Press Release

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DSM reports Q3 2014 results

- Q3 2014 EBITDA from continuing operations €315 million
- Q3 2014 organic sales growth 5% compared to Q3 2013
- Nutrition delivered sequential improvement with Q3 EBITDA €225 million
- Performance Materials Q3 EBITDA €91 million, up compared to Q2 2014 and Q3 2013
- Q3 cash flow from operating activities €301 million
- Full year 2014 outlook in line with current market expectations

Royal DSM, the Life Sciences and Materials Sciences company, today reported third quarter 2014 EBITDA from continuing operations of €315 million compared to €293 million in Q2 2014 and €331 million in Q3 2013.

Commenting on the results, Feike Sijbesma, CEO/Chairman of the DSM Managing Board, said:
"In the third quarter DSM delivered improved financial results compared to the previous quarters with good cash flow generation.

In Nutrition our resilient business model and strong position in the value chain have enabled us to deliver an increase in result compared to the previous three quarters, although challenges in some human nutrition end-markets remain and pricing pressure, particularly in vitamin E, intensified in the latter part of the third quarter.

In Performance Materials, our continued focus on efficiencies and ongoing cost control served us well, and we are pleased by the overall performance with all businesses contributing to increased EBITDA.

Increasing macro-economic uncertainty and continued low consumer confidence are impacting market dynamics. Some currency rates have developed favorably towards the end of the third quarter but currencies remain volatile.

We remain committed to our strategy for growth across our Nutrition and Performance Materials businesses and will continue to pursue strategic actions for Polymer Intermediates and Composite Resins. We are strongly focused on operational excellence and delivering efficiencies to protect and enhance our profitability and cash flow. For the remainder of the year, we anticipate performance in line with current market expectations."

Key figures

third quarter 2014	2013	+/-	*in € million*	*volume*	*price/mix*	*exch. rates*	*other*
2,323	**2,354**	-1%	**Net sales**	**5%**	**0%**	**0%**	**-6%***
1,091	1,065	2%	Nutrition	2%	0%	0%	0%
721	696	4%	Performance Materials	4%	0%	-1%	1%
428	374	14%	Polymer Intermediates	13%	1%	0%	
40	35	14%	Innovation Center	14%	0%	0%	
43	43		Corporate Activities				
2,323	**2,213**	**5%**	**Total continuing operations**	5%	0%	0%	0%
0	141		Discontinued operations				

third quarter 2014	2013	+/-	*in € million*	January - September 2014	2013	+/-
315	**343**	**-8%**	**EBITDA**	**878**	**996**	**-12%**
225	241	-7%	Nutrition	650	706	-8%
91	83	10%	Performance Materials	256	242	6%
23	28	-18%	Polymer Intermediates	60	83	-28%
-4	-2		Innovation Center	-15	-6	
-20	-19		Corporate Activities	-71	-61	
315	**331**	**-5%**	**Total continuing operations**	**880**	**964**	**-9%**
0	12		Discontinued operations	-2	32	
141	146	-3%	Core net profit (continuing operations)	380	431	-12%
121	134	-10%	Net profit before exceptional items, continuing operations	330	396	-17%
93	117	-21%	Net profit after exceptional items, total DSM	252	348	-28%
0.81	0.84	-4%	Core EPS (€/share)	2.20	2.51	-12%
0.69	0.76	-9%	Net EPS before exceptional items, continuing operations (€/share)	1.90	2.27	-16%
0.51	0.65	-22%	Net EPS after exceptional items, total DSM (€/share)	1.41	1.98	-29%
301	320		Cash flow from operations	390	522	
138	138		Capital expenditures (cash)	406	438	
			Net debt	-2,479	-1,841 **	
			** year-end 2013			

** due to the contribution of DPP to the associate DPx.*

In this report:

- *'Organic sales growth' is the total impact of volume and price/mix;*
- *'Discontinued operations' comprises net sales and operating profit (before depreciation and amortization) of DSM Pharmaceutical Products up to and including 10 March 2014;*
- *'Net profit' is the net profit attributable to equity holders of Koninklijke DSM N.V.;*
- *'Core net profit' is the net profit from continuing operations before exceptional items and before acquisition related (intangible) asset amortization;*
- *From 2014 onwards interest receipts and payments are no longer included in operating activities in the cash flow statement but reported in investing activities (interest received) and financing activities (interest paid). 2013 figures are restated accordingly;*
- *All 2013 figures are restated for the impact of the termination of proportional consolidation for joint ventures as from 1 Jan 2014 onward.*

Review by cluster

Nutrition

third quarter				January - September		
2014	2013	yoy	*In € million*	2014	2013	yoy
1,091	1,065	2%	Net sales	3,211	3,166	1%
			of which:			
		2%	- volume growth			2%
		0%	- price/mix effect			-1%
		0%	- fx impact			-3%
		0%	- other			3%
225	241	-7%	EBITDA	650	706	-8%
20.6%	*22.6%*		*EBITDA margin*	*20.2%*	*22.3%*	
163	185	-12%	EBIT	471	538	-12%
			Capital employed	4,958	4,496 *	

*year-end 2013

Organic **sales** growth in Q3 was 2% compared to Q3 2013. Volumes were up 2%, price/mix was flat year-on-year.

EBITDA for Q3 was €225 million, down 7% compared to Q3 2013, as a result of currencies (mainly the stronger Swiss franc) and lower volumes in Human Nutrition & Health. Compared to Q2 2014 EBITDA increased by 1%. The EBITDA margin of 20.6% was within DSM's target range of 20-23%.

Human Nutrition & Health net sales were €406 million in Q3 2014 in line with Q2 2014. Organic sales development was negative at -2% compared to Q3 2013 owing to lower volumes.

Volumes were impacted by lower vitamins and fish-oil based Omega-3 sales for dietary supplements in the US. Sales in infant nutrition continued to be affected by destocking.

Although Western food & beverage markets remained sluggish, markets in high growth economies continued to develop well. Demand for premixes stayed healthy. The momentum for dietary supplements outside the US was positive and demand for DSM's consumer business i-Health remained robust.

Animal Nutrition & Health net sales were €527 million in Q3 2014 up 2% compared to Q2 2014. Organic sales growth was 4% driven by global volume growth with strong performance from the premix businesses. The impact of the significantly lower spot prices for Vitamin E was still limited in Q3.

DSM Food Specialties delivered strong organic growth and continued to gain market share in both enzymes and cultures.

Performance Materials

third quarter				January - September		
2014	2013	yoy	*In € million*	2014	2013	yoy
721	696	4%	Net sales	2,093	2,074	1%
			of which:			
		4%	- volume growth			4%
		0%	- price/mix effect			-2%
		-1%	- fx impact			-2%
		1%	- other			1%
91	83	10%	EBITDA	256	242	6%
12.6%	*11.9%*		*EBITDA margin*	*12.2%*	*11.7%*	
55	49	12%	EBIT	153	141	9%
			Capital employed	2,001	1,902 *	

*year-end 2013

Organic **sales** growth in Q3 2014 was 4% compared to Q3 2013. Overall sales were fully driven by volume growth as prices were flat. Adverse currency effects amounted to 1%. Volumes in DSM Resins and Functional Materials were flat. DSM Engineering Plastics continued to show healthy volume growth in compounds and specialty materials. In DSM Dyneema, sales benefited from higher volumes.

EBITDA in Performance Materials for the quarter was up by 10% compared to Q3 2013, largely driven by good volume growth, cost control and better efficiencies, resulting in improved margins. All three businesses contributed to this growth, with a particularly strong performance in DSM Engineering Plastics.

Polymer Intermediates

third quarter				January - September		
2014	2013	yoy	*In € million*	2014	2013	yoy
428	374	14%	Net sales	1,262	1,186	6%
			of which:			
		13%	- volume growth			13%
		1%	- price/mix effect			-5%
		0%	- fx impact			-2%
		0%	- other			0%
23	28	-18%	EBITDA	60	83	-28%
5.4%	*7.5%*		*EBITDA margin*	*4.8%*	*7.0%*	
9	18	-50%	EBIT	18	55	-67%
			Capital employed	746	570 *	

*year-end 2013

Organic **sales** growth in Q3 2014 was 14% compared to the same quarter last year, with higher volumes (13%) and relatively flat price/mix effects (+1%). Sales benefited from the increased caprolactam production from the second line in China.

EBITDA for the quarter declined compared to Q3 2013 due to lower caprolactam margins and the maintenance stops in US and China.

Innovation Center

third quarter				January - September		
2014	2013	yoy	*In € million*	2014	2013	yoy
40	35	14%	Net sales	112	111	1%
			of which:			
		14%	- volume growth			4%
		0%	- price/mix effect			0%
		0%	- fx impact			-3%
		0%	- other			0%
-4	-2		EBITDA	-15	-6	
-10	-11		EBIT	-36	-32	
			Capital employed	*506*	*469* *	

*year-end 2013

Organic **sales** growth in Q3 2014 was 14% compared to Q3 2013 due to solid growth in DSM Biomedical and DSM Advanced Surfaces. On 3 September, POET-DSM Advanced Biofuels officially opened its first commercial cellulosic ethanol plant in Emmetsburg, Iowa. The plant is in the start-up phase and expects to realize first commercial sales in Q4.

EBITDA declined due to intensified innovation programs. DSM Biomedical performed well.

Corporate Activities

third quarter			January - September	
2014	2013	*In € million*	2014	2013
43	43	Net sales	129	146
-20	-19	EBITDA	-71	-61
-34	-33	EBIT	-112	-98

EBITDA in Q3 2014 was in line with Q3 2013.

Pharma activities and other associates

Total Q3 2014 sales of joint control entities amounted to €108 million on a 100% base (Q3 2013: €95 million) of which €99 million from DSM Sinochem Pharmaceuticals (Q3 2013: €86 million).

DPx Holdings (49% DSM) realized total sales (100%) of €384 million from May up to and including July with good margins. The DSM share in the net result of DPx was impacted by €25 million exceptional items (before tax) related to integration, restructuring and realization of synergies of the new company.

Financial overview

Exceptional items

Total *exceptional items from fully consolidated companies* in the third quarter amounted to a loss of €7 million before tax (€6 million after tax) mainly due to ongoing restructuring projects.

Net profit

Financial income and expense in Q3 2014 amounted to -€30 million compared to -€37 million in Q3 2013.

The effective tax rate in Q3 2014 was 18%, in line with the full year 2013.

Net profit from continuing operations before exceptional items in Q3 2014 amounted to €121 million compared to €134 million in Q3 2013.

Net earnings per ordinary share (continuing operations, before exceptional items) amounted to €0.69 in Q3 2014 compared to €0.76 in Q3 2013.

Cash flow, capital expenditure and financing

Cash provided by operating activities in Q3 2014 was at a good level of €301 million (Q3 2013: €320 million).

Operating working capital increased from €1,843 million at year-end of 2013 to €2,203 million at the end of Q3 2014 due to higher inventories, receivables and currency effects. Expressed as a percentage of annualized sales this represents 23.7%, equal to end of Q3 2013.

Cash used for *capital expenditure* amounted to €138 million in Q3 2014 which is at the same level as Q3 2013.

Net debt increased by €638 million compared to year-end 2013 and stood at €2,479 million.

DSM in motion: *driving focused growth*

Strategy update

DSM is firmly committed to its strategy, which has delivered and will continue to deliver sustainable value. DSM in motion: driving focused growth is the strategy that the company embarked on in September 2010, which was updated in September 2013. The next update is planned for Q4 2015.

DSM will continue to pursue strategic actions for Polymer Intermediates (caprolactam and acrylonitrile) and Composite Resins.

Below are some highlights of DSM's Q3 2014 achievements.

High Growth Economies: from reaching out to being truly global

Sales to High Growth Economies reached 43% of total sales in Q3 2014 compared to 42% in Q3 2013. Sales in China amounted to USD 519 million, versus USD 445 million in Q3 2013 which was mainly due to higher caprolactam sales in DSM Fibre Intermediates.

Innovation: from building the machine to doubling innovation output

Examples of innovations, recently launched are:

- Dyneema Purity® Radiopaque fiber, the newest addition to DSM's medical Dyneema Purity® fiber portfolio.
- Toyota Tsusho launched a new generation of 100% recyclable, waterproof high performance membranes for clothing made from DSM's Arnitel® VT, a very flexible thermoplastic polyester-based elastomer.
- Rapidase® Pro Color for colored berry juice, an enzyme for industrial fruit juice production that achieves 95% juice extraction

Sustainability: from responsibility to business driver

In India DSM opened a 1MW solar facility at its premises in Pune. It demonstrates and showcases the performance of DSM's innovations in solar technology (anti-reflective coatings) and will also reduce the plant's CO_2 footprint by using the clean energy generated by the solar plant to meet 25% of the site's electricity needs.

DSM was once again named as a worldwide sustainability leader in the Materials Industry group in the Dow Jones Sustainability World Index. DSM has consistently been recognized for integrating sustainability into its business, having been ranked among the very top leaders in the sector five times and having held the worldwide sustainability leader position in the Materials industry group (formerly known as the chemicals super-sector) six times since 2004.

Acquisitions & Partnerships: from portfolio transformation to driving focused growth

POET-DSM Advanced Biofuels LLC, a joint venture of DSM and POET, proved its revolutionary technology that converts agricultural residue into renewable fuel at the official opening of its first commercial cellulosic ethanol plant in Emmetsburg, Iowa. At full capacity, it will convert 770 tons of biomass per day to produce ethanol at a rate of 20 million gallons per year, later ramping up to 25 million gallons per year.

Outlook 2014
Increasing macro-economic uncertainty and continued low consumer confidence are impacting market dynamics. Some currency rates have developed favorably towards the end of the third quarter but currencies remain volatile. Barring unforeseen circumstances, DSM is on track to meet current market expectations.

Capital Markets Day
On 5 November 2014, DSM will provide investors with an update on its strategic progress at its annual Capital Markets Day which will be held in London, United Kingdom. The DSM Capital Markets Day can be followed live via audio webcast from 15.00-18.00 hrs (CET). The presentations can be found on www.dsm.com as from 15.00 hrs (CET) on 5 November.

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 Q3 result 2014 can be found in the Presentation to Investors, which can be downloaded from the Investors section of the DSM website.

Important dates

Capital Markets Day	Wednesday, 5 November 2014
Full year results 2014	Wednesday, 11 February 2015
Report for the first quarter of 2015	Wednesday, 29 April 2015
Report for the second quarter of 2015	Tuesday, 4 August 2015
Report for the third quarter of 2015	Tuesday, 3 November 2015

Condensed consolidated statement of income for the third quarter

third quarter 2014			*in € million*	third quarter 2013		
before exceptional items	exceptional items	total		before exceptional items	exceptional items	total
2,323	0	2,323	net sales*	2,354	0	2,354
315	-8	307	EBITDA from continuing operations	331	-29	302
0	1	1	EBITDA from discontinued operations	12	7	19
315	-7	308	EBITDA	343	-22	321
183	-7	176	operating profit (EBIT)	208	-24	184
0	1	1	operating profit from discontinued operations	0	8	8
183	-8	175	operating profit from continuing operations	208	-32	176
-30	0	-30	net finance costs	-37	-2	-39
153	-8	145	profit before income tax	171	-34	137
-28	1	-27	income tax	-30	9	-21
-4	-24	-28	share of the profit of associates / Joint Control entities	-7	0	-7
121	-31	90	net profit from continuing operations	134	-25	109
0	1	1	net profit from discontinued operations	2	6	8
121	-30	91	profit for the period	136	-19	117
2	0	2	non-controlling interests	0	0	0
123	-30	93	net profit	136	-19	117
123	-30	93	net profit	136	-19	117
-3	0	-3	dividend on cumulative preference shares	-3	0	-3
120	-30	90	net profit used for calculating earnings per share	133	-19	114
			net earnings per ordinary share in €:			
0.69	-0.18	0.51	- net earnings, total DSM	0.76	-0.11	0.65
0.69	-0.18	0.51	- net earnings, continuing operations	0.76	-0.15	0.61
0.81			- core earnings per share	0.84		
		172.8	average number of ordinary shares (x million)			173.8
		173.4	number of ordinary shares, end of period (x million)			174.7
132	0	132	depreciation and amortization	135	2	137
		155	capital expenditure			162
		0	acquisitions			-33
		21,477	workforce (headcount) at end of period, continuing operations			20,993 **
		5,301	of which in the Netherlands			5,383 **

* Excluding net sales of joint ventures: €108 million in Q3 2014 and €95 million in Q3 2013 (based on 100%)

** Year-end 2013

This report has not been audited.

Condensed consolidated statement of income January - September

January - September 2014			*in € million*	January - September 2013		
before exceptional items	exceptional items	total		before exceptional items	exceptional items	total
6,909	0	6,909	net sales*	7,095	0	7,095
880	-59	821	EBITDA from continuing operations	964	-92	872
-2	23	21	EBITDA from discontinued operations	32	-6	26
878	-36	842	EBITDA	996	-98	898
492	-36	456	operating profit (EBIT)	605	-100	505
-2	23	21	operating profit from discontinued operations	1	-5	-4
494	-59	435	operating profit from continuing operations	604	-95	509
-89	-7	-96	net finance costs	-103	-2	-105
405	-66	339	profit before income tax	501	-97	404
-73	10	-63	income tax	-89	27	-62
-2	-49	-51	share of the profit of associates / Joint Control entities	-16	24	8
330	-105	225	net profit from continuing operations	396	-46	350
-2	23	21	net profit from discontinued operations	2	-4	-2
328	-82	246	profit for the period	398	-50	348
6	0	6	non-controlling interests	0	0	0
334	-82	252	net profit	398	-50	348
334	-82	252	net profit	398	-50	348
-8	0	-8	dividend on cumulative preference shares	-8	0	-8
326	-82	244	net profit used for calculating earnings per share	390	-50	340
			net earnings per ordinary share in €:			
1.89	-0.48	1.41	- net earnings, total DSM	2.27	-0.29	1.98
1.90	-0.61	1.29	- net earnings, continuing operations	2.27	-0.27	2.00
2.20			- core earnings per share	2.51		
		172.3	average number of ordinary shares (x million)			171.4
		173.4	number of ordinary shares, end of period (x million)			174.7
386	0	386	depreciation and amortization	391	2	393
		378	capital expenditure			451
		0	acquisitions			426
		21,477	workforce (headcount) at end of period, continuing operations			20,993 **
		5,301	of which in the Netherlands			5,383 **

* Excluding net sales of joint ventures: €329 million in January - September 2014 and €307 million in January - September 2013 (based on 100%)

** Year-end 2013

This report has not been audited.

Consolidated balance sheet: assets

in € million	30 September 2014		year-end 2013	
intangible assets	2,801		2,690	
property, plant and equipment	3,812		3,611	
deferred tax assets	362		364	
associates and joint ventures	738		295	
other financial assets	240		152	
non-current assets		**7,953**		**7,112**
inventories	1,876		1,638	
trade receivables	1,681		1,477	
other receivables	197		120	
financial derivatives	44		126	
current investments	15		19	
cash and cash equivalents	557		770	
		4,370		4,150
assets held for sale		-		637
current assets		**4,370**		**4,787**
total assets		**12,323**		**11,899**

Consolidated balance sheet: equity and liabilities

in € million	30 September 2014		year-end 2013	
shareholders' equity	6,006		5,908	
non-controlling interest	216		188	
equity		**6,222**		**6,096**
deferred tax liabilities	375		375	
employee benefits liabilities	332		326	
provisions	121		97	
borrowings	2,248		1,725	
other non-current liabilities	72		75	
non-current liabilities		**3,148**		**2,598**
employee benefits liabilities	33		34	
provisions	45		65	
borrowings	525		841	
financial derivatives	322		190	
trade payables	1,354		1,272	
other current liabilities	674		573	
		2,953		2,975
liabilities held for sale		-		230
current liabilities		**2,953**		**3,205**
total equity and liabilities		**12,323**		**11,899**
capital employed*		8,293		8,060
equity / total assets*		50%		51%
net debt*		-2,479		-1,841
operating working capital, continuing operations*		2,203		1,843
OWC / net sales, continuing operations		23.7%		21.2%

***** Before reclassification to 'Held for Sale'

Condensed consolidated cash flow statement

in € million	January - September 2014		2013	
cash, cash equivalents and current investments at beginning of period		**789**		**1,108**
current investments at beginning of period		19		19
cash and cash equivalents at beginning of period		**770**		**1,089**
operating activities:				
- earnings before interest, tax, depreciation and amortization	878		996	
- change in working capital	-366		-320	
- income tax	-55		60	
- other	-67		-214	
cash provided by operating activities		**390**		**522**
investing activities:				
- capital expenditure	-406		-438	
- acquisitions	-3		-496	
- disposal of subsidiaries and businesses	81		77	
- disposal of other non-current assets	8		3	
- change in fixed-term deposits	4		14	
- interest received	17		9	
- other	-61		-32	
cash used in investing activities		**-360**		**-863**
- dividend	-175		-159	
- interest paid	-139 *		-59	
- repurchase of shares	-189			
- proceeds from re-issued shares	21		127	
- other cash from/used in financing activities	219 **		70	
cash used in financing activities		**-263**		**-21**
changes exchange differences		20		-11
cash and cash equivalents end of period		**557**		**716**
current investments end of period		15		29
cash, cash equivalents and current investments end of period		**572**		**745**

* Of which -€77 million due to the settlement of the interest rate pre-hedge of the €500 million bond in Q1 2014.

** Of which €250 million change in commercial paper (January - September 2013: €75 million)

Condensed consolidated statement of comprehensive income

in € million	**January-September**	
	2014	2013
items that will not be reclassified to profit or loss		
remeasurements of defined benefit pension plans	5	0
items that may susbsequently be reclassified to profit or loss		
exchange differences on translation of foreign operations	222	-149
change in fair value reserve	5	5
change in hedging reserve	-66	36
other comprehensive income, before tax	166	-108
income tax expense	14	-11
other comprehensive income, net of tax	180	-119
profit for the period	246	348
total comprehensive income	**426**	**229**

Condensed consolidated statement of changes in equity

in € million	**January-September**	
	2014	2013
Total equity at beginning of period	6,096	6,040
changes:		
total comprehensive income	426	229
dividend	-307	-274
repurchase of shares	-189	0
proceeds from reissue of ordinary shares	155	247
other changes	41	44
total equity end of period	**6,222**	**6,286**

Geographical information (continuing operations)

January - September 2014	The Nether-lands	Rest of Western Europe	Eastern Europe	North America	Latin America	China	India	Japan	Rest of Asia	Rest of the world	Total
net sales by origin											
in € million	2,267	1,700	93	1,094	458	873	39	51	173	59	6,807
in %	32	25	1	16	7	13	1	1	3	1	100
net sales by destination											
in € million	500	1,859	403	1,293	721	1,052	112	151	562	154	6,807
in %	7	28	6	19	11	15	2	2	8	2	100
total assets in € million	3,854	2,119	106	3,321	872	1,448	72	95	361	75	12,323
workforce (headcount)											
at end of period	5,301	5,011	419	3,606	1,921	3,530	488	141	824	236	21,477

January - September 2013	The Nether-lands	Rest of Western Europe	Eastern Europe	North America	Latin America	China	India	Japan	Rest of Asia	Rest of the world	Total
net sales by origin											
in € million	2,208	1,694	88	1,376	369	685	27	56	146	34	6,683
in %	33	25	1	21	6	10	0	1	2	1	100
net sales by destination											
in € million	492	1,829	390	1,352	665	954	98	163	582	158	6,683
in %	7	28	6	20	10	14	2	2	9	2	100
total assets in € million*	3,494	2,540	114	3,186	755	1,247	53	85	328	97	11,899
workforce (headcount)											
at end of period*	5,383	5,028	388	3,679	1,759	3,084	406	151	878	237	20,993

*year-end 2013

Notes to the financial statements

- Accounting policies and presentation

The consolidated financial statements of DSM for the year ended 31 December 2013 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 except for the implementation of IFRS 10 ‘Consolidated Financial Statements’, IFRS 11 ‘Joint Arrangements’ and IFRS 12 ‘Disclosure of Interests in Other Entities’ that came into effect from 1 January 2014. IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The application of this new standard did not result in material changes in the entities that are being consolidated by DSM. IFRS 11 changed the presentation of jointly controlled entities that meet the new definition of a joint venture. For these entities proportionate consolidation is no longer permitted and they are now presented in accordance with the equity method. Results of these entities are reported in ‘Share of the profit of associates’ and no longer included in EBITDA. Furthermore, to enhance insight in the development of the cash flow from operating activities, interest receipts and payments are no longer included in the cash flow from operating activities in the cash flow statement but reported in investing activities (interest received) and financing activities (interest paid) from 2014 onwards. The most important change as a result of the introduction of IFRS 11 relates to the presentation of DSM Sinochem Pharmaceuticals that is now accounted for on the basis of the equity method and presented as an associate. 2013 comparative information has been restated accordingly.

These interim statements are in compliance with IAS 34 ‘Interim Financial Reporting’ and need to be read in conjunction with the Integrated Annual Report 2013 and the discussion by the Managing Board earlier in this interim report.

- Audit

These interim financial statements have not been audited.

- Related party transactions

Transactions with related parties are conducted at arm's length conditions.

- Scope of consolidation

In the first nine months of 2014 no significant acquisitions were closed.

JLL Partners and DSM completed the transaction announced in November 2013 combining DSM Pharmaceutical Products and Patheon Inc. into a new privately held company, named DPx, in which DSM holds a 49% share. From 11 March 2014 onwards DSM Pharmaceutical Products, which was classified held for sale at the end of 2013 is no longer consolidated by DSM. The 49% investment in DPx is reported as an associate and accounted in accordance with the equity method. The result on the contribution of DSM Pharmaceutical Products (DPP) to DPx recognized in the first quarter amounted to a loss of €130 million. Certain elements of the contribution agreement are still subject to change and therefore the final result may still be modified during the year.

Result on contribution of DSM Pharmaceutical Products to DPx.

	In € million
Net assets	
- Book value DPP assets and liabilities	449
- Release related items in other comprehensive income	22
Subtotal net assets in DSM books 10 March 2014	471
- Impairment upon held for sale classification in 2013	152
Total net assets	623
Consideration / fair value	505
Transaction costs in 2014	-7
Liability for demolition costs	-5
Consideration net of costs	493
Total book loss	**-130**
Of which:	
- Goodwill impaired in 2013 (exceptional item)	-152
- Reversal in 2014 (exceptional item)	22

After formation DPx applies an accounting year that runs from November 1st until October 31st. DSM will recognize results from the associate with a two month delay to be in line with the closing and reporting processes of the company and ensure reliability of the information. When required by material events or incidents after the DPx reporting date appropriate adjustments to the reported results will be made. In accordance with IFRS the value of the assets and liabilities of the associate needs to be based on fair value at the time of acquisition by DSM. To determine the fair value for accounting purposes of the assets and liabilities contributed by JLL Partners a so-called purchase price allocation has been performed. The preliminary outcome of this purchase price allocation has been used to determine the results of DPx after purchase price adjustments which are included in Result of associates from 11 March onwards.

- Employee benefits (pensions)

From 1 January 2013 onwards DSM applies the revised IAS 19 'Employee Benefits'. Neither pensions and similar obligations nor plan assets are subjected to interim revaluation.

- 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 2013 and in the governance section on www.dsm.com. At the end of the second quarter of 2014 DSM reviewed the developments and incidents in the first half of 2014 and assessed the risks for the year. On this basis DSM concluded that the most important risks and responses reported in the Integrated Annual Report 2013 were still applicable.

- Seasonality

In cases where businesses are significantly affected by seasonal or cyclical fluctuations in sales, this is discussed in the 'Review by cluster' earlier in this report.

- Dividends and equity

On 3 June the final dividend of €1.15 per share for the year 2013 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 €203 million, of which €88 million was paid as stock dividend, was recorded against retained earnings. In addition to the final dividend for 2013, on 27 August 2014 the interim dividend of €0.55 per ordinary share for 2014 was paid to holders of ordinary shares and a dividend of €0.08 per share was paid to holders of cumulative preference shares A. This distribution to shareholders amounts to €98 million (€45 million was paid as stock dividend and the remainder in cash).

In the first nine months 2014 3.2 million shares were issued in connection with stock dividend, the exercise of options and delivery of performance shares. 3.7 million shares were repurchased in the same period.

Heerlen, 4 November 2014

The Managing Board

Feike Sijbesma, CEO/Chairman
Rolf-Dieter Schwalb, CFO
Stefan Doboczky
Geraldine Matchett
Stephan Tanda
Dimitri de Vreeze

DSM – Bright Science. Brighter Living.™
Royal DSM 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 simultaneously. DSM delivers innovative solutions that nourish, protect and improve performance in global markets such as food and dietary supplements, personal care, feed, medical devices, automotive, paints, electrical and electronics, life protection, alternative energy and bio-based materials. DSM's 24,500 employees deliver annual net sales of around €10 billion. The company is listed on NYSE Euronext. More information can be found at www.dsm.com.

Or find us on:

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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.