Property, plant and equipment	18	19	37
Prepaid pension costs	2	-	2
Inventories	16	2	18
Receivables	10	8	18
Cash and cash equivalents	9	3	12
Total assets	67	37	104
<i>Liabilities</i>			
Minority interest	-	2	2
Deferred tax liabilities	10	-	10
Other non-current liabilities	5	-	5
Current liabilities	12	18	30
Total liabilities	27	20	47
Net assets, at fair value	40	17	57
Acquisition price (in cash)	62	22	84
Acquisition price (payable)	8	0	8
Acquisition costs	1	0	1
Consideration	71	22	93
Goodwill	31	5	36

The acquisitions in 2007 contributed €23 million to net sales. If all acquisitions had occurred on 1 January 2007, additional net sales would have been €41 million. The acquisitions in 2007 only made a marginal contribution to the profit for the year; this would have been the case even if they had all occurred on 1 January 2007.

Disposals

2008

In 2008 DSM disposed of various small participations.

2007

In 2007 DSM disposed of various small participations.