

Report for the year 2012 and the 4th quarter

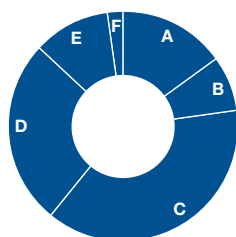


AkzoNobel around the world

Revenue by destination

(44 percent in high growth markets)

	%
A North America	15
B Emerging Europe	8
C Mature Europe	38
D Asia Pacific	26
E Latin America	11
F Other regions	2
	100



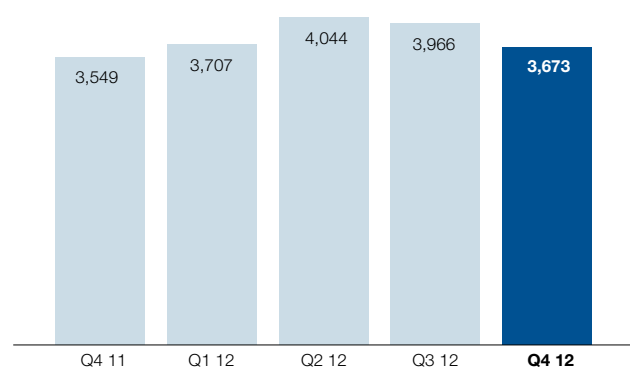
(Based on the full year 2012)

Our results at a glance

- 2012 revenue up 5 percent driven by favorable currencies and pricing, offset by lower volumes
- 2012 EBITDA 4 percent higher at €1,901 million (2011: €1,834 million)
- Performance improvement program 2012 target has been exceeded
- Net loss from continuing operations €1,733 million (2011: €536 million income), due to the Q3 impairment charge of €2,106 million
- Net cash from operating activities up 86 percent to €737 million
- Adjusted EPS €3.26 (2011: €3.10)
- Total dividend for 2012 proposed at €1.45 (2011: €1.45)
- Decorative Paints North America reported in discontinued operations; Chemicals Pakistan divestment completed in 2012
- The economic environment remains challenging, especially in Europe

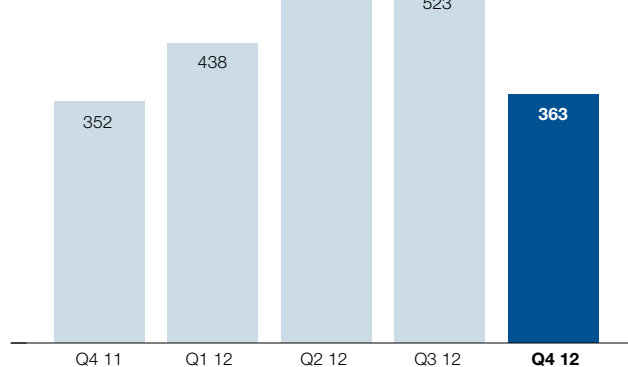
Revenue

In € millions



EBITDA

In € millions



Financial highlights

Summary of financial outcomes

4th quarter

January - December

2011	2012	Δ% In € millions		2011	2012	Δ%
3,549	3,673	3	Revenue	14,604	15,390	5
352	363	3	EBITDA ¹	1,834	1,901	4
9.9	9.9		EBITDA margin (in %)	12.6	12.4	
198	202	2	EBIT ¹	1,271	1,276	—
5.6	5.5		EBIT margin (in %)	8.7	8.3	
			Moving average ROI ¹ (in %)	10.5	10.0	
107	7		Operating income	1,145	(1,244)	
107	7		Operating income before impairment	1,145	862	(25)
(16)	(37)		Net income from continuing operations	536	(1,733)	
(52)	(22)		Net income from discontinued operations	(59)	(436)	
(68)	(59)		Net income total operations	477	(2,169)	
(0.07)	(0.16)		Earnings per share from continuing operations (in €)	2.29	(7.30)	
(0.29)	(0.25)		Earnings per share from total operations (in €)	2.04	(9.14)	
0.34	0.50		Adjusted earnings per share (in €)	3.10	3.26	
242	330	36	Capital expenditures	658	826	26
256	630	146	Net cash from operating activities	396	737	86
			Invested capital	12,613	11,030	
			Net debt	1,895	2,298	
			Number of employees	52,020	50,610	

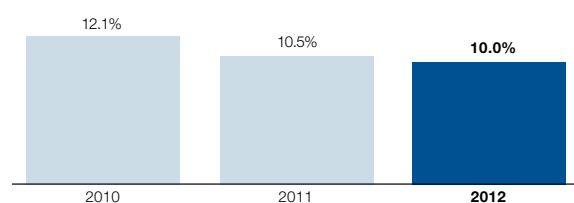
¹ Excluding incidentals.

Discontinued operations

in € millions	January - December	
	2011	2012
Revenue	1,094	1,190
EBITDA	(69)	19
Performance improvement program savings	—	26
Incidentals	(7)	(17)
Impairment charge	—	(372)
Workforce at year-end	5,220	4,670
Reduction workforce	—	360

Returns on invested capital

■ Moving average ROI %



2010 restated to exclude Decorative Paints North America.

Financial highlights

Revenue for the year was up 5 percent driven by favorable currencies and pricing offset by lower volumes. EBITDA for the year was 4 percent higher at €1,901 million (2011: €1,834 million). The performance improvement program exceeded intermediate targets. As a consequence of the impairment charge of €2,106 million in Q3, operating income was €1,244 million negative; excluding the impairment charge, this was €862 million positive (2011: €1,145 million).

Discontinued operations

In December 2012, we announced the divestment of Decorative Paints North America to PPG Industries Inc. As a consequence, the results of this business are reported in discontinued operations in the statements of income and cash flows and are no longer included in the other explanations and details in this report. Restated numbers for 2011 and Q1-Q3 2012 can be found on page 17 and beyond of this report.

Revenue

- Revenue in Decorative Paints for 2012 increased 2 percent, mainly due to positive price/mix and favorable currencies. Asian revenue is growing due to strong volume development in China. However, market conditions remain challenging in Europe and Latin America. Q4 saw similar developments to the full year.
- In Performance Coatings, revenue increased 10 percent compared with the previous year. The strongest growth came from Industrial Coatings and Marine and Protective Coatings. Volume declined, with differences between individual businesses. In Q4, revenue was up 5 percent over the previous year, supported by currencies and the acquisition of Schramm/SCCP.
- Specialty Chemicals made a good start to 2012, but demand started to weaken in the second half of the year, particularly in Europe and in general in construction-related products. Demand was also more volatile.

Acquisitions and divestments

Early 2012, we acquired 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. On December 28, 2012, we completed the divestment of Chemicals Pakistan, which was subsequently deconsolidated.

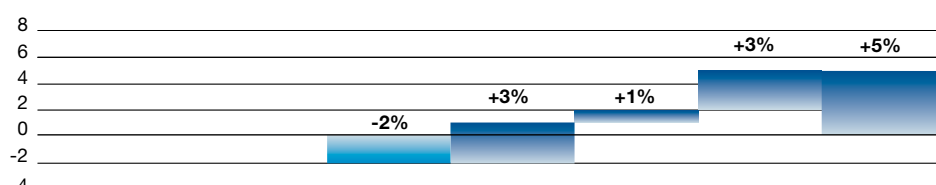
Revenue

4th quarter

	2011	2012	Δ%	in € millions		2011	2012	Δ%
	965	995	3		Decorative Paints	4,201	4,297	2
	1,326	1,394	5		Performance Coatings	5,170	5,702	10
	1,285	1,320	3		Specialty Chemicals	5,335	5,543	4
	(27)	(36)			Other activities/eliminations	(102)	(152)	
	3,549	3,673	3	Total		14,604	15,390	5

Revenue development 2012

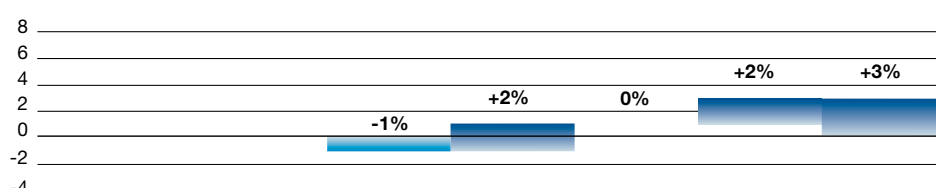
■ Increase ■ Decrease



in % versus 2011	Volume	Price/mix	Acquisitions	Exchange rates	Total
Decorative Paints	(2)	2	–	2	2
Performance Coatings	(1)	5	2	4	10
Specialty Chemicals	(1)	1	1	3	4
Total	(2)	3	1	3	5

Revenue development Q4 2012

■ Increase ■ Decrease



in % versus Q4 2011	Volume	Price/mix	Acquisitions	Exchange rates	Total
Decorative Paints	2	–	–	1	3
Performance Coatings	(2)	3	1	3	5
Specialty Chemicals	(1)	1	1	2	3
Total	(1)	2	–	2	3

Raw materials

On average, raw material costs were stable compared with the previous year, with the upward pressure on oil prices offsetting softer TiO_2 prices.

EBITDA

- In Decorative Paints, EBITDA for the year was 11 percent lower at €425 million reflecting weaker demand from our European markets. The euro crisis and the general slowdown in global markets continued to affect our business. Restructuring activities continued across Europe.
- In Performance Coatings, overall margins improved due to a combination of margin management activities and ongoing cost control. The major restructuring activities were undertaken in mature markets. Margin management and operational efficiency improvements resulted in EBITDA of €769 million, 26 percent higher than the previous year.
- In Specialty Chemicals, we recorded a robust performance in the year on the back of margin management, cost control measures and strong market and technology leadership positions. However, performance in the last quarter was unfavorably impacted by the general slowdown in demand (especially in Functional Chemicals), some destocking at year-end and production-related issues at our customers.

Performance improvement program

The performance improvement program announced in October 2011 is making good progress and has exceeded its intermediate goal for 2012. Since the announcement of the program, benefits amount to €250 million (excluding €26 million contributed by Decorative Paints North America). The program conceptually consists of three building blocks: operational professionalization, functional excellence and business unit specific adaptations. Operational professionalization

Volume development per quarter (year-on-year)

	Q4 11	Q1 12	Q2 12	Q3 12	Q4 12
Decorative Paints	(1)	–	(3)	(6)	2
Performance Coatings	(2)	(1)	(2)	–	(2)
Specialty Chemicals	(4)	(1)	(2)	(2)	(1)
Total	(3)	(2)	(3)	(3)	(1)

Price/mix development per quarter (year-on-year)

	Q4 11	Q1 12	Q2 12	Q3 12	Q4 12
Decorative Paints	4	5	3	1	–
Performance Coatings	7	8	6	3	3
Specialty Chemicals	5	1	2	(1)	1
Total	6	5	3	1	2

EBITDA

4th quarter

			January - December		
2011	2012	Δ%	2011	2012	Δ%
61	47	(23)	479	425	(11)
141	190	35	611	769	26
207	172	(17)	906	889	(2)
(57)	(46)		(162)	(182)	
352	363	3	1,834	1,901	4

Total

addresses issues such as product complexity reduction, procurement, manufacturing and distribution excellence, and margin management. Business unit adaptations and operational professionalization have contributed around 95 percent of the 2012 benefits, while functional standardization is primarily an important enabler.

The cost of the program for 2012 equaled €292 million, booked under incidentals, including costs for the additional restructuring

measures in Decorative Paints and excluding €17 million for Decorative Paints North America.

Since the announcement of the program, around 2,100 people have left the company, of which approximately 360 in Decorative Paints North America.

Incidental items

- We incurred higher restructuring costs mainly in mature markets, as we implement the performance improvement program. Restructuring activities are ongoing across the businesses, and we stepped up restructuring in the European businesses in Decorative Paints in Q4. Besides the costs of the performance improvement program of €292 million, we had a number of writedowns for an amount of €32 million, bringing the total amount of restructuring costs to €324 million.
- The impairment amount in Q3 was adjusted to exclude Decorative Paints North America, which is reported as a discontinued operation.
- In Q1, we increased a provision for an environmental case in Sweden.
- In Q4, we incurred a loss of €36 million from recycling the cumulative translation differences in equity to the statement of income due to the completed divestment of Chemicals Pakistan.

EBIT in "other"

Corporate costs in the quarter were in line with the previous year. For the full year, these costs were higher due to increased information management and integrated supply chain costs as a consequence of functional excellence initiatives and one-off costs.

Net financing expenses

Net financing charges for the year decreased by €69 million from €336 million to €267 million. Significant variances were:

- Financing expenses on net debt decreased by €63 million to €239 million (2011: €302 million) following the buy-back of bonds in December 2011, which had a one-off impact in 2011 of €67 million.
- Interest on provisions decreased by €17 million to €29 million (2011: €46 million) due to higher discount rates.
- Financing expenses related to pensions increased by €8 million to €65 million (2011: €57 million) due to a lower expected return on assets.

Incidentals included in operating income

4th quarter			January - December	
2011	2012	in € millions	2011	2012
(54)	(148)	Restructuring costs	(129)	(324)
–	–	Impairment	–	(2,106)
(33)	(12)	Results related to major legal and environmental cases	(9)	(36)
(11)	(34)	Results on acquisitions and divestments	10	(45)
7	(1)	Other incidental results	2	(9)
(91)	(195)	Incidentals included in operating income	(126)	(2,520)

EBIT in other

4th quarter			January - December	
2011	2012	in € millions	2011	2012
(29)	(31)	Corporate costs	(98)	(113)
(3)	(1)	Pensions	(14)	(4)
(9)	(1)	Insurances	1	(6)
(20)	(16)	Other	(65)	(71)
(61)	(49)	EBIT in "other"	(176)	(194)

Operating income to net income

4th quarter			January - December	
2011	2012	in € millions	2011	2012
107	7	Operating income	1,145	(1,244)
(141)	(54)	Net financing expenses	(336)	(267)
–	(1)	Results from associates and joint ventures	24	13
(34)	(48)	Profit/(loss) before tax	833	(1,498)
25	29	Income tax	(233)	(172)
(9)	(19)	Profit/(loss) for the period from continuing operations	600	(1,670)
(52)	(22)	Profit/(loss) for the period from discontinued operations	(59)	(436)
(61)	(41)	Profit/(loss) for the period	541	(2,106)
(7)	(18)	Non-controlling interests	(64)	(63)
(68)	(59)	Net income	477	(2,169)

- Other items decreased by €5 million to €7 million (2011: €12 million), mainly explained by lower interest on discounted long-term receivables (€3 million).

Tax

Excluding the non-tax-deductible goodwill impairment charge of €2,106 million, the year-to-date tax rate was 30 percent (2011:

27 percent). The tax rate was negatively impacted by several adjustments to previous years and by other non-taxable items. The Q4 tax charge is impacted positively by several adjustments to previous years. The loss carry-forward recognized in the balance sheet and its usage in the coming years has a decreasing impact on the cash tax rate in coming years.

Decorative Paints

- Full-year revenue up 2 percent driven by favorable currencies and price/mix
- EBITDA 11 percent below the previous year
- Asian revenue growing due to strong volume development in China
- Challenging market conditions continue in Europe and Latin America
- Restructuring activities in Europe continue

Revenue increased 2 percent, mainly due to positive price/mix and favorable currencies. The euro crisis and the general slowdown in global markets continued to affect our business. Volumes were down 2 percent, with Europe and South East Asia experiencing the most significant declines. Restructuring activities continued across Europe. EBITDA for the year was 11 percent lower than the prior year, reflecting weaker demand from our European markets.

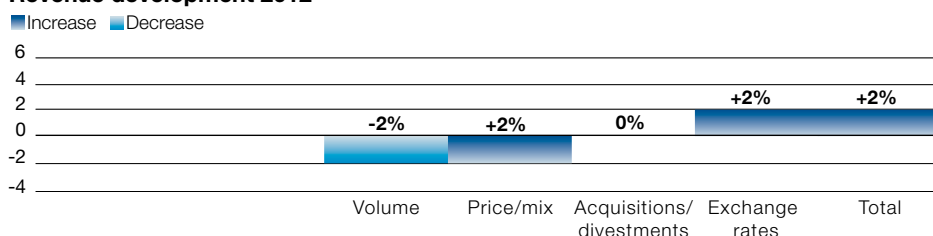
Q4 saw similar developments to the full-year. Revenue grew 3 percent, driven by positive volumes and favorable currencies. Volumes were up 2 percent, mainly reflecting China's performance.

Europe

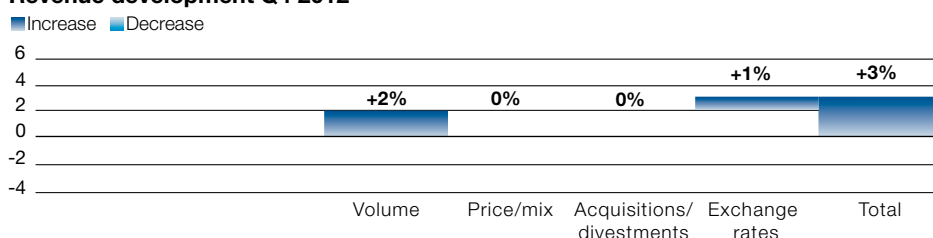
Revenue was down 1 percent. All our businesses were affected by the deepening economic crisis in Europe and have experienced substantial volume decline, with the Southern

Europe (France, Spain, Italy and Greece) being the most affected. In response to the declining volumes and revenue, we carried out restructuring activities and various operational efficiency improvement programs throughout the year. However, their benefits were outpaced by the weaker demand in the relevant housing markets. As a result, more restructuring activities were undertaken towards the end of 2012.

Revenue development 2012



Revenue development Q4 2012



Key brands



Latin America

Revenue was up 2 percent on the back of price increases. Throughout the year, we experienced weakening volumes, mirroring the general slowdown in the region. Raw material cost inflation adversely affected our margins.

Q4 revenue was down 3 percent, mainly due to adverse currencies.

Asia

Revenue was up 10 percent driven by positive volume and currency effects. In China, we continued to experience double digit volume and revenue growth, driven by the growth in the project and professional channel. The China Coating Society awarded Dulux the number one interior emulsion brand. Our South East Asian business continued to be affected by the weaker market conditions. Strong cost control has helped to protect our profitability.

Q4 revenue was up 12 percent, reflecting strong performance in China, where volume and revenue continued to grow in double digits.

Revenue

4th quarter			January - December		
2011	2012	Δ%	2011	2012	Δ%
535	544	2	2,658	2,640	(1)
180	174	(3)	590	603	2
250	279	12	951	1,048	10
–	(2)		2	6	
965	995	3	4,201	4,297	2

Before incidentals

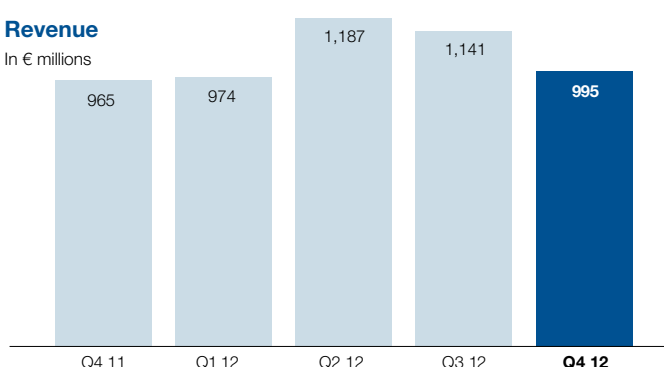
61	47	(23)	479	425	(11)
6.3	4.7		11.4	9.9	
19	1	(95)	327	249	(24)
2.0	0.1		7.8	5.8	
			5.9	4.8	

After incidentals

(30)	(91)		235	(2,012)	
63	92		155	206	
			5,673	3,387	
			17,120	17,020	

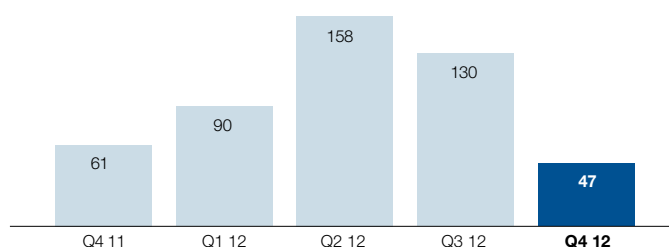
Revenue

In € millions



EBITDA

In € millions



Performance Coatings

- Strong year for Performance Coatings; revenue up 10 percent; EBITDA up 26 percent to €769 million (2011: €611 million)
- Full-year revenue up 10 percent supported by margin management, acquisitions and favorable currencies; volume declined by 1 percent
- Full-year EBITDA margin at 13.5 percent (2011: 11.8 percent) driven by margin management and operational efficiency
- Integration of acquired Schramm activities supporting results

Revenue increased 10 percent compared with the previous year. The strongest growth came from Industrial Coatings and Marine and Protective Coatings. Volume declined, with differences between individual businesses. Overall margins improved due to a combination of margin management activities and the

ongoing cost control. The major restructuring activities were undertaken in mature markets, where we experience lower activity levels. Integration activities relating to the Schramm acquisition continued.

In Q4, revenue was up 5 percent over the previous year, supported by currencies and the acquisition of Schramm. Margin management

and operational efficiency improvements resulted in an EBITDA margin of 13.6 percent (2011: 10.6 percent).

Marine and Protective Coatings

Revenue was up 13 percent, supported by price/mix and currencies. There was a small decline in volume. The Marine new construction slowdown was offset by strong growth in the protective segment. In Yacht, overall activity remained in line with 2011.

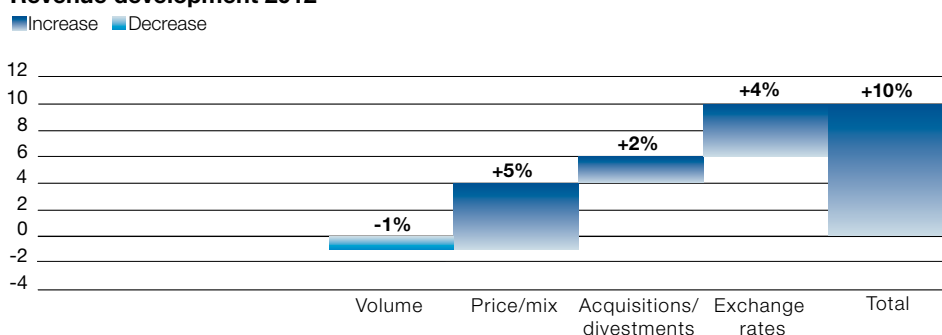
In Q4, revenue was 5 percent ahead of the previous year, supported by favorable currencies and price/mix initiatives. Activity levels in Marine remained low, partially compensated by the oil and gas segment in Protective Coatings.

Wood Finishes and Adhesives

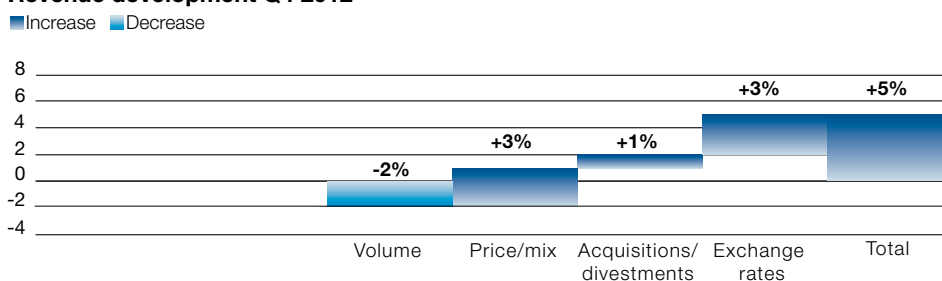
Revenue grew 6 percent, supported by currencies and price/mix. Demand remained weak across most of the mature markets, although the US benefited from a modest recovery of the housing market. Europe suffered the most from the volume decline during 2012, with cost control mitigating the impact of reduced activity levels.

In Q4, revenue was 1 percent above 2011, supported by favorable currencies and price/mix. Cost control and margin management initiatives continued.

Revenue development 2012



Revenue development Q4 2012



Key brands



Automotive and Aerospace Coatings

Revenue for 2012 was 2 percent higher than the previous year, driven by currencies and price/mix. Volumes were impacted by weak demand in the vehicle refinishes market in Europe and North America. Restructuring activities in mature markets helped to control costs.

In Q4, revenue grew 3 percent, with activity slowing down in all segments apart from aerospace.

Powder Coatings

Revenue was 6 percent higher than in 2011, supported by favorable currencies and price/mix. Volumes were adversely impacted by the weakening of the economic environment. In Europe, volumes were lower than the previous year throughout the region. However, excellent growth rates were achieved in Russia, while the North American and Asian markets continued to develop well.

Revenue in Q4 was up 4 percent, mainly as a result of architectural activities. Furniture and domestic appliances continued to suffer from the weak economic situation.

Industrial Coatings

Revenue increased by 22 percent, mainly due to the successful integration of Schramm/SSCP and further supported by favorable currencies and price/mix. Coil and Packaging continue to grow, with growth in Packaging coming primarily from Asia and for Coil from emerging Europe.

In Q4, revenue grew by 12 percent, mainly due to a strong performance by the Specialty Finishes business. The market remained soft in Europe, in particular for Packaging, while the Asian markets were strong in all businesses.

Revenue

4th quarter

	2011	2012	Δ%	in € millions		2011	2012	Δ%
	373	392	5	Marine and Protective Coatings		1,398	1,577	13
	195	197	1	Wood Finishes and Adhesives		781	825	6
	258	265	3	Automotive and Aerospace Coatings		1,030	1,051	2
	235	245	4	Powder Coatings		940	997	6
	273	305	12	Industrial Coatings		1,049	1,283	22
	(8)	(10)		Other/intragroup eliminations		(28)	(31)	
	1,326	1,394	5	Total		5,170	5,702	10

Before incidentals

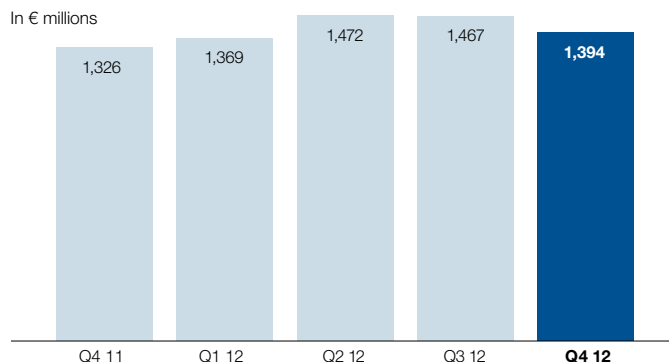
	141	190	35	EBITDA		611	769	26
	10.6	13.6		EBITDA margin (in %)		11.8	13.5	
	109	157	44	EBIT		495	638	29
	8.2	11.3		EBIT margin (in %)		9.6	11.2	
				Moving average ROI (in %)		22.0	25.6	

After incidentals

	83	114		Operating income		458	542	
	43	57		Capital expenditures		116	123	
				Invested capital		2,351	2,415	
				Number of employees		21,960	21,310	

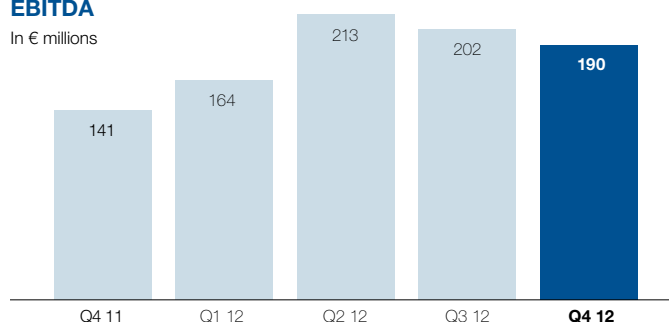
Revenue

In € millions



EBITDA

In € millions



Specialty Chemicals

- Full-year revenue increased 4 percent, primarily due to favorable currencies
- Demand weakened in some segments, with volumes down 1 percent for the year
- Full-year EBITDA down 2 percent to €889 million, due to unfavorable market conditions in Functional Chemicals
- Integration of Boxing Oleochemicals on track
- Divestment of Chemicals Pakistan completed in Q4

Specialty Chemicals made a good start to 2012, but demand started to weaken in the second half of the year, particularly in Europe. Demand was also more volatile. Besides the direct effect on our revenue from construction-related products (performance additives, polysulfides), in polymer catalysts and bleaching chemicals, the weakening demand also resulted in more imbalance in supply/demand, particularly for ethylene amines in Functional Chemicals. Nevertheless, Specialty Chemicals delivered a robust performance in the year on the back of margin management, cost control measures and strong market and technology leadership positions. Surface

Chemistry and Pulp and Performance Chemicals delivered strong results, while Industrial Chemicals repeated solid performance. Functional Chemicals was below previous years due to the lagging demand and reduced margins.

Revenue in Q4 was 3 percent higher, mainly due to favorable currencies. However, performance in the last quarter was unfavorably impacted by the general slowdown in demand (especially in Functional Chemicals) and production-related issues at our customers.

Functional Chemicals

The business was faced with challenging economic and market conditions in 2012, which severely impacted profitability. Revenue was up 2 percent, mainly due to favorable currencies, with volumes at par. Margins were impacted by the continuing price erosion in markets for ethylene amines as a result of overcapacity. Demand was also impacted in most other segments, especially in the polymer industry and the construction-related segments, notably towards the second half of the year and specifically in Europe.

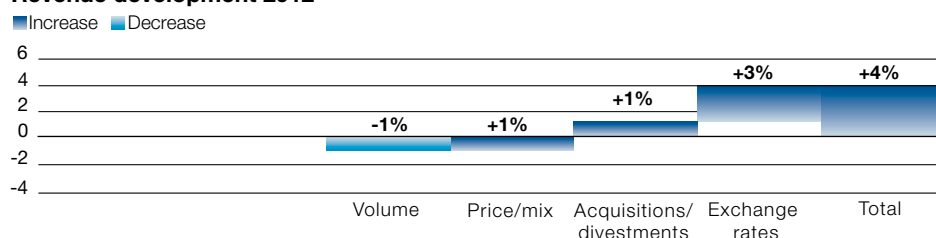
Q4 revenue was on a par with last year, with lower volumes due mainly to weak demand in Europe.

Industrial Chemicals

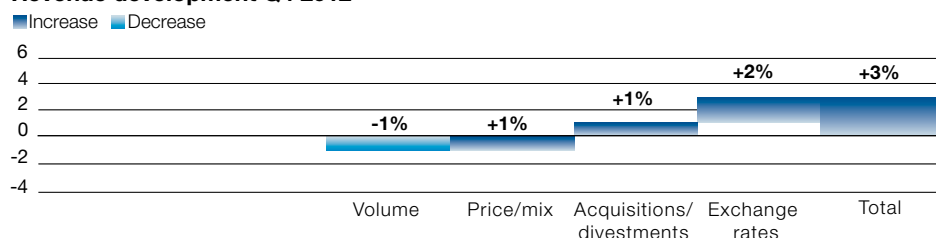
Full-year revenue was up 2 percent and volumes were stable. All businesses turned in a solid performance, although the Energy segment continued to be impacted by high gas prices, causing spark spreads to be unfavorable.

Q4 revenue was up 4 percent, mainly as a result of price/mix, with volumes on a par with last year. Volume was impacted during the quarter due to production-related issues at our customers.

Revenue development 2012



Revenue development Q4 2012



Key brands



Surface Chemistry

It was a year of solid profitability for Surface Chemistry, showing strong growth over last year. Revenue was up 15 percent, mainly due to the Boxing Oleochemicals acquisition in China. All segments contributed to the improvement, with solid margin management, high capacity utilization and continued cost control.

Q4 revenue was up 4 percent, mainly as a result of the Boxing Oleochemicals acquisition. Volumes were lower than the previous year, with customers being cautious.

Pulp and Performance Chemicals

Pulp and Performance Chemicals delivered strong growth over 2011. Revenue was up 3 percent, mainly due to favorable currencies, with volumes being lower than last year. The market in 2012 showed some weakening in demand, especially in bleaching chemicals, which was affected by the general economic climate and slower growth in China. Strong margin management and cost reduction measures contributed to the improved performance.

Q4 revenue was up by 7 percent, mainly as a result of favorable currencies, with flat volumes in the quarter. The Eldorado investment in Brazil came on stream, with the first chlorine dioxide volumes being shipped. We completed the divestment of Permascand, an equipment manufacturer, and a small Paper Chemicals activity in Germany.

Chemicals Pakistan

The business continued to be impacted by difficult market conditions throughout 2012. The ongoing energy crisis subdued overall demand in the downstream industry for the Soda Ash and Polyester activities. The divestment of Chemicals Pakistan was completed during Q4, with the business being acquired by Yunus Brothers Group.

Revenue

4th quarter

2011	2012	Δ%	in € millions	2011	2012	Δ%
457	457	–	Functional Chemicals	1,917	1,963	2
285	296	4	Industrial Chemicals	1,165	1,188	2
220	229	4	Surface Chemistry	945	1,085	15
276	295	7	Pulp and Performance Chemicals	1,116	1,153	3
81	72	(11)	Chemicals Pakistan	330	287	(13)
(34)	(29)		Other/intragroup eliminations	(138)	(133)	
1,285	1,320	3	Total	5,335	5,543	4

Before incidentals

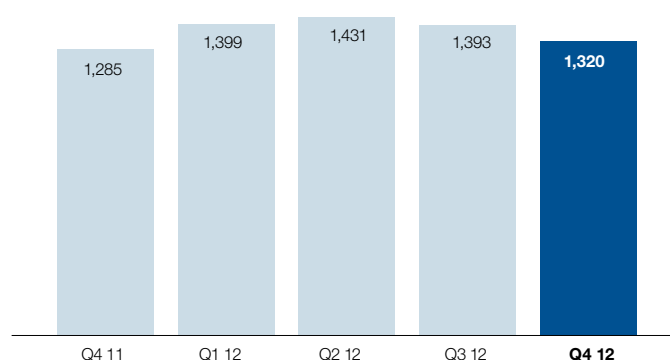
207	172	(17)	EBITDA	906	889	(2)
16.1	13.0		EBITDA margin (in %)	17.0	16.0	
131	93	(29)	EBIT	625	583	(7)
10.2	7.0		EBIT margin (in %)	11.7	10.5	
			Moving average ROI (in %)	17.8	15.6	

After incidentals

133	73		Operating income	622	500	
133	177		Capital expenditures	365	484	
			Invested capital	3,620	3,573	
			Number of employees	11,510	10,750	

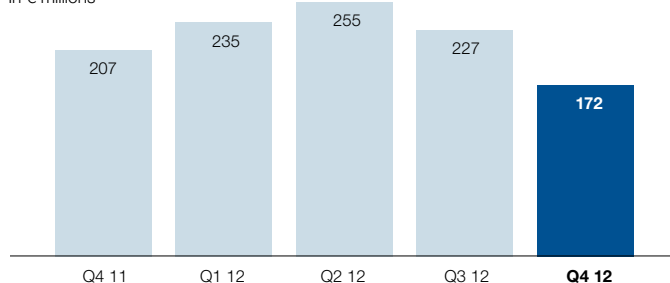
Revenue

In € millions



EBITDA

In € millions



Condensed financial statements

Consolidated statement of income

4th quarter

January - December

2011	2012	in € millions	2011	2012
Continuing operations				
3,549	3,673	Revenue	14,604	15,390
(2,261)	(2,359)	Cost of sales	(9,035)	(9,596)
1,288	1,314	Gross profit	5,569	5,794
–	–	Impairment	–	(2,106)
(750)	(821)	Selling expenses	(2,943)	(3,199)
(315)	(359)	General and administrative expenses	(1,142)	(1,277)
(96)	(100)	Research and development expenses	(349)	(387)
(20)	(27)	Other operating income/(expenses)	10	(69)
107	7	Operating income	1,145	(1,244)
(141)	(54)	Net financing expenses	(336)	(267)
–	(1)	Results from associates and joint ventures	24	13
(34)	(48)	Profit/(loss) before tax	833	(1,498)
25	29	Income tax	(233)	(172)
(9)	(19)	Profit/(loss) for the period from continuing operations	600	(1,670)
Discontinued operations				
(52)	(22)	Profit/(loss) for the period from discontinued operations	(59)	(436)
(61)	(41)	Profit/(loss) for the period	541	(2,106)
Attributable to				
(68)	(59)	Shareholders of the company	477	(2,169)
7	18	Non-controlling interests	64	63
(61)	(41)	Profit/(loss) for the period	541	(2,106)

Consolidated statement of comprehensive income

4th quarter

January - December

2011	2012	in € millions	2011	2012
(61)	(41)	Profit/(loss) for the period	541	(2,106)
Other comprehensive income				
316	(122)	Exchange differences arising on translation of foreign operations	55	8
(22)	(1)	Cash flow hedges	(55)	(7)
(7)	4	Tax relating to components of other comprehensive income	9	5
287	(119)	Other comprehensive income for the period (net of tax)	9	6
226	(160)	Comprehensive income for the period	550	(2,100)
Comprehensive income attributable to				
202	(163)	Shareholders of the company	486	(2,146)
24	3	Non-controlling interests	64	46
226	(160)	Comprehensive income for the period	550	(2,100)

Condensed consolidated balance sheet

in € millions	December 31, 2011	December 31, 2012
Assets		
Non-current assets		
Intangible assets	7,392	4,454
Property, plant and equipment	3,705	3,739
Other financial non-current assets	2,198	2,763
Total non-current assets	13,295	10,956
Current assets		
Inventories	1,924	1,545
Trade and other receivables	2,937	2,698
Cash and cash equivalents	1,635	1,752
Other current assets	98	91
Assets held for sale	–	921
Total current assets	6,594	7,007
Total assets	19,889	17,963
Equity and liabilities		
Group equity	9,743	7,357
Non-current liabilities		
Provisions and deferred tax liabilities	2,284	2,159
Long-term borrowings	3,035	3,388
Total non-current liabilities	5,319	5,547
Current liabilities		
Short-term borrowings	494	662
Trade and other payables	3,369	3,242
Other short-term liabilities	964	845
Liabilities held for sale	–	310
Total current liabilities	4,827	5,059
Total equity and liabilities	19,889	17,963

Changes in equity

in € millions	Subscribed share capital	Additional paid-in capital	Cashflow hedge reserve	Cumulative translation res.	Other reserves	Shareholders' equity	Non-controlling interests	Group equity
Balance at January 1, 2011	467	9	29	(43)	8,522	8,984	525	9,509
Profit/(loss) for the period	–	–	–	–	477	477	64	541
Other comprehensive income	–	–	(38)	47	–	9	–	9
Comprehensive income for the period	–	–	(38)	47	477	486	64	550
Dividend paid	1	24	–	–	(329)	(304)	(58)	(362)
Equity-settled transactions	–	–	–	–	32	32	–	32
Issue of common shares	1	14	–	–	–	15	–	15
Acquisitions and divestments	–	–	–	–	(1)	(1)	–	(1)
Balance at December 31, 2011	469	47	(9)	4	8,701	9,212	531	9,743
Profit/(loss) for the period	–	–	–	–	(2,169)	(2,169)	63	(2,106)
Other comprehensive income	–	–	(8)	31	–	23	(17)	6
Comprehensive income for the period	–	–	(8)	31	(2,169)	(2,146)	46	(2,100)
Dividend paid	7	121	–	–	(342)	(214)	(42)	(256)
Equity-settled transactions	–	–	–	–	43	43	–	43
Issue of common shares	2	6	–	–	–	8	–	8
Acquisitions and divestments	–	–	–	–	(11)	(11)	(70)	(81)
Balance at December 31, 2012	478	174	(17)	35	6,222	6,892	465	7,357

Shareholders' equity

Shareholders' equity as at year-end 2012 decreased to €6.9 billion, mainly due to the net effect of:

- Net loss of €2,169 million.
- Dividend payments of €215 million.

Final dividend

Our dividend policy is to pay a stable to rising dividend. We will propose a 2012 final dividend of €1.12 per share, which would make a total 2012 dividend of €1.45 (2011: €1.45) per share. There will be a stock dividend option with cash dividend as default.

Invested capital

Invested capital at year-end 2012 totaled €11.0 billion, €1.6 billion lower than at year-end 2011. Invested capital was impacted by the net effect of:

- A decrease of €2.1 billion due to a non-cash impairment charge for Decorative Paints assets
- An increase of €0.6 billion of long-term receivables related to increases in pension funds in an asset position
- Increased capital expenditures, which continued on previously announced projects, such as the two pulp mills in Brazil, the start of the new Decorative Paints plant at Felling in UK and in China; total capital expenditures reported in Q4 were higher than anticipated due to phasing of projects
- A decrease of operating working capital of €0.2 billion mainly due to improvements in capital management. Expressed as a percentage of revenue, operating working capital was 11.2 percent (year-end 2011: 13.2 percent)
- A decrease of €0.2 billion due to the divestment of Chemicals Pakistan
- An increase of €0.1 billion from the Boxing Oleochemicals acquisition.

Pensions

The funded status of the pension plans at year-end 2012 was estimated to be a deficit of €1.1 billion (year-end 2011: €0.5 billion; Q3 2012: €0.9 billion).

The movement compared with year-end 2011 is primarily due to:

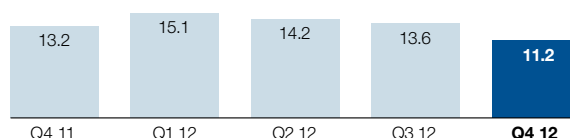
- Top-up payments of €355 million into certain UK and US defined benefit pension plans
 - A payment from a contingent asset structure of €239 million into the UK ICI Pension Fund
 - Plan asset returns ahead expectation
- Offset by:
- Lower discount rates significantly increasing the pension obligation.

Invested capital

in € millions	December 31, 2011	December 31, 2012
Trade receivables	2,213	2,172
Inventories	1,716	1,545
Trade payables	(2,038)	(2,058)
Operating working capital in Business Areas	1,891	1,659
Other working capital items	(905)	(958)
Non-current assets	13,295	10,956
Less investments in associates and joint ventures	(198)	(185)
Deferred tax liabilities	(567)	(442)
Discontinued operations	(903)	–
Invested capital	12,613	11,030

Operating working capital

In % of revenue



Operating working capital

in € millions, % of revenue	December 31, 2011	December 31, 2012
Decorative Paints	434 11.2	353 8.9
Performance Coatings	772 14.6	742 13.3
Specialty Chemicals	685 13.3	564 10.7
Total	1,891 13.2	1,659 11.2

The amended IAS 19 on pensions has become effective as of January 1, 2013. Implementation of this amendment will result in including the pension deficit in other comprehensive income in shareholders' equity as of 2013. The impact is disclosed in our 2012 financial statements, from which the pension note is issued together with this report.

Workforce

At year-end 2012, we employed 50,610 staff in continuing operations (year-end 2011: 52,020 employees). The net decrease was due to:

- A decrease of 1,450 employees due to ongoing restructuring
- A net decrease of 540 employees due to acquisitions and divestments, mainly from the Boxing acquisition (620 employees) and the divestment of Chemicals Pakistan (1,100 employees)
- An increase of 580 employees mainly due to new hires in high growth markets.

Condensed consolidated statement of cash flows

4th quarter		in € millions	January - December	
2011	2012		2011	2012
1,453	1,307	Cash and cash equivalents at beginning of period	2,683	1,335
Adjustments to reconcile earnings to cash generated from operating activities				
(9)	(19)	Profit/(loss) for the period from continuing operations	600	(1,670)
160	177	Amortization, depreciation and impairments	577	2,795
144	469	Changes in working capital	(331)	251
(49)	24	Changes in provisions	(484)	(688)
10	(21)	Other changes	34	49
256	630	Net cash from operating activities	396	737
(242)	(330)	Capital expenditures	(658)	(826)
(169)	132	Acquisitions and divestments net of cash acquired	(156)	122
(9)	(40)	Other changes	2	(22)
(420)	(238)	Net cash from investing activities	(812)	(726)
80	(12)	Changes from borrowings	(470)	570
(81)	(67)	Dividends	(362)	(256)
–	4	Other changes	7	(43)
(1)	(75)	Net cash from financing activities	(825)	271
(165)	317	Net cash used for continuing operations	(1,241)	282
9	(38)	Cash flows from discontinued operations	(96)	(53)
(156)	279	Net change in cash and cash equivalents of total operations	(1,337)	229
38	(28)	Effect of exchange rate changes on cash and cash equivalents	(11)	(6)
1,335	1,558	Cash and cash equivalents at December 31	1,335	1,558

Cash flows and net debt

Operating activities in 2012 resulted in a cash inflow of €737 million (2011: €396 million). The change is mainly due to a net effect of:

- Higher cash inflow from working capital, which was mainly realized in Q4.

Partly offset by:

- Higher payments related to provisions (mainly in relation to pensions).

Net debt increased in 2012 to €2,298 million (2011: €1,895 million) as higher cash flows from operating activities were more than offset by higher capital expenditures.

Outlook and strategy update

We expect the economic environment will remain challenging and there to be no fundamental changes in the trends that we have seen recently in our businesses. We will continue to focus on performance improvements and operational efficiencies in order to benefit from our strong portfolio of businesses with many leading market positions and exposure to growth markets.

On February 20, 2013, we will present a strategy update. For more information, please consult our website.

Amsterdam, February 19, 2013
Board of Management

Quarterly statistics

					2011						2012
Q1	Q2	Q3	Q4	year	in € millions	Q1	Q2	Q3	Q4	year-to-date	
Revenue											
918	1,165	1,153	965	4,201	Decorative Paints	974	1,187	1,141	995	4,297	
1,237	1,312	1,295	1,326	5,170	Performance Coatings	1,369	1,472	1,467	1,394	5,702	
1,351	1,350	1,349	1,285	5,335	Specialty Chemicals	1,399	1,431	1,393	1,320	5,543	
(22)	(25)	(28)	(27)	(102)	Other activities/eliminations	(35)	(46)	(35)	(36)	(152)	
3,484	3,802	3,769	3,549	14,604	Total	3,707	4,044	3,966	3,673	15,390	
EBITDA											
79	184	155	61	479	Decorative Paints	90	158	130	47	425	
143	170	157	141	611	Performance Coatings	164	213	202	190	769	
241	220	238	207	906	Specialty Chemicals	235	255	227	172	889	
(37)	(33)	(35)	(57)	(162)	Other activities/eliminations	(51)	(49)	(36)	(46)	(182)	
426	541	515	352	1,834	Total	438	577	523	363	1,901	
12.2	14.2	13.7	9.9	12.6	EBITDA margin (in %)	11.8	14.3	13.2	9.9	12.4	
Depreciation											
(22)	(23)	(22)	(24)	(91)	Decorative Paints	(27)	(26)	(26)	(27)	(106)	
(21)	(21)	(21)	(23)	(86)	Performance Coatings	(23)	(25)	(23)	(24)	(95)	
(55)	(57)	(56)	(60)	(228)	Specialty Chemicals	(61)	(63)	(62)	(65)	(251)	
(3)	(1)	(5)	(5)	(14)	Other activities/eliminations	(3)	(1)	(4)	(3)	(11)	
(101)	(102)	(104)	(112)	(419)	Total	(114)	(115)	(115)	(119)	(463)	
Amortization											
(15)	(14)	(14)	(18)	(61)	Decorative Paints	(16)	(17)	(18)	(19)	(70)	
(7)	(7)	(7)	(9)	(30)	Performance Coatings	(9)	(8)	(10)	(9)	(36)	
(12)	(12)	(13)	(16)	(53)	Specialty Chemicals	(13)	(15)	(13)	(14)	(55)	
–	–	(1)	1	–	Other activities/eliminations	(1)	–	–	–	(1)	
(34)	(33)	(35)	(42)	(144)	Total	(39)	(40)	(41)	(42)	(162)	
EBIT											
42	147	119	19	327	Decorative Paints	47	115	86	1	249	
115	142	129	109	495	Performance Coatings	132	180	169	157	638	
174	151	169	131	625	Specialty Chemicals	161	177	152	93	583	
(40)	(34)	(41)	(61)	(176)	Other activities/eliminations	(55)	(50)	(40)	(49)	(194)	
291	406	376	198	1,271	Total	285	422	367	202	1,276	
8.4	10.7	10.0	5.6	8.7	EBIT margin (in %)	7.7	10.4	9.3	5.5	8.3	
Operating income											
41	142	82	(30)	235	Decorative Paints	25	112	(2,058)	(91)	(2,012)	
106	155	114	83	458	Performance Coatings	127	171	130	114	542	
173	147	169	133	622	Specialty Chemicals	140	154	133	73	500	
(40)	(12)	(39)	(79)	(170)	Other activities/eliminations	(59)	(59)	(67)	(89)	(274)	
280	432	326	107	1,145	Total	233	378	(1,862)	7	(1,244)	
8.0	11.4	8.6	3.0	7.8	ROS% before impairment	6.3	9.3	6.2	0.2	5.6	

Quarterly statistics

2011					2012				
Q1	Q2	Q3	Q4	year	in € millions	Q1	Q2	Q3	Q4 year-to-date
Incidentals per Business Area									
(1)	(5)	(37)	(49)	(92)	Decorative Paints	(22)	(3)	(2,144)	(92) (2,261)
(9)	13	(15)	(26)	(37)	Performance Coatings	(5)	(9)	(39)	(43) (96)
(1)	(4)	–	2	(3)	Specialty Chemicals	(21)	(23)	(19)	(20) (83)
–	22	2	(18)	6	Other activities/eliminations	(4)	(9)	(27)	(40) (80)
(11)	26	(50)	(91)	(126)	Total	(52)	(44)	(2,229)	(195) (2,520)
Incidentals included in operating income									
(8)	(20)	(47)	(54)	(129)	Restructuring costs	(33)	(43)	(100)	(148) (324)
–	–	–	–	–	Impairment	–	–	(2,106)	– (2,106)
1	21	2	(33)	(9)	Results related to major legal and environmental cases	(22)	3	(5)	(12) (36)
–	26	(5)	(11)	10	Results on acquisitions and divestments	–	(5)	(6)	(34) (45)
(4)	(1)	–	7	2	Other incidental results	3	1	(12)	(1) (9)
(11)	26	(50)	(91)	(126)	Total	(52)	(44)	(2,229)	(195) (2,520)
Incidentals per line item									
(4)	(5)	(23)	(18)	(50)	Cost of sales	(34)	(11)	(20)	(53) (118)
–	–	–	–	–	Impairment	–	–	(2,106)	– (2,106)
(3)	(9)	(20)	(32)	(64)	Selling expenses	(6)	(21)	(51)	(57) (135)
(1)	(4)	(1)	(18)	(24)	General and administrative expenses	(10)	(10)	(21)	(52) (93)
–	–	(1)	(8)	(9)	Research and development expenses	(1)	(2)	(5)	(4) (12)
(3)	44	(5)	(15)	21	Other operating income/(expenses)	(1)	–	(26)	(29) (56)
(11)	26	(50)	(91)	(126)	Total	(52)	(44)	(2,229)	(195) (2,520)
Reconciliation net financing expense									
14	17	14	12	57	Financing income	15	17	16	11 59
(61)	(59)	(57)	(125)	(302)	Financing expenses	(57)	(65)	(58)	(59) (239)
(47)	(42)	(43)	(113)	(245)	Net interest on net debt	(42)	(48)	(42)	(48) (180)
Other interest movements									
(15)	(13)	(14)	(15)	(57)	Financing expenses related to pensions	(16)	(16)	(16)	(17) (65)
(5)	(12)	(13)	(16)	(46)	Interest on provisions	(3)	(18)	(9)	1 (29)
5	3	1	3	12	Other items	(4)	–	1	10 7
(15)	(22)	(26)	(28)	(91)	Net other financing charges	(23)	(34)	(24)	(6) (87)
(62)	(64)	(69)	(141)	(336)	Net financing expenses	(65)	(82)	(66)	(54) (267)
Quarterly net income analysis									
7	8	9	–	24	Results from associates and joint ventures	4	5	5	(1) 13
(15)	(22)	(20)	(7)	(64)	Profit attributable to non-controlling interests	(14)	(22)	(9)	(18) (63)
225	376	266	(34)	833	Profit before tax	172	301	(1,923)	(48) (1,498)
(75)	(102)	(81)	25	(233)	Income tax	(61)	(82)	(58)	29 (172)
150	274	185	(9)	600	Profit for the period from continuing operations	111	219	(1,981)	(19) (1,670)
33	27	30	74	28	Effective tax rate (in %)	35	27	(3)	60 (11)

Quarterly statistics

				2011						2012
	Q1	Q2	Q3	Q4	year		Q1	Q2	Q3	Q4 year-to-date
Earnings per share from continuing operations (in €)										
	0.58	1.08	0.71	(0.07)	2.29	Basic	0.41	0.83	(8.35)	(0.16) (7.30)
	0.57	1.07	0.70	(0.07)	2.27	Diluted	0.41	0.82	(8.35)	(0.16) (7.30)
Earnings per share from discontinued operations (in €)										
	(0.03)	0.07	(0.07)	(0.22)	(0.25)	Basic	(0.11)	0.02	(1.65)	(0.09) (1.84)
	(0.03)	0.07	(0.07)	(0.22)	(0.25)	Diluted	(0.11)	0.02	(1.65)	(0.09) (1.84)
Earnings per share from total operations (in €)										
	0.55	1.15	0.64	(0.29)	2.04	Basic	0.30	0.85	(10.00)	(0.25) (9.14)
	0.54	1.14	0.63	(0.29)	2.02	Diluted	0.30	0.84	(10.00)	(0.25) (9.14)
Number of shares (in millions)										
	233.6	233.9	234.0	234.3	233.9	Weighted average number of shares	235.1	236.9	238.2	238.6 237.2
	233.7	234.0	234.0	234.7	234.7	Number of shares at end of quarter	235.6	238.2	238.2	239.0 239.0
Adjusted earnings (in € millions)										
	225	376	266	(34)	833	Profit before tax from continuing operations	172	301	(1,923)	(48) (1,498)
	11	(26)	50	91	126	Incidentals reported in operating income	52	44	2,229	195 2,520
	34	33	35	42	144	Amortization of intangible assets	39	40	41	42 162
	(89)	(108)	(105)	(13)	(315)	Adjusted income tax	(87)	(104)	(104)	(52) (347)
	(15)	(22)	(20)	(7)	(64)	Non-controlling interests	(14)	(22)	(9)	(18) (63)
	166	253	226	79	724	Adjusted net income for continuing operations	162	259	234	119 774
	0.71	1.08	0.97	0.34	3.10	Adjusted earnings per share (in €)	0.69	1.09	0.98	0.50 3.26

Notes to the condensed financial statements

Accounting policies

The full-year 2012 financial figures of AkzoNobel included in the primary statements in this report are derived from the Financial statements 2012. These Financial statements have been authorized for issue. The Financial statements have not yet been published by law and still have to be adopted by the general meeting of shareholders. In accordance with section 2:393 BW, KPMG Accountants N.V. has issued an unqualified auditor's opinion on these Financial statements, which will be published on February 27, 2013. All quarterly figures are unaudited. Compared with the 2011 Financial statements the major accounting principles are unchanged.

As from 2013, the amended IAS 19 on pensions will become effective and the impact will be disclosed in our 2012 Financial statements. Implementation of this amendment will result in recognizing the full pension liability and the pension deficit, as disclosed on page 15, will be recognized in other comprehensive income in shareholders' equity.

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.

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.

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 working capital is defined as the sum of inventories, trade receivables and trade payables in the Business Areas. When expressed as a ratio, operating working capital is measured against four times last quarter revenue.

ROS% is operating income as percentage of 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.

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Financial calendar

Report for the 1 st quarter 2013	April 18, 2013
Annual General Meeting	April 26, 2013
Ex-dividend date of 2012 final dividend	April 30, 2013
Record date of 2012 final dividend	May 3, 2013
Election period cash or stock final dividend	May 6, 2013 - May 23, 2013
Determination of exchange ratio	May 24, 2013
Payment date of cash dividend and delivery of new shares	May 29, 2013
Report for the 2 nd quarter 2013	July 18, 2013



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AkzoNobel is a leading 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 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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