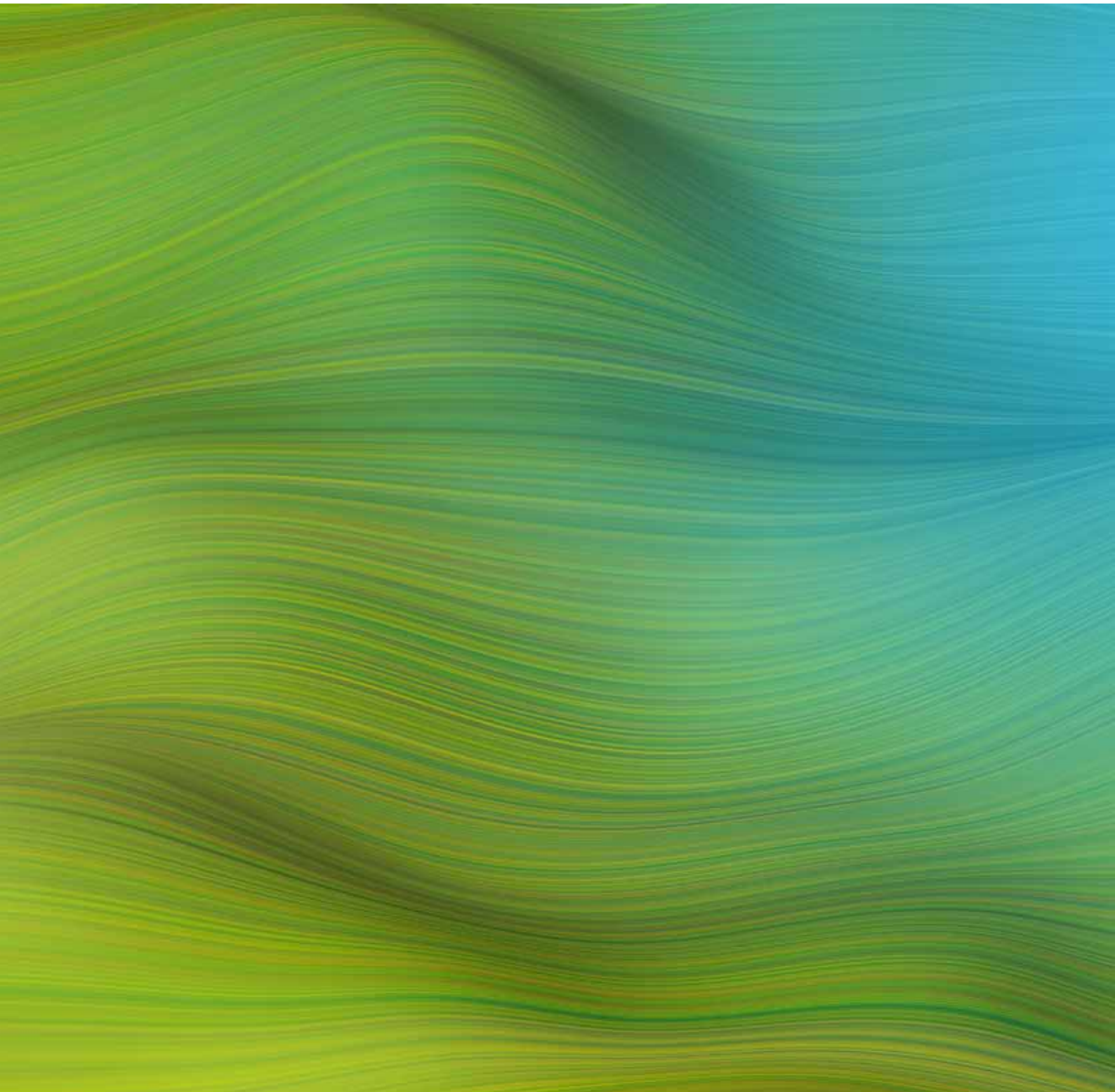
Report for the first quarter

2012

AkzoNobel

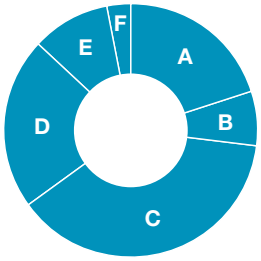
Tomorrow's Answers Today



AkzoNobel around the world
Revenue by destination
(40 percent in high growth markets)

		%
A	North America	20
B	Emerging Europe	7
C	Mature Europe	38
D	Asia Pacific	22
E	Latin America	10
F	Other regions	3
		100

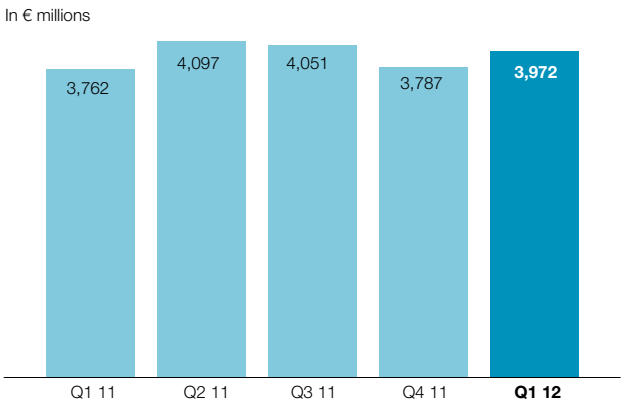
(Based on the full year 2011)



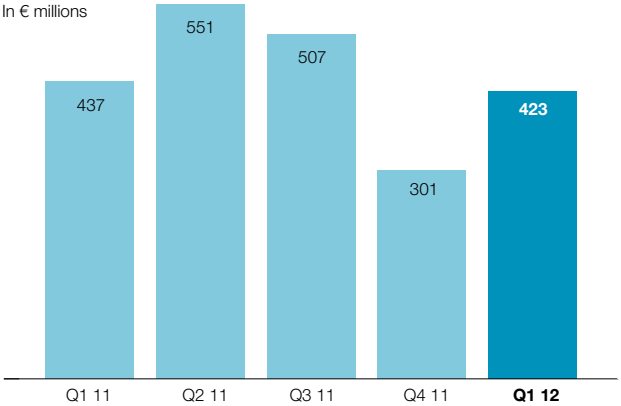
Our results at a glance

- Revenue up 6 percent, mainly driven by pricing actions
- EBITDA 3 percent lower at €423 million (2011: €437 million) as weaker end markets and cost inflation impacted results
- Cash from operating activities was impacted by a one-time pension payment and the seasonal build-up of operating working capital
- Net income from continuing operations €70 million (2011: €132 million), due to higher incidental charges
- Adjusted EPS €0.63 (2011: €0.72)
- Performance improvement program on track
- The economic environment and certain raw materials remain our principal sensitivities in 2012

Revenue



EBITDA



Financial highlights

Continuing operations before incidentals

1st quarter

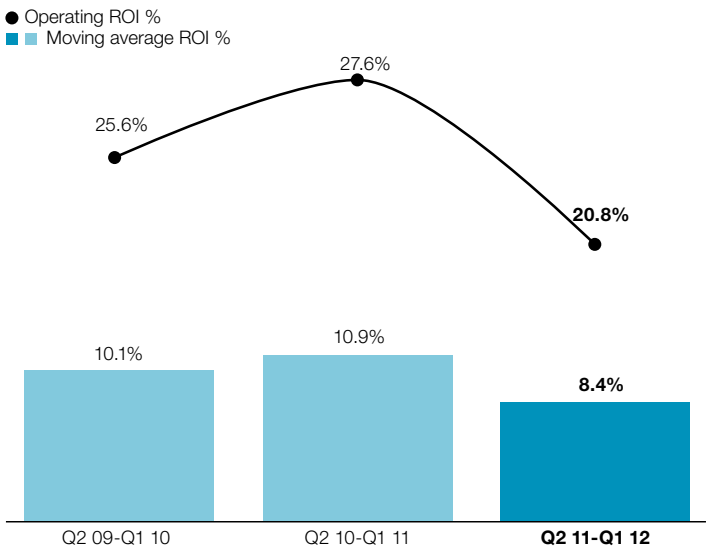
in € millions	2011	2012	Δ%
Revenue	3,762	3,972	6
EBITDA	437	423	(3)
EBITDA margin (in %)	11.6	10.6	
EBIT	289	255	(12)
EBIT margin (in %)	7.7	6.4	
Moving average ROI (in %)	10.9	8.4	
Operating ROI (in %)	27.6	20.8	
Adjusted earnings per share (in €)	0.72	0.63	

After incidentals

1st quarter

in € millions	2011	2012	Δ%
Operating income	277	191	(31)
Net income from continuing operations	132	70	
Net income from discontinued operations	(4)	1	
Net income total operations	128	71	
Earnings per share from continuing operations (in €)	0.57	0.30	
Earnings per share from total operations (in €)	0.55	0.30	
Capital expenditures	130	143	
Net cash from operating activities	(519)	(761)	
Interest coverage	5.9	4.5	
Invested capital	13,013	14,681	
Net debt	1,578	2,860	
Number of employees	56,100	57,320	

Returns on invested capital



Financial highlights

Revenue was up 6 percent, mainly driven by pricing actions to offset higher raw material costs. However, weaker end markets and cost inflation adversely impacted our results, with EBITDA 3 percent lower at €423 million. Cash from operating activities was impacted by a one-time pension payment and the seasonal build-up of operating working capital. The performance improvement program is on track.

Revenue

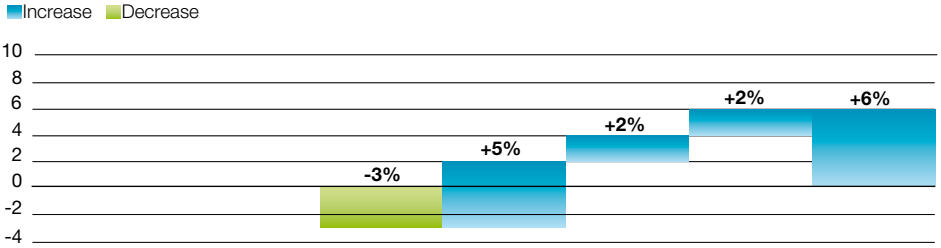
- The Decorative Paints business achieved a revenue increase of 4 percent in the first quarter, primarily driven by margin management in weak markets. Volumes decreased 4 percent due to difficult market conditions and prior year customer load-in.
- Revenue in Performance Coatings increased 11 percent compared with the previous year. Industrial Coatings – boosted by acquisition activity – achieved the strongest growth, followed by Marine and Protective Coatings. Although overall activity levels were flat, there was significant variability between individual segments. We continue to manage our selling prices in response to the raw material cost increases.
- In Specialty Chemicals, revenue increased 4 percent, mainly due to the Boxing Oleochemicals acquisition and a positive price/mix effect. The volume dip in Q4 2011 of 4 percent appears to have been due to temporary customer destocking as we have seen some recovery, but the overall trend is still slightly negative.

Revenue

1st quarter

in € millions	2011	2012	Δ%
Decorative Paints	1,196	1,242	4
Performance Coatings	1,237	1,369	11
Specialty Chemicals	1,351	1,399	4
Other activities/eliminations	(22)	(38)	
Total	**3,762**	**3,972**	**6**

Revenue development Q1 2012



in % versus Q1 2011	Volume	Price/mix	Acquisitions/ divestments	Exchange rates	Total
Decorative Paints	(4)	6	1	1	4
Performance Coatings	(1)	8	2	2	11
Specialty Chemicals	(1)	1	2	2	4
Total	**(3)**	**5**	**2**	**2**	**6**

Acquisitions

In the beginning of 2012, we closed the acquisition of Boxing Oleochemicals in Specialty Chemicals, the leading supplier of nitrile amines and derivatives in China and throughout Asia. The Schramm/SSCP acquisition accounted for the acquisition effect in Performance Coatings as these activities were consolidated from Q4 2011.

Volume development per quarter (year-on-year)	Q1 11	Q2 11	Q3 11	Q4 11	Q1 12
Decorative Paints	9	6	4	2	(4)
Performance Coatings	7	2	1	(2)	(1)
Specialty Chemicals	6	1	(1)	(4)	(1)
Total	**7**	**3**	**1**	**(2)**	**(3)**

Raw materials

Overall raw material prices remain a challenge. Looking forward, we expect the higher oil and TiO_2 prices on average to have an inflationary impact.

Price/mix development per quarter (year-on-year)	Q1 11	Q2 11	Q3 11	Q4 11	Q1 12
Decorative Paints	1	2	3	4	6
Performance Coatings	2	3	7	7	8
Specialty Chemicals	6	8	8	5	1
Total	**3**	**4**	**6**	**6**	**5**

EBITDA

- In Decorative Paints, lower volumes impacted EBITDA, particularly in North America which benefited last year from a one-time positive customer load-in. Restructuring and cost reduction actions are underway in Europe and North America to offset weaker demand.
- In Performance Coatings, almost all businesses contributed to higher EBITDA. Cost control and restructuring efforts in mature markets are ongoing and continue to support performance, as do recent acquisitions.
- In Specialty Chemicals, EBITDA came in 2 percent lower, reflecting different trading conditions across businesses. Results in Functional Chemicals declined, impacted by a supply/demand imbalance in Ethylene Amines and in Chemicals Pakistan, the domestic market conditions remain difficult. Pulp and Performance Chemicals and Surface Chemistry saw earnings improve relative to Q1 last year, while Industrial Chemicals also performed well.

EBITDA

1st quarter

in € millions	2011	2012	Δ%
Decorative Paints	90	76	(16)
Performance Coatings	143	164	15
Specialty Chemicals	241	235	(2)
Other activities/eliminations	(37)	(52)	
Total	**437**	**423**	**(3)**

Incidentals included in operating income

1st quarter

in € millions	2011	2012
Restructuring costs	(9)	(46)
Results related to major legal and environmental cases	1	(22)
Other incidental results	(4)	4
Incidentals included in operating income	**(12)**	**(64)**

EBIT in other

1st quarter

in € millions	2011	2012
Corporate costs	(25)	(32)
Pensions	(2)	(1)
Insurances	3	(1)
Other	(15)	(23)
EBIT in "other"	**(39)**	**(57)**

Incidental items

Restructuring costs were mainly related to activities in the North American and European businesses in Decorative Paints. We also increased a provision for an environmental case in Sweden.

EBIT in "other"

Corporate costs are higher due to some one-off items. A higher number of claims compared to previous year has had a negative impact on the Insurance result. The level of other costs is higher than previous year, when there were favorable legacy items.

Net financing expenses

Net financing charges for Q1 2012 increased €2 million to €65 million due to a one-time prior year expense of €4 million, offset by lower interest on provisions due to higher discount rates, and a decrease in capitalized interest due to completion of the Ningbo project in China .

Tax

The Q1 tax rate is 35 percent (2011: 33 percent). The higher tax rate is mainly due to several adjustments for prior years and the impact of changes in tax rates on the measurement of deferred tax. Excluding this and other one-off factors, the tax rate would have been 30 percent. In 2011, the Q1 tax rate was also high because of the impact of changes in tax rates on the measurement of deferred tax.

Decorative Paints

- Revenue up 4 percent versus last year driven by favorable price/mix
- Weaker volume development in most regions
- EBITDA 16 percent behind last year, reflecting lower volumes and higher costs
- Restructuring underway in Europe and North America

The Decorative Paints business achieved a revenue increase of 4 percent in the first quarter, primarily driven by margin management in weak markets. Lower volumes impacted EBITDA, particularly in North America which benefited last year from a one-time positive customer load-in. Restructuring and cost reduction actions are underway in Europe and North America to offset weaker demand.

Europe

Revenue was up, reflecting margin management as volumes remained negative. In particular, the Southern region was impacted due to continued weak demand and volume growth in the other regions was not enough to fully compensate for this. In the UK, our Dulux brand has achieved Top 10 Superbrands status resulting from a quantitative study across the UK population of people's affinity with brands and their perception of their status in UK society. Dulux ranked as number 8.

Americas

Overall volume in North America was down, primarily due to prior year customer load-in. Margin management has significantly mitigated the volume shortfall. Operating costs were higher as a consequence of investments in our main distribution channels and the effects of implemented restructuring measures.

Revenue growth in Latin America was mainly driven by higher prices. Operating costs were adversely impacted by inflation and growth initiatives.

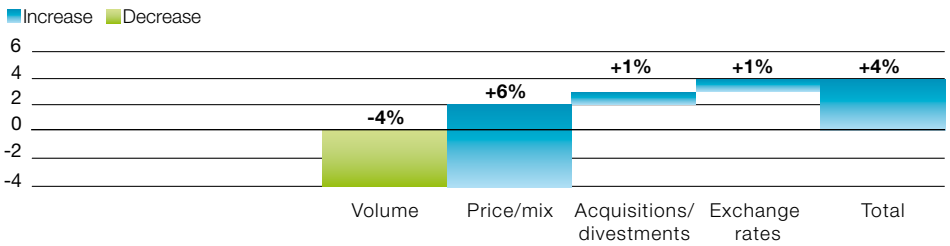
Asia

The revenue growth in China was mainly driven by favorable currency effects and continued price increases offset by an adverse mix impact. As a result of economic tightening measures of the Chinese government, market growth is being constrained, particularly in the premium segment.

In South East Asia and Pacific, revenue increased driven by favorable price/mix offset by lower volumes due to the continued weak economic situation in Vietnam.

Growth in India and South Asia continued to be strong, reflective of our growth strategy.

Revenue development Q1 2012



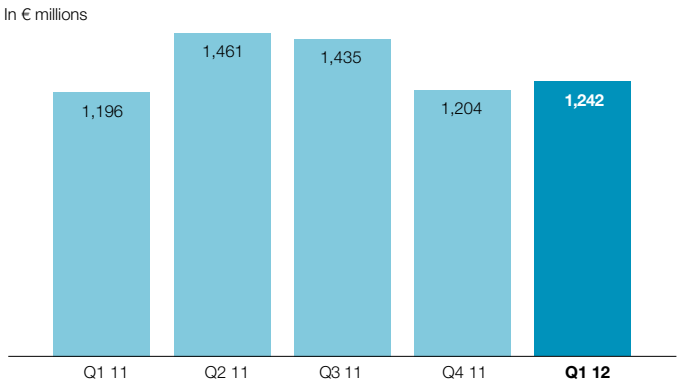
Key brands

Revenue

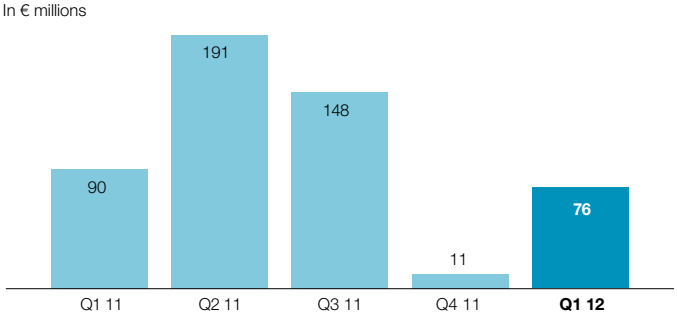
1st quarter

in € millions	2011	2012	Δ%
Decorative Paints Europe	607	618	2
Decorative Paints Americas	399	403	1
Decorative Paints Asia	192	222	16
Other/intragroup eliminations	(2)	(1)	
Total	**1,196**	**1,242**	**4**
Before incidentals			
EBITDA	90	76	(16)
EBITDA margin (in %)	7.5	6.1	
EBIT	39	19	(51)
EBIT margin (in %)	3.3	1.5	
Moving average ROI (in %)	5.3	3.1	
After incidentals			
Operating income	37	(15)	
Capital expenditures	42	37	
Invested capital	6,462	7,067	
Number of employees	22,280	22,090	

Revenue



EBITDA



Performance Coatings

- Revenue up 11 percent and EBITDA up 15 percent, supported by margin management, acquisition and currency effects
- EBITDA margin at 12.0 percent (2011: 11.6 percent)
- Integration of acquired activities delivering results
- Continued focus on cost control and operational efficiencies

Revenue increased 11 percent compared with the previous year. Industrial Coatings – boosted by acquisition activity – achieved the strongest growth, followed by Marine and Protective Coatings. Although overall activity levels were flat, there was significant variability between individual segments. We continue to manage our selling prices in response to the raw material cost increases. Cost control and restructuring efforts in mature markets are ongoing and continue to support performance, as do recent acquisitions.

Marine and Protective Coatings

Revenue increased primarily due to price/mix and currencies. Marine volumes were lower due to the slowdown in the new construction market. Protective Coatings increased volumes in all regions, especially in the heavy industry and oil and gas segments. In Yacht, lower volumes were compensated by margin management activity. In Marine, we launched our Silyl acrylate antifouling coatings during the first quarter. The product is designed to improve and enhance customer choice in both newbuild and maintenance and repair markets.

Wood Finishes and Adhesives

Revenue increased positively supported by currencies and higher price/mix. Demand improved in North America, while in Europe and Asia it has further softened.

Automotive and Aerospace Coatings

The business experienced a slow quarter, with lower volumes in comparison with 2011. This was partially compensated by currencies and price/mix. Cost control measures have helped operating costs to remain flat. The Vehicle Refinish segment in the mature markets of Europe and North America showed signs of slowdown, while Aerospace Coatings achieved moderate growth.

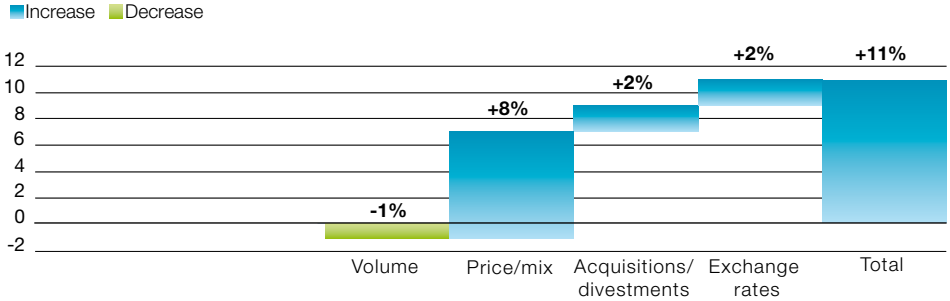
Powder Coatings

Revenue increased supported by price/mix and currencies with volumes impacted by softer demand in Europe and Asia. On a segment level, the export sensitive segments in Asia are still suffering from the weaker demand in Europe. The 2012 Interpon F Trend ranges for furniture were launched in Shanghai. The design driven range, dedicated to the furniture segment, features a total of 30 colors that have been chosen specifically for the indoor and outdoor furniture markets.

Industrial Coatings

The business had a good first quarter mainly due to the acquisition of Schramm/SSCP. Coil Coatings' construction related business achieved strong growth, mainly in the high growth markets of Turkey and Russia. Packaging Coatings' beverage and food related business continues to increase its top line, with Asia being the main driver for growth. The integration of the acquired businesses is progressing according to plan.

Revenue development Q1 2012



Key brands

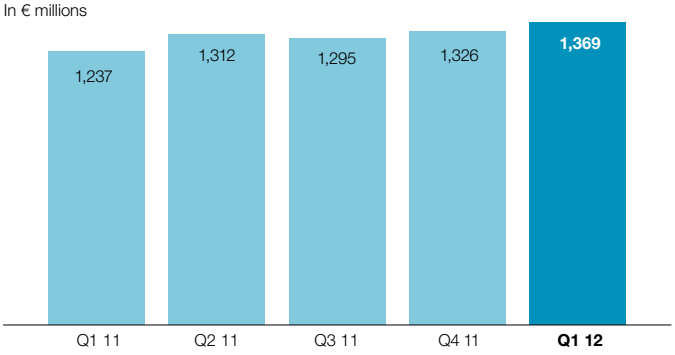
Revenue

1st quarter

in € millions	2011	2012	Δ%
Marine and Protective Coatings	324	369	14
Wood Finishes and Adhesives	188	202	7
Automotive and Aerospace Coatings	259	255	(2)
Powder Coatings	231	244	6
Industrial Coatings	243	305	26
Other/intragroup eliminations	(8)	(6)	
Total	**1,237**	**1,369**	**11**
Before incidentals			
EBITDA	143	164	15
EBITDA margin (in %)	11.6	12.0	
EBIT	115	132	15
EBIT margin (in %)	9.3	9.6	
Moving average ROI (in %)	25.6	22.0	
After incidentals			
Operating income	106	127	
Capital expenditures	16	18	
Invested capital	2,150	2,432	
Number of employees	21,230	21,910	

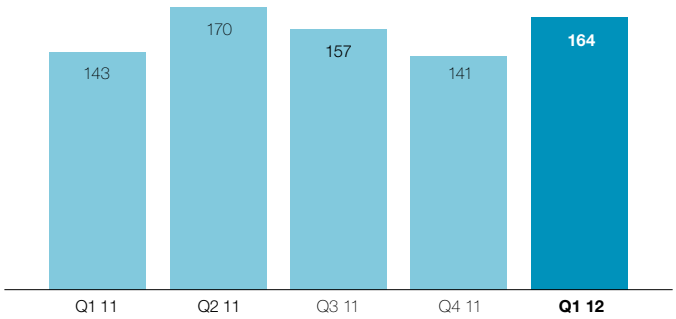
Revenue

In € millions



EBITDA

In € millions



Specialty Chemicals

- Revenue increased by 4 percent, mainly due to the Boxing Oleochemicals acquisition
- EBITDA decreased 2 percent to €235 million against a strong Q1 2011, driven mainly by Functional Chemicals
- EBITDA margin remained strong at 16.8 percent (2011: 17.8 percent)

Revenue increased 4 percent, mainly due to the Boxing Oleochemicals acquisition and a positive price/mix effect. The volume dip in Q4 2011 of 4 percent appears to have been due to temporary customer destocking as we have seen some recovery, but the overall trend is still slightly negative. EBITDA came in 2 percent lower, reflecting different trading conditions across businesses. Results in Functional Chemicals declined, impacted by a supply/demand imbalance in Ethylene Amines and in Chemicals Pakistan, the domestic market conditions remain difficult. Pulp and Performance Chemicals and Surface Chemistry saw earnings improve relative to Q1 last year, while Industrial Chemicals also performed well.

Functional Chemicals

Volumes were up, due to increased volumes in Ethylene Amines, High Polymers Alkyls and Organic Peroxides, offset by a slower start in other products. Due to higher product availability in the market, the margins for Ethylene Amines and HPMO (High Purity Metalorganics) have declined. Raw material prices on average stabilized in the first quarter compared with 2011 levels, but were significantly higher than in Q1 2011.

Industrial Chemicals

The performance of the Industrial Chemicals business was in line with the previous year. Energy business margins continued to suffer from the low spark spreads (the difference between gas input costs versus electricity sales prices) in the Dutch energy market. In addition, there were one-time higher outbound logistic costs in the Netherlands.

Surface Chemistry

Surface Chemistry had a strong quarter, driven by the acquisition of Boxing Oleochemicals in China, which was completed earlier in the quarter. Effective margin management was the key driver behind the strong performance of the business.

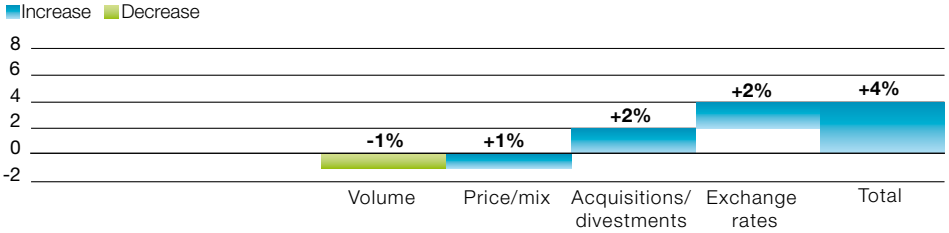
Pulp and Performance Chemicals

Pulp and Performance had a strong quarter. Margin management actions continued to improve the performance of the business throughout the quarter.

Chemicals Pakistan

Domestic market conditions remain difficult. The energy crisis affected the Soda Ash and Polyester businesses. The divestment process of Chemicals Pakistan is on track; the legal disentanglement is nearly complete and the sales process has been started.

Revenue development Q1 2012



Key brands

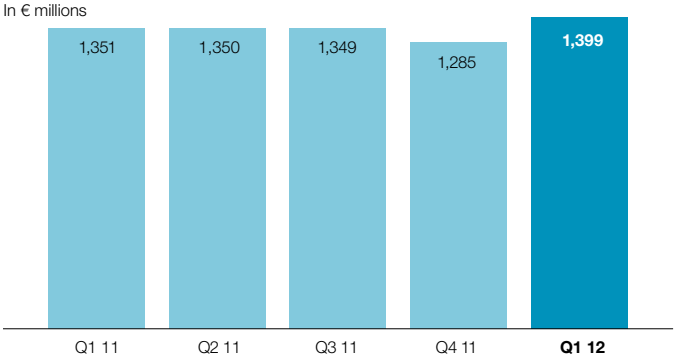
Revenue

1st quarter

in € millions	2011	2012	Δ%
Functional Chemicals	486	499	3
Industrial Chemicals	298	301	1
Surface Chemistry	237	284	20
Pulp and Performance Chemicals	274	282	3
Chemicals Pakistan	90	69	(23)
Other/intragroup eliminations	(34)	(36)	
Total	**1,351**	**1,399**	**4**
Before incidentals			
EBITDA	241	235	(2)
EBITDA margin (in %)	17.8	16.8	
EBIT	174	161	(7)
EBIT margin (in %)	12.9	11.5	
Moving average ROI (in %)	20.6	17.3	
After incidentals			
Operating income	173	140	
Capital expenditures	67	87	
Invested capital	3,450	3,707	
Number of employees	11,230	11,860	

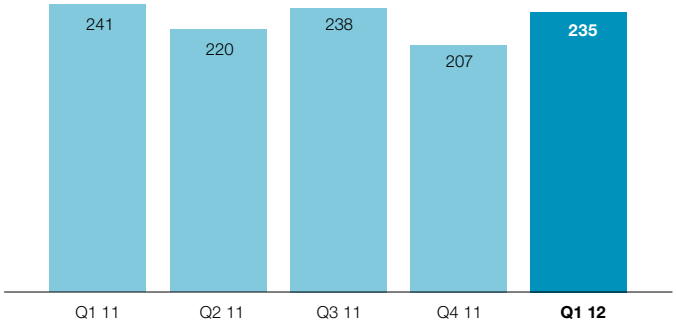
Revenue

In € millions



EBITDA

In € millions



Condensed financial statements

Consolidated statement of income

1st quarter in € millions	2011	2012
Continuing operations		
Revenue	3,762	3,972
Cost of sales	(2,269)	(2,465)
Gross profit	**1,493**	**1,507**
Selling expenses	(821)	(860)
General and administrative expenses	(300)	(353)
Research and development expenses	(85)	(94)
Other operating income/(expenses)	(10)	(9)
Operating income	**277**	**191**
Net financing expenses	(63)	(65)
Results from associates and joint ventures	7	4
Profit before tax	**221**	**130**
Income tax	(73)	(46)
Profit for the period from continuing operations	**148**	**84**
Discontinued operations		
Profit for the period from discontinued operations	(4)	1
Profit for the period	**144**	**85**
Attributable to		
Shareholders of the company	128	71
Non-controlling interests	16	14
Profit for the period	**144**	**85**

Consolidated statement of comprehensive income

1st quarter in € millions	2011	2012
Profit for the period	**144**	**85**
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(297)	(73)
Cash flow hedges	(22)	(15)
Tax relating to components of other comprehensive income	12	7
Other comprehensive income for the period (net of tax)	**(307)**	**(81)**
Comprehensive income for the period	**(163)**	**4**
Comprehensive income attributable to		
Shareholders of the company	(151)	1
Non-controlling interests	(12)	3
Comprehensive income for the period	**(163)**	**4**

Condensed consolidated balance sheet

in € millions	December 31, 2011	March 31, 2012
Assets		
Non-current assets		
Intangible assets	7,392	7,371
Property, plant and equipment	3,705	3,720
Other financial non-current assets	2,198	2,718
Total non-current assets	**13,295**	**13,809**
Current assets		
Inventories	1,924	2,042
Trade and other receivables	2,917	3,298
Cash and cash equivalents	1,635	1,238
Other current assets	98	126
Total current assets	**6,574**	**6,704**
Total assets	**19,869**	**20,513**
Equity and liabilities		
Total equity	**9,743**	**9,742**
Non-current liabilities		
Provisions and deferred tax liabilities	2,284	2,264
Long-term borrowings	3,035	3,084
Total non-current liabilities	**5,319**	**5,348**
Current liabilities		
Short-term borrowings	494	1,014
Trade and other payables	3,349	3,430
Other short-term liabilities	964	979
Total current liabilities	**4,807**	**5,423**
Total equity and liabilities	**19,869**	**20,513**

Shareholders'equity

Shareholders' equity remained stable at €9.2 billion, compared with year-end 2011, mainly due to the net effect of:

- Net income of €71 million.
- Decreased cumulative translation reserves by €57 million due to the strengthening euro.

Changes in equity

in € millions	Subscribed share capital	Additional paid-in capital	Cashflow hedge reserve	Cumulative translation reserves	Other reserves	Shareholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2011	467	9	29	(43)	8,522	8,984	525	9,509
Profit for the period	–	–	–	–	128	128	16	144
Other comprehensive income	–	–	(16)	(263)	–	(279)	(28)	(307)
Comprehensive income for the period	**–**	**–**	**(16)**	**(263)**	**128**	**(151)**	**(12)**	**(163)**
Equity-settled transactions	–	–	–	–	8	8	–	8
Issue of common shares	–	5	–	–	–	5	–	5
Balance at March 31, 2011	467	14	13	(306)	8,658	8,846	512	9,358
Balance at January 1, 2012	**469**	**47**	**(9)**	**4**	**8,701**	**9,212**	**531**	**9,743**
Profit for the period	–	–	–	–	71	71	14	85
Other comprehensive income	–	–	(13)	(57)	–	(70)	(11)	(81)
Comprehensive income for the period	**–**	**–**	**(13)**	**(57)**	**71**	**1**	**3**	**4**
Dividend paid	–	–	–	–	–	–	(3)	(3)
Equity-settled transactions	–	–	–	–	9	9	–	9
Issue of common shares	2	3	–	–	–	5	–	5
Acquisitions and divestments	–	–	–	–	(7)	(7)	(9)	(16)
Balance at March 31, 2012	**471**	**50**	**(22)**	**(53)**	**8,774**	**9,220**	**522**	**9,742**

Invested capital

Invested capital at the end of Q1 2012 totaled €14.7 billion, €1.0 billion higher than at year-end 2011. Invested capital was impacted by the net effect of:

- An increase of €0.6 billion of long-term receivables related to increases in pension funds in an asset position (where plan assets exceed defined benefit obligation and unrecognized actuarial gains and losses).
- An increase of operating working capital of €0.4 billion mainly due to seasonality, more expensive raw materials and actions to ensure supply of TiO_2. Expressed as a percentage of revenue, operating working capital was 15.6 percent (Q1 2011: 14.2 percent; year-end 2011: 13.6 percent).
- An increase of €0.1 billion from the Boxing Oleochemicals acquisition.
- Payments of accrued interest of €0.1 billion.
- Foreign currency effects on intangibles and property, plant and equipment, due to the strengthening euro. In total, invested capital decreased by €0.1 billion due to the currency translation impact.

Pensions

The funded status of the pension plans at Q1 2012 was estimated to be a deficit of €0.3 billion (year-end 2011: €0.5 billion). The movement in the quarter is primarily due to:

- Top-up payments of €322 million into certain UK and US defined benefit pension plans
- An additional one-time payment of €239 million into the UK ICI Pension Fund

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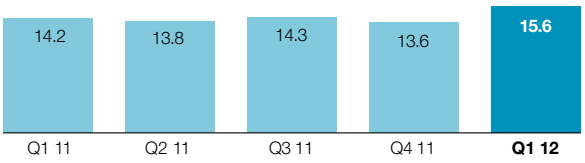
- Lower discount rates increasing the pension obligation
- Higher inflation in the UK increasing the pension obligation
- Asset returns lower than expectation.

Invested capital

in € millions	March 31, 2011	December 31, 2011	March 31, 2012
Trade receivables	2,439	2,368	2,672
Inventories	1,781	1,924	2,042
Trade payables	(2,065)	(2,213)	(2,212)
Operating working capital in Business Areas	**2,155**	**2,079**	**2,502**
Other working capital items	(911)	(901)	(887)
Non-current assets	12,504	13,295	13,809
Less investments in associates and joint ventures	(177)	(198)	(195)
Deferred tax liabilities	(558)	(567)	(548)
Invested capital	**13,013**	**13,708**	**14,681**

Operating working capital

In % of revenue



Operating working capital

in € millions, % of revenue	March 31, 2011		December 31, 2011		March 31, 2012	
Decorative Paints	689	14.4	622	12.9	896	18.0
Performance Coatings	782	15.8	772	14.6	852	15.6
Specialty Chemicals	684	12.7	685	13.3	754	13.5
Total	**2,155**	**14.2**	**2,079**	**13.6**	**2,502**	**15.6**

Workforce

At March 2012, we employed 57,320 staff (year-end 2011: 57,240 employees). The net increase was due to:

- A decrease of 660 employees due to ongoing restructuring
- An increase from acquisitions of 560 employees
- An increase of 180 employees, mainly due to seasonal activity.

Condensed consolidated statement of cash flows

1st quarter in € millions	2011	2012
Cash and cash equivalents at beginning of period	**2,683**	**1,335**
Adjustments to reconcile earnings to cash generated from operating activities		
Profit for the period from continuing operations	148	84
Amortization, depreciation and impairments	150	173
Changes in working capital	(390)	(418)
Changes in provisions	(358)	(546)
Other changes	(69)	(54)
Net cash from operating activities	**(519)**	**(761)**
Capital expenditures	(130)	(143)
Acquisitions and divestments net of cash acquired	8	1
Other changes	2	11
Net cash from investing activities	**(120)**	**(131)**
Changes from borrowings	(12)	490
Dividends	(1)	(3)
Other changes	5	(10)
Net cash from financing activities	**(8)**	**477**
Net cash used for continuing operations	**(647)**	**(415)**
Cash flows from discontinued operations	–	(6)
Net change in cash and cash equivalents of total operations	**(647)**	**(421)**
Effect of exchange rate changes on cash and cash equivalents	(50)	(9)
Cash and cash equivalents at March 31	**1,986**	**905**

Cash flows and net debt

Operating activities in Q1 2012 resulted in a cash outflow of €761 million (2011: €519 million). The change is due to a net effect of:

- Lower profit from continuing operations
- Higher cash outflows from working capital mainly due to a higher autonomous increase in operating working capital
- Higher payments related to pension provisions primarily due to the additional one-time payment of €239 million into the UK ICI Pension Fund.

As a consequence, net debt increased from €1,895 million at, year-end 2011 to €2,860 million at the end of Q1 2012.

Medium-term ambition and outlook

We have the aspiration to be the world's leading Coatings and Specialty Chemicals company. Our medium-term ambitions are to grow to €20 billion revenue, increase EBITDA each year while maintaining a 13 to 15 percent margin, reduce OWC percent of revenue year-on-year by 0.5 percent towards a 12 percent level, and pay a stable to rising dividend.

The sustainability ambitions are to remain a top three leader in our industry, to be top quartile in our peer group in terms of safety performance, diversity, employee engagement and development, and eco-efficiency improvement rates.

We are moving ahead with the implementation of our performance improvement program which should bring significant benefits in 2012 and beyond, underpinning our margins.

The major uncertainty remains the economic environment. Our concerns are focused on the risk of recession in Europe, delayed recovery of the US property market and the potential for a slowdown in China. Each of these can have a significant impact on our customers in these regions, that would in turn impact our sales volumes. These, together with certain raw materials, remain our principal sensitivities in 2012.

AkzoNobel has a strong portfolio of complementary businesses, with many leading market positions and exposure to growth markets. This, combined with our ongoing management actions, means that we are confident that we can deliver medium-term growth in line with our strategic ambitions.

Amsterdam, April 19, 2012
The Board of Management

Quarterly statistics

Q1	Q2	Q3	Q4	2011 year	in € millions	2012 Q1
Revenue						
1,196	1,461	1,435	1,204	5,296	Decorative Paints	1,242
1,237	1,312	1,295	1,326	5,170	Performance Coatings	1,369
1,351	1,350	1,349	1,285	5,335	Specialty Chemicals	1,399
(22)	(26)	(28)	(28)	(104)	Other activities/eliminations	(38)
3,762	**4,097**	**4,051**	**3,787**	**15,697**	**Total**	**3,972**
EBITDA						
90	191	148	11	440	Decorative Paints	76
143	170	157	141	611	Performance Coatings	164
241	220	238	207	906	Specialty Chemicals	235
(37)	(30)	(36)	(58)	(161)	Other activities/eliminations	(52)
437	**551**	**507**	**301**	**1,796**	**Total**	**423**
11.6	**13.4**	**12.5**	**7.9**	**11.4**	**EBITDA margin (in %)**	**10.6**
Depreciation						
(30)	(30)	(33)	(33)	(126)	Decorative Paints	(33)
(21)	(21)	(21)	(24)	(87)	Performance Coatings	(23)
(55)	(56)	(56)	(60)	(227)	Specialty Chemicals	(61)
(2)	(3)	(4)	(2)	(11)	Other activities/eliminations	(5)
(108)	**(110)**	**(114)**	**(119)**	**(451)**	**Total**	**(122)**
Amortization						
(21)	(20)	(20)	(23)	(84)	Decorative Paints	(24)
(7)	(7)	(7)	(8)	(29)	Performance Coatings	(9)
(12)	(13)	(13)	(16)	(54)	Specialty Chemicals	(13)
–	–	(1)	(2)	(3)	Other activities/eliminations	–
(40)	**(40)**	**(41)**	**(49)**	**(170)**	**Total**	**(46)**
EBIT						
39	141	95	(45)	230	Decorative Paints	19
115	142	129	109	495	Performance Coatings	132
174	151	169	131	625	Specialty Chemicals	161
(39)	(33)	(41)	(62)	(175)	Other activities/eliminations	(57)
289	**401**	**352**	**133**	**1,175**	**Total**	**255**
7.7	**9.8**	**8.7**	**3.5**	**7.5**	**EBIT margin (in %)**	**6.4**
Operating income						
37	137	57	(94)	137	Decorative Paints	(15)
106	155	114	83	458	Performance Coatings	127
173	147	169	133	622	Specialty Chemicals	140
(39)	(11)	(39)	(86)	(175)	Other activities/eliminations	(61)
277	**428**	**301**	**36**	**1,042**	**Total**	**191**

2011						2012
Q1	Q2	Q3	Q4	year	in € millions	Q1
Incidentals per Business Area						
(2)	(4)	(38)	(49)	(93)	Decorative Paints	(34)
(9)	13	(15)	(26)	(37)	Performance Coatings	(5)
(1)	(4)	–	2	(3)	Specialty Chemicals	(21)
–	22	2	(24)	–	Other activities/eliminations	(4)
(12)	**27**	**(51)**	**(97)**	**(133)**	**Total**	**(64)**
Incidentals included in operating income						
(9)	(20)	(47)	(55)	(131)	Restructuring costs	(46)
1	21	2	(33)	(9)	Results related to major legal and environmental cases	(22)
–	26	(5)	(11)	10	Results on acquisitions and divestments	–
(4)	–	(1)	2	(3)	Other incidental results	4
(12)	**27**	**(51)**	**(97)**	**(133)**	**Total**	**(64)**
Incidentals per line item						
(4)	(5)	(25)	(18)	(52)	Cost of sales	(35)
(3)	(9)	(20)	(34)	(66)	Selling expenses	(9)
(1)	(4)	(1)	(18)	(24)	General and administrative expenses	(20)
–	–	(1)	(8)	(9)	Research and development expenses	(1)
(4)	45	(4)	(19)	18	Other operating income/(expenses)	1
(12)	**27**	**(51)**	**(97)**	**(133)**	**Total**	**(64)**
Reconciliation net financing expense						
14	17	14	12	57	Financing income	15
(61)	(63)	(49)	(129)	(302)	Financing expenses	(57)
(47)	**(46)**	**(35)**	**(117)**	**(245)**	**Net interest on net debt**	**(42)**
Other interest movements						
(16)	(13)	(15)	(15)	(59)	Financing expenses related to pensions	(16)
(5)	(12)	(13)	(16)	(46)	Interest on provisions	(3)
5	7	(7)	7	12	Other items	(4)
(16)	**(18)**	**(35)**	**(24)**	**(93)**	**Net other financing charges**	**(23)**
(63)	**(64)**	**(70)**	**(141)**	**(338)**	**Net financing expenses**	**(65)**
Quarterly net income analysis						
7	8	9	(1)	23	Results from associates and joint ventures	4
(16)	(22)	(18)	(8)	(64)	Profit attributable to non-controlling interests	(14)
221	372	240	(106)	727	Profit before tax	130
(73)	(99)	(74)	52	(194)	Income tax	(46)
148	273	166	(54)	533	Profit for the period from continuing operations	84
33	27	31	49	27	Effective tax rate (in %)	35

Q1	Q2	Q3	Q4	2011 year		2012 Q1
Earnings per share from continuing operations (in €)						
0.57	1.07	0.63	(0.26)	2.01	Basic	0.30
0.56	1.07	0.63	(0.26)	1.99	Diluted	0.30
Earnings per share from discontinued operations (in €)						
(0.02)	0.07	–	(0.03)	0.03	Basic	–
(0.02)	0.07	–	(0.03)	0.03	Diluted	–
Earnings per share from total operations (in €)						
0.55	1.14	0.63	(0.29)	2.04	Basic	0.30
0.54	1.14	0.63	(0.29)	2.02	Diluted	0.30
Number of shares (in millions)						
233.6	233.9	234.0	234.3	233.9	Weighted average number of shares	235.1
233.7	234.0	234.0	234.7	234.7	Number of shares at end of quarter	235.6
Adjusted earnings (in € millions)						
221	372	240	(106)	727	Profit before tax from continuing operations	130
12	(27)	51	97	133	Incidentals reported in operating income	64
40	40	41	49	170	Amortization of intangible assets	46
(88)	(107)	(100)	9	(286)	Adjusted income tax	(78)
(16)	(22)	(18)	(8)	(64)	Non-controlling interests	(14)
169	**256**	**214**	**41**	**680**	**Adjusted net income for continuing operations**	**148**
0.72	**1.09**	**0.91**	**0.17**	**2.91**	**Adjusted earnings per share (in €)**	**0.63**

Notes to the condensed financial statements

Accounting policies and restatements

This interim financial report is in compliance with IAS 34 "Interim Financial Reporting". This report is unaudited. The accounting principles are as applied in the 2011 financial statements.

Operating working capital is defined as the sum of inventories, trade receivables and trade payables in the Business Areas. We have adjusted the definitions of trade receivables as well as trade payables to include supplier related receivables and customer related payables. The 2011 figures have been adjusted accordingly.

Seasonality

Revenue and results in Decorative Paints are impacted by seasonal influences. Revenue and profitability tend to be higher in the second and third quarter of the year as weather conditions determine whether paints and coatings can be applied. In Performance Coatings, revenue and profitability vary with building patterns from original equipment manufacturers. In Specialty Chemicals, the Functional Chemicals and the Surface Chemistry businesses experience seasonal influences. Revenue and profitability are affected by developments in the agricultural season and tend to be higher in the first half of the year.

The "other" category

In the category "other" we report activities which are not allocated to a particular business area. Corporate costs are the unallocated costs of our head office and shared services center in the Netherlands. Pensions reflects pension costs after the elimination of interest cost (reported as financing expenses). Insurances are the results from our captive insurance companies. Other includes the cost of share-based compensation and company projects, the results of treasury and legacy operations as well as the unallocated cost of some country organizations.

Glossary

Adjusted earnings per share are the basic earnings per share from continuing operations excluding incidentals in operating income, amortization of intangible assets and tax on these adjustments.

Comprehensive income is the change in equity during a period resulting from transactions and other events other than those changes resulting from transactions with shareholders in their capacity as shareholders.

Constant currencies information excludes foreign currency translation effects assuming foreign currency exchange rates have not changed between the prior year period and the current period.

EBIT is operating income before incidentals.

EBIT margin is EBIT as percentage of revenue.

EBITDA is EBIT before depreciation and amortization and refers to EBITDA before incidentals.

EBITDA margin is EBITDA as percentage of revenue.

Emerging Europe: Central and Eastern Europe (excluding Austria), Baltic States and Turkey.

Incidentals are special charges and benefits, results on acquisitions and divestments, restructuring and impairment charges, and charges related to major legal, anti-trust, and environmental cases. EBITDA and EBIT before incidentals are key figures we use to assess our performance, as these figures better reflect the underlying trends in the results of the activities.

Interest coverage is operating income divided by net interest on net debt.

Invested capital is total assets (excluding cash and cash equivalents, investments in associates, assets held for sale) less current income tax payable, deferred tax liabilities and trade and other payables.

Mature markets comprise of Western Europe, the US, Canada, Japan and Oceania.

Moving average ROI is calculated as EBIT of the last twelve months divided by average invested capital.

Net debt is defined as long-term borrowings plus short-term borrowings less cash and cash equivalents.

Operating income is defined in accordance with IFRS and includes the relevant incidental results.

Operating ROI is calculated as EBIT before amortization of the last twelve months divided by average invested capital excluding intangible assets.

Operating working capital is defined as the sum of inventories, trade receivables and trade payables in the Business Areas. Starting 2012 we have changed the definitions of trade receivables as well as trade payables. Trade receivables now include supplier related receivables while in trade payables customer related payables have been included. The 2011 figures have been adjusted to align with the 2012 definitions. When expressed as a ratio, operating working capital is measured against four times last quarter revenue.

Safe Harbor Statement

This report contains statements which address such key issues as AkzoNobel's growth strategy, future financial results, market positions, product development, products in the pipeline and product approvals. Such statements should be carefully considered, and it should be understood that many factors could cause forecast and actual results to differ from these statements. These factors include, but are not limited to, price fluctuations, currency fluctuations, developments in raw material and personnel costs, pensions, physical and environmental risks, legal issues, and legislative, fiscal, and other regulatory measures. Stated competitive positions are based on management estimates supported by information provided by specialized external agencies. For a more comprehensive discussion of the risk factors affecting our business, please see our latest Annual Report.

Brands and trademarks

In this report, reference is made to brands and trademarks owned by, or licensed to, AkzoNobel. Unauthorized use of these is strictly prohibited.

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Financial calendar

Annual General Meeting	April 23, 2012
Ex-dividend date of 2011 final dividend	April 25, 2012
Record date of 2011 final dividend	April 27, 2012
Election period cash or scrip final dividend	April 30, 2012 – May 18, 2012
Payment date of cash dividend and delivery of scrip dividend	May 24, 2012
Report for the 2nd quarter 2012	July 19, 2012
Report for the 3rd quarter 2012	October 18, 2012

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AkzoNobel is the largest global paints and coatings company and a major producer of specialty chemicals. We supply industries and consumers worldwide with innovative products and are passionate about developing sustainable answers for our customers. Our portfolio includes well known brands such as Dulux, Sikkens, International and Eka. Headquartered in Amsterdam, the Netherlands, we are a Global Fortune 500 company and are consistently ranked as one of the leaders in the area of sustainability. With operations in more than 80 countries, our 55,000 people around the world are committed to excellence and delivering Tomorrow's Answers Today™.

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