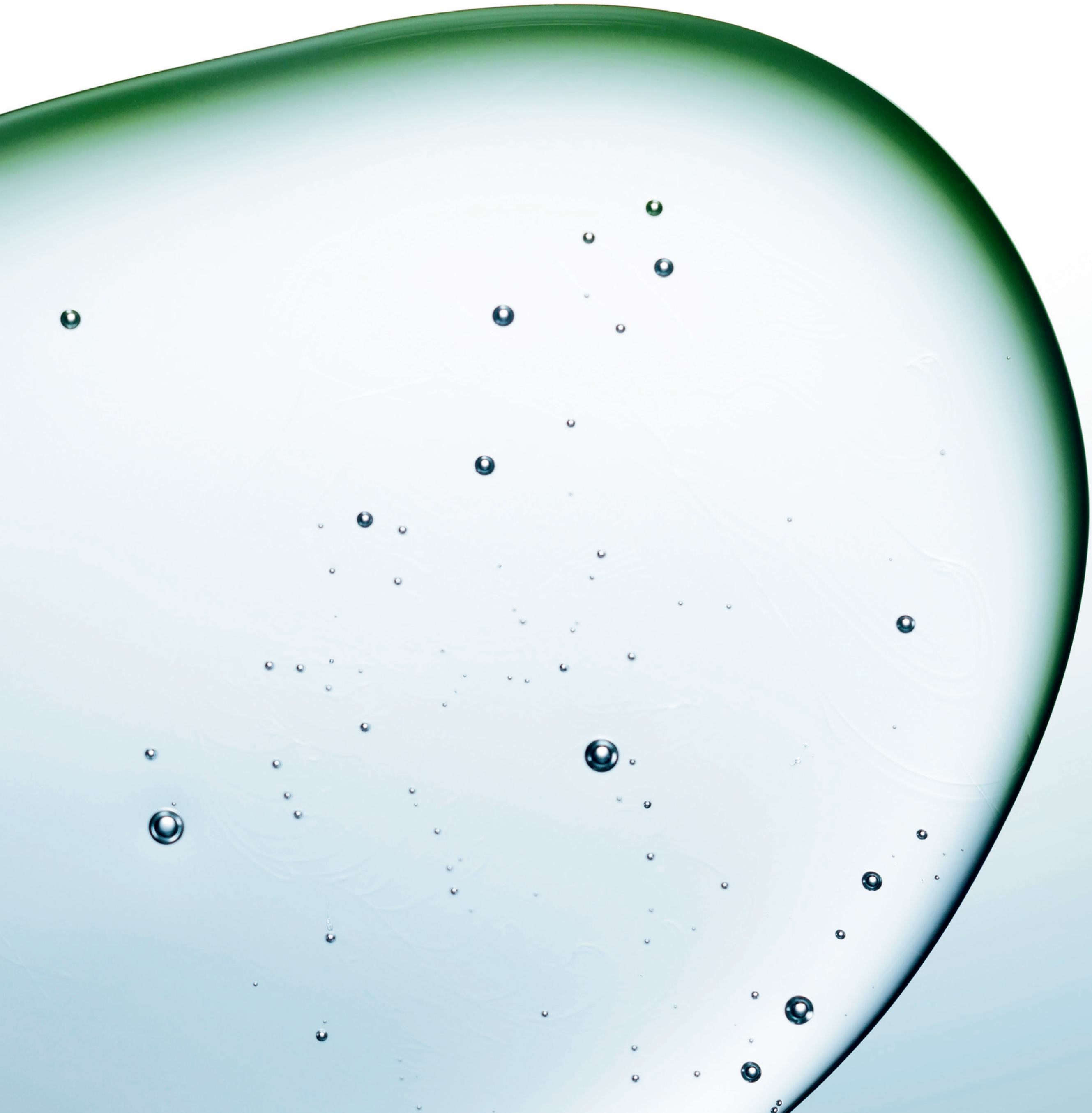
Report for the 1st quarter of 2009

AkzoNobel
Tomorrow's Answers Today



AkzoNobel around the world
Revenue by destination
(37 percent in emerging markets)

		%
A	North America	22
B	Europe	47
C	Asia Pacific	20
D	Latin America	8
E	Other regions	3
		100

(Based on 2008 outcome)

Our results at a glance

- Revenue declined 13 percent to €3,272 million
- Volume decline evident in all three business areas, in all geographies
- Some stabilization seen in trading conditions in March
- EBITDA margin at 9.0 percent, EBITDA 33 percent lower at €296 million
- Net loss of €7 million
- Refinancing completed – €750 million bond issue in March and £250 million in April – robust balance sheet
- Ongoing management action with focus on customers, cost and cash
- Restructuring and synergy realization programs on track

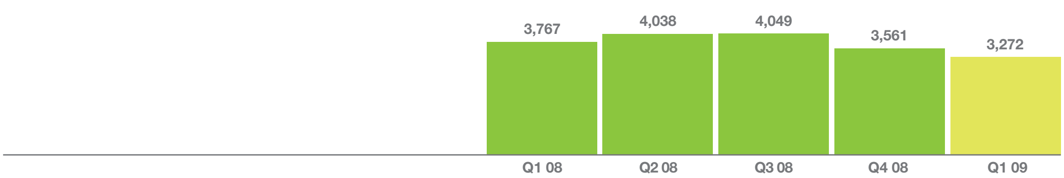
Financial highlights

IN € MILLIONS	1ST QUARTER		
	2009	2008	Δ%
Continuing operations before incidentals			
Revenue	3,272	3,767	(13)
EBITDA	296	442	(33)
EBITDA margin (in %)	9.0	11.7	
EBIT	142	286	(50)
EBIT margin (in %)	4.3	7.6	
Moving average ROI (in %)	7.8	–[1]	
After incidentals			
Operating income	102	122	
Net income/(loss) from continuing operations	(16)	44	
Net income from discontinued operations	9	61	
Net income/(loss) total operations	(7)	105	
Earnings per share from continuing operations (in €)	(0.07)	0.17	
Earnings per share from total operations (in €)	(0.03)	0.40	
Capital expenditures	101	106	
Interest coverage	1.0	2.3	
Net cash from operating activities	(316)	(292)	
Invested capital	14,194	13,424[2]	
Net interest-bearing borrowings	2,508	2,084[2]	
Number of employees	59,650	61,830	

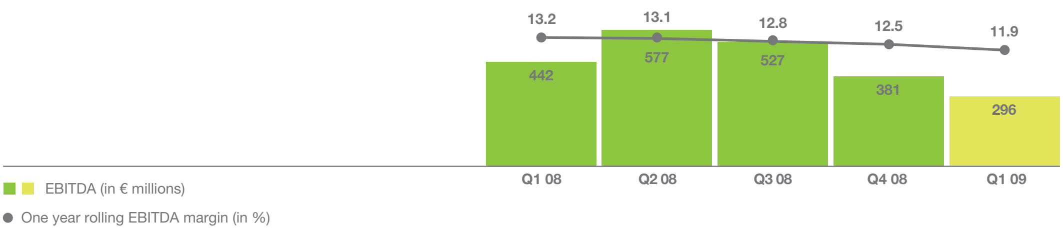
[1] Not available.
[2] At year-end.

Revenue

IN € MILLIONS



EBITDA



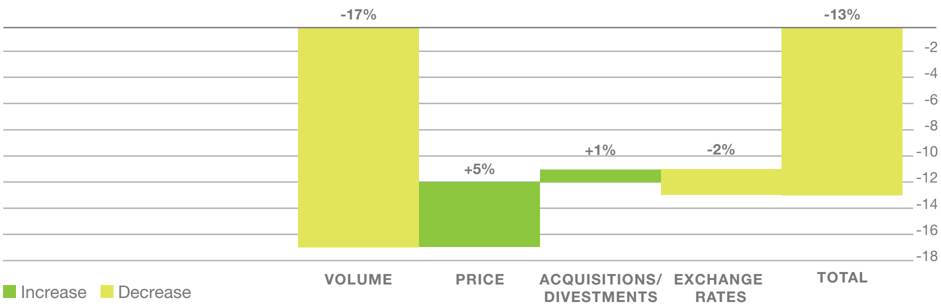
Financial highlights

Revenue of €3.3 billion was 13 percent lower than last year, with volumes 17 percent lower. The deeper slowdown which became apparent towards the end of 2008 continued into Q1, 2009. March was a stronger month but could not make up for January and February. EBITDA was €296 million, 33 percent lower than last year, resulting in a margin of 9.0 percent (2008: 11.7 percent). Margin management and restructuring actions continue to be implemented across the company to mitigate the effects of lower demand from many of our end-user markets. This resulted in a net loss of €7 million.

Revenue

Volumes were 17 percent lower than last year, mitigated by 5 percent price increases which materialized in the second half of 2008. Currency translation effects are lower (minus 2 percent) but in certain markets, such as Canada, the US, Latin America, Eastern Europe and the UK, the currency impact is more significant. In Decorative Paints, demand has been significantly weaker in the US and North Eastern Europe in particular, but also in Latin America and China. Almost all businesses in Performance Coatings and Specialty Chemicals were impacted by double-digit volume declines.

Revenue development 2009



IN % VERSUS Q1, 2008	VOLUME	PRICE	ACQUISITIONS/ DIVESTMENTS	EXCHANGE RATES	TOTAL
Decorative Paints	(16)	7	1	(3)	(11)
Performance Coatings	(20)	6	1	(1)	(14)
Specialty Chemicals	(16)	3	4	(2)	(11)
Total	**(17)**	**5**	**1**	**(2)**	**(13)**

Acquisitions and divestments

Revenue increased by 1 percent due to acquisitions and divestments. In Decorative Paints, we acquired 70 percent of Joh. Peters, a German distributor, of which we already owned 30 percent. In Performance Coatings, the effect of acquisitions is due to the acquisitions of Enviroline and Soliant in Q4, 2008. In addition, we acquired the minority interest in AkzoNobel Nippon Paint. This business involves the manufacture and sale of coil coatings in the greater European region and was already consolidated before the acquisition of the minority interest buy-out. In Specialty Chemicals, we acquired LII Europe, active in the chlorine and caustic market. We also acquired additional interests in our former joint ventures Salinco (power plant in Hengelo, the Netherlands) and Kayaku Akzo Corporation, a leading supplier of organic peroxides in Japan, which we have consolidated as of acquisition date. During 2008, we divested several businesses which still contributed to revenue in Q1, 2008. These businesses were reported in the "other" category.

EBITDA

EBITDA totaled €296 million, 33 percent lower than 2008. Margin management and restructuring actions continue to be implemented across the company to mitigate the effects of the lower demand from many of our end-user markets.

The impact of the global economic downturn continued to impact Decorative Paints, particularly in mature markets, resulting in EBITDA being down 51 percent (41 percent in constant currencies).

In Performance Coatings, the Marine and Protective Coatings business continued to deliver a solid performance, but this could not compensate for weaker demand in the other businesses, particularly Industrial Activities. EBITDA was 21 percent lower.

Financial highlights

Specialty Chemicals experienced volume declines across all businesses, most visible in Surface Chemistry and Polymer Chemicals, but managed to realize an EBITDA margin of 12.2 percent. EBITDA was 35 percent lower.

Restructuring costs

In Specialty Chemicals, we will close a Pulp and Paper site in Norway and incurred €22 million additional costs for this. Further restructuring costs related to the synergy realization program and additional profit protection measures throughout the company.

Other incidental items

Transformations costs in Q1 are related to the integration of ICI. Incidental gains resulted from a foreign currency effect on a provision. Fair value adjustments of acquired inventories in Q1, 2008 were related to inventories from the acquisition of ICI that were fully taken into account in that period.

Interest

The net interest charges increased from €53 million to €103 million, mainly due to the financing component of pensions and other post-retirement benefits, which is now presented on the interest line, with previous year outcomes restated. For the first quarter of 2009, we included a charge of €45 million (non-cash) in financing expenses (2008: €12 million). The increased charge is due to lower expected returns on plan assets. In addition, we have incurred higher financing expenses from refinanced bonds and we had lower interest income due to lower cash positions.

The “other” category

In the category “other”, we report activities which are not allocated to a particular business area. The unallocated costs of our head office and shared services center in the Netherlands (Amsterdam and Arnhem) are included as corporate costs. The first results of a corporate cost savings program are becoming visible. Our captive insurance companies generated a positive result of €9 million. Other costs include share-based payments and the result from our treasury and legacy operations.

Restructuring costs

IN € MILLIONS	1ST QUARTER	
	2009	2008
Decorative Paints	(12)	(7)
Performance Coatings	(5)	(12)
Specialty Chemicals	(24)	(4)
Other	(6)	(7)
Restructuring costs	**(47)**	**(30)**

Incidentals included in operating income

IN € MILLIONS	1ST QUARTER	
	2009	2008
Restructuring costs	(47)	(30)
Transformation costs	(8)	(84)
Results related to major legal, antitrust and environmental cases	6	(1)
Results on acquisitions and divestments	9	5
Fair value adjustments of acquired inventories	–	(54)
Incidentals included in operating income	**(40)**	**(164)**

EBIT in “other”

IN € MILLIONS	1ST QUARTER	
	2009	2008
Corporate costs	(27)	(31)
Pensions	8	3
Insurances	9	3
Other	(11)	(15)
EBIT in “other”	**(21)**	**(40)**

Decorative Paints

- Global economic downturn continued to impact decorative paint market
- Volumes were down by 16 percent, partly compensated by margin management
- ICI integration savings continue ahead of plan
- European volumes were down substantially
- UK retail market showed resilience
- US housing market and decorative paint market remain weak
- Asia – some stabilization seen in China

The global economic downturn continued to impact the decorative paint market as the negative trends we experienced during the second half of the previous year continued. Volumes were down 16 percent, partly offset by margin management and the acquisition of a distributor in Germany (1 percent). We are investing in a number of successful deployments of ERP systems and in supply chain infrastructure. All regions reported a reduction in operational costs as a result of the ICI synergies and saving initiatives. There was no significant relief from decreasing raw material prices.

Europe

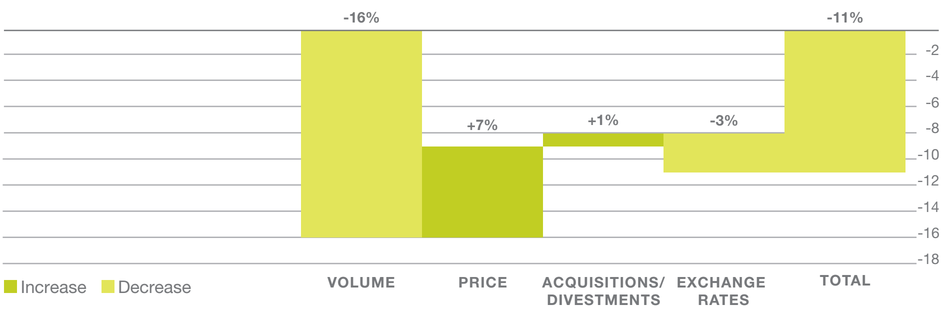
Volumes in Europe were down substantially compared with last year. Price increases implemented in the second half of 2008 partially reduced the revenue decline. Benelux, Nordic and Poland represented the most stable markets. The markets in Germany, Ireland, Southern and Eastern Europe were adversely impacted. In the UK, the trade market remained weak. Retail in the UK could benefit from a renewed interest of consumers in DIY in the current environment. This is being encouraged through a new marketing campaign entitled "What would you change?" aimed at promoting the ease, affordability and positive impact that painting can have on your home environment and the way you feel. We also launched new look and formulations for our core color ranges in retail, with an emphasis on sustainability in these product developments. In general, the retail markets in Europe performed better than the trade markets. Major restructuring in the supply chain has been announced, involving concentration of production sites and the closure of warehouses. Cost control is being achieved without jeopardizing innovation and promotional activities.

Americas

In the US, results were pressured by continued recessionary economic conditions as volumes declined by more than 20 percent, mitigated by price and mix effects across business lines. Adjusting for favorable currency impacts, US revenue remained weak (down 18 percent in constant currencies). Restructuring programs from the second half of 2008 started to pay off. Lower operating costs, driven by strong cost control, reduced the impact of the volume decline. We re-launched the Glidden brand (under the "Glidden gets you going" banner) and rolled it out to the first customer stores, with a national advertisement campaign due to begin later this year. The re-launch is focused on gaining market share and greater brand recognition. Our high performance and woodcare products continue to benefit from further penetration in the stores and independent channels.

In Canada, volumes declined across all businesses with retailers being cautious and reducing inventories. Large building projects were scaled down or put on hold. Costs increased for raw materials imported from the US due to the weaker Canadian dollar, which pressured the margins compared with a year ago. Activity levels were high, with the implementation of new ERP systems, the opening of a new distribution center in Montreal and the merging of the stores network of the former ICI and AkzoNobel.

Revenue development Q1 2009



Decorative Paints

Dulux levis FLEXA SCHÖNOX Glidden SICO sikkens

Latin America reported a decline in revenue compared with the exceptionally good period last year. Markets in Argentina and Brazil were softer, partially due to de-stocking of our customers. Our woodcare specialist brand Sparlack performed strongly. During the quarter, revenue mix improved as a result of increased marketing activities. Our Argentinean and Uruguayan management merged and are expected to drive significant cost benefits.

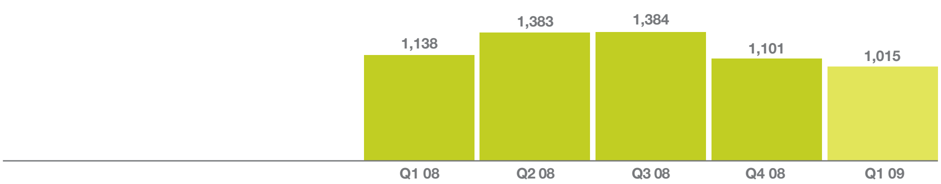
Asia

Due to the slowdown in the property market in China, revenue was down compared with last year, but was mitigated by our consumer promotions at the end of the quarter. Profitability was up, as lower volumes (down 11 percent) were mitigated by margin management. The Easy Paint repainting service, launched in China towards the end of last year, and designed to provide a total solution application service (including wall treatment, furniture protection, emulsion application and cleaning up) is in pilot phase and is being prepared for roll-out to more cities later this year. In India and Indonesia, we grew our business, while the weak economies in Malaysia and Vietnam resulted in de-stocking and declining market demand. The roll-out in India of Dulux Paint Studios, which offer on-site color consultancy in an enhanced and inspirational environment, continued with the addition of 20 stores in key cities. The introduction of Weathershield Max in Malaysia and Thailand completed the roll-out of this initiative across the whole of Asia to strengthen the Weathershield premium exterior paint offer. Cost cutting measures across the region, supported by synergy benefits from the ICI integration, more than offset the lower revenue.

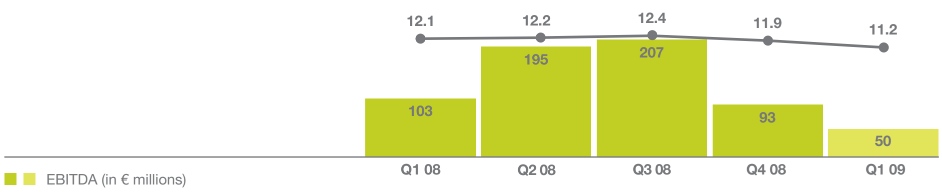
IN € MILLIONS	1ST QUARTER		
	2009	2008	Δ%
Revenue			
Decorative Paints Europe	544	630	(14)
Decorative Paints Americas	340	372	(9)
Decorative Paints Asia	131	136	(4)
Total	**1,015**	**1,138**	**(11)**
Before incidentals			
EBITDA	50	103	(51)
EBITDA margin (in %)	4.9	9.1	
EBIT	3	53	(94)
EBIT margin (in %)	0.3	4.7	
Moving average ROI (in %)	4.9	–[1]	
After incidentals			
Operating income/(loss)	(14)	14	
Capital expenditures	18	26	
Invested capital	6,577	6,187[2]	
Number of employees	23,690	25,620	

[1] Not available.
[2] At year-end, restated.

Revenue
IN € MILLIONS



EBITDA



EBITDA (in € millions)
One year rolling EBITDA margin (in %)

Performance Coatings

- Revenue decreased by 14 percent
- EBITDA margin was 10.7 percent
- Marine and Protective Coatings continued to show solid performance
- The Industrial Activities experienced the full effect of the economic downturn
- Margin management partly compensated for volume decline
- Cost saving initiatives delivered value in Q1
- Strong focus on managing working capital and capital expenditures

Revenue declined by 14 percent, with price increases of 6 percent partly offsetting a 20 percent volume decline. EBITDA amounted to €104 million, 21 percent lower than in 2008. EBITDA margin was 10.7 percent. There were signs of some stabilization in March.

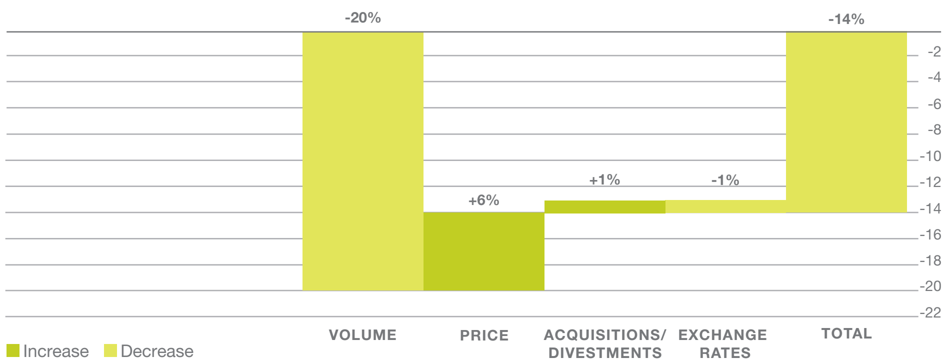
Industrial Activities

Our Industrial Activities business experienced a further decline in trading levels. In all markets, we implemented plans to reduce the cost base. In March, demand picked up slightly, resulting in improved performance. However, the market remained weak. The focus on reducing operating costs remained strong, delivering value during the quarter. All businesses experienced lower demand across all regions, except for Specialty Plastics in Asia, which showed signs of recovery in March. In Powder Coatings, revenue declined despite the positive effect of margin management and a favorable product mix. As a consequence of the geographical spread, currency translation effects were balanced out. We have agreed with a major domestic appliances company to globally launch a new line of colors for their premium washer and dryer products.

Marine and Protective Coatings

For Marine and Protective Coatings, revenue was 3 percent higher than last year. Marine had a good start to the year with volumes up in new construction, driven by China. Maintenance demand from the deep sea sector has fallen over last year, reflecting cost cutting measures on the part of owners and operators and, to a degree, the level of vessel lay-ups. Intersleek activity remained strong. Protective faced a drop in volume compared with last year, with the downturn most notable in the Americas. Despite this volume decline, margin management has limited the impact. Yacht demand from the retail and professional sectors fell in all regions. In Europe, the superyacht market remained strong, although retail sales were lower than last year due to cautious winter buying by key distributors. The recession continued to have a significant impact in

Revenue development Q1 2009



Performance Coatings

the Americas with both retail and professional revenue lower than last year. In Aerospace, prevailing economic conditions have prompted a slowdown in both new construction and maintenance, with volumes 14 percent lower. Marine and Protective Coatings has implemented a series of expense controls to protect current year earnings.

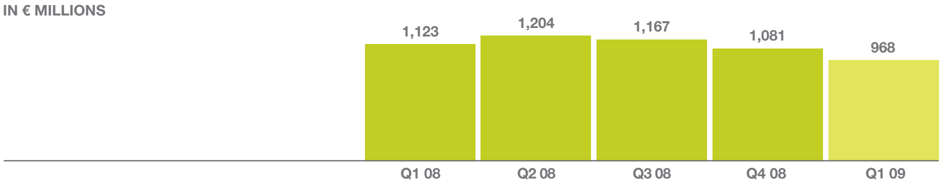
Car Refinishes
Car Refinishes experienced difficult market conditions in all segments and regions, with low demand impacting all developed economies. Emerging economies were impacted to a lesser extent. In Europe, total volumes dropped 27 percent compared with the same quarter last year, while volumes were down 23 percent in the Americas. As already seen in Q4, 2008, Automotive Plastic Coatings (APC) and commercial vehicle demand has been impacted hardest by the lower demand for new vehicles, although March showed some improvement compared with the first two months of 2009. Total revenue was 16 percent below the previous year, but margin management and a favorable product mix mitigated some of the impact of lower volumes and weakening currencies compared with 2008. To further compensate for the loss in volume, a substantial realignment of the cost structure was initiated which is already having some impact. On the business side, global approval was secured from KIA Motors Corporation for the supply of paint.

Packaging Coatings
The year started slowly with volumes lower than the previous year. This volume decline has impacted all our regions. The main areas of concern are the slowdown in beverage can demand in Southern and Eastern Europe. A significant decline in the US carbonated soft drink market is clear. In emerging markets, the beverage can is considered a premium package and in a difficult economic climate many consumers prefer other types of packaging. In March, volumes picked up again and were even slightly ahead of last year, partly due to some market share gains in the food can segment in China. South America was the only region where consumption was flat. Lower volumes have been partly offset by improved margins. Costs are being monitored closely.

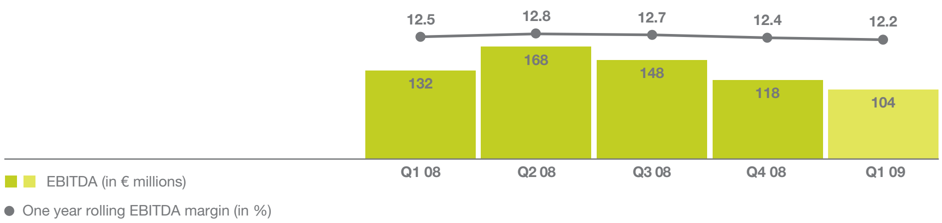
IN € MILLIONS	1ST QUARTER		
	2009	2008	Δ%
Revenue			
Industrial Activities	380	502	(24)
Marine and Protective Coatings	325	316	3
Car Refinishes	193	230	(16)
Packaging Coatings	78	85	(8)
Intragroup revenue	(8)	(10)	
Total	**968**	1,123	(14)
Before incidentals			
EBITDA	104	132	(21)
EBITDA margin (in %)	10.7	11.8	
EBIT	79	108	(27)
EBIT margin (in %)	8.2	9.6	
Moving average ROI	21.5	–[1]	
After incidentals			
Operating income	75	85	
Capital expenditures	11	20	
Invested capital	2,124	2,004[2]	
Number of employees	20,540	21,050	

[1] Not available.
[2] At year-end, restated.

Revenue
IN € MILLIONS



EBITDA



Specialty Chemicals

- Revenue decreased 11 percent, with volumes down 16 percent
- Volume declines across all businesses, but most prominent in Surface Chemistry and Polymer Chemicals
- Acquisitions contributed 4 percent to revenue
- EBITDA margin was 12.2 percent
- National Starch results were under pressure due to weak demand and high net corn costs
- Improved results in Chemicals Pakistan

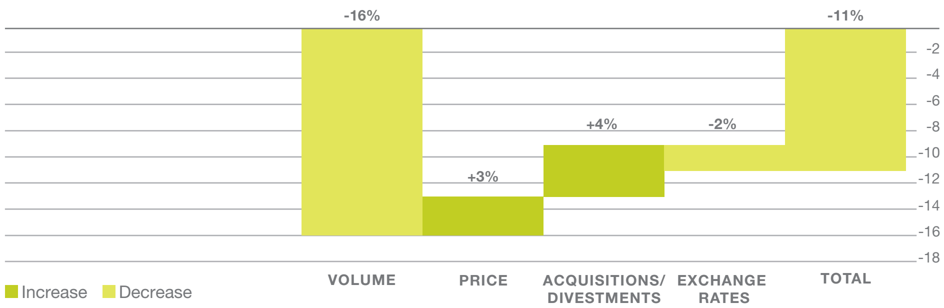
Revenue was 11 percent lower compared with 2008. The volume decline of 16 percent was partly compensated by a positive acquisition impact of 4 percent. EBITDA amounted to €158 million, 35 percent below last year. We realized an EBITDA margin of 12.2 percent in spite of the continued challenges created by weakening demand and volatile feedstock costs.

Industrial Chemicals
Our Industrial Chemicals business revenue declined due to weak end use demand and a maintenance stop in Rotterdam. With the addition of the LII Europe and Salinco acquisitions, revenue was only 1 percent short of last year. Results were negatively impacted by €6 million from fair value changes to our energy contract positions for 2010 and 2011. The acquisition of LII Europe contributed to the top and bottom line for the quarter, with the integration of the business progressing well.

Functional Chemicals
Functional Chemicals experienced a continuing market trend from Q4 last year with lower sales volumes, mainly in products for construction and the automotive industry. The application segments closer to pharmaceuticals, cleaning and personal care were less impacted, while the business continued to do well in ethylene amines and chelates. The overall volume decline of 14 percent was predominantly realized in the Elotex, Cellulosic Specialties and Polysulfides businesses. Cost saving initiatives and lower raw material costs partially compensated for the loss of margin due to the volume decline. Growth initiatives in China continued and the construction activities in Ningbo are progressing well.

Pulp and Paper Chemicals
Volumes were down, with many customers reducing production rates. Accordingly, we are optimizing our supply chain structure to reduce cost. Volume weakness is broad across the global business. Latin America is better than

Revenue development Q1 2009



Specialty Chemicals

the rest but still weaker than 2008. Cost reductions in the near term are in Western Europe. The Mo i Rana site in Norway will be closed permanently, while various reorganization and numerous cost efficiency projects are starting to positively impact cost levels.

National Starch

Overall demand was weak compared with the first quarter of last 2008. The demand decline was more pronounced in our industrial paper making market, particularly in North America and Asia Pacific. Margins were also under pressure from high net corn costs. Accordingly, we are implementing additional cost reduction and cash protecting measures across all regions.

Surface Chemistry

First quarter volume was down 25 percent compared with last year. The shortfall was driven by weak market demand and de-stocking across the value chain, notably in our mining, oilfield and functional applications market activities. Consumer product markets (personal care and fabric and cleaning) were close to 2008. Lower raw material prices and cost saving measures contributed to a partial offset of the decreased volumes.

Polymer Chemicals

Polymer Chemicals continues to be impacted by unfavorable economic conditions in key markets – housing, automotive, durable goods and consumer electronics. The reduced demand has led to lower production rates at polymer producing compounder customers. Consequently, we are pursuing cost reduction actions in order to mitigate the effect of the current volume decline. Kayaku Akzo Corporation in Japan is now fully included in our results.

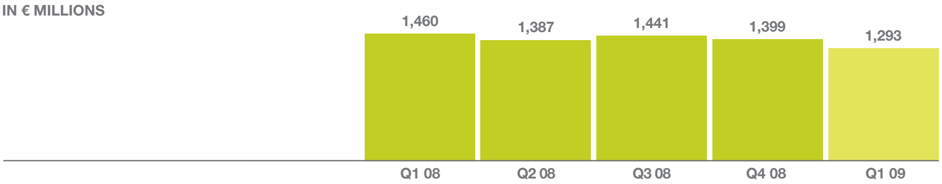
Chemicals Pakistan

Results improved in the first quarter of 2009 relative to the first quarter of last year. Local demand for polyester staple fibers increased due to a more stable power supply to the textile sector. The business also benefited from the soda ash capacity expansion which became operational during the quarter.

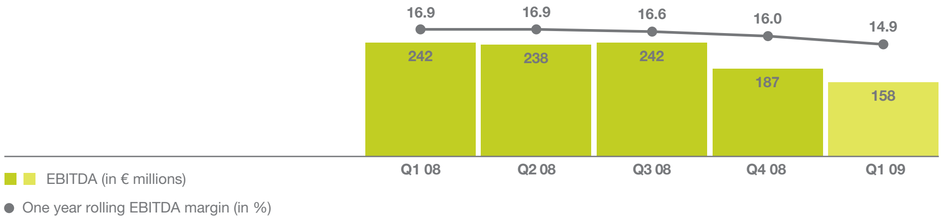
IN € MILLIONS	1ST QUARTER		
	2009	2008	Δ%
Revenue			
Industrial Chemicals	244	247	(1)
Functional Chemicals	238	277	(14)
Pulp and Paper Chemicals	228	248	(8)
National Starch	210	261	(20)
Surface Chemistry	176	201	(12)
Polymer Chemicals	116	134	(13)
Chemicals Pakistan	108	128	(16)
Intragroup revenue	(27)	(36)	
Total	**1,293**	**1,460**	**(11)**
Before incidentals			
EBITDA	158	242	(35)
EBITDA margin (in %)	12.2	16.6	
EBIT	81	165	(51)
EBIT margin (in %)	6.3	11.3	
Moving average ROI (in %)	11.5	–[1]	
After incidentals			
Operating income	63	147	
Capital expenditures	67	56	
Invested capital	4,145	4,055[2]	
Number of employees	13,510	13,170	

[1] Not available.
[2] At year-end.

Revenue
IN € MILLIONS



EBITDA



Condensed financial statements

Consolidated statement of income

IN € MILLIONS	1ST QUARTER 2009	1ST QUARTER 2008
Continuing operations		
Revenue	3,272	3,767
Cost of sales	(2,038)	(2,428)
Gross profit	**1,234**	**1,339**
Selling expenses	(766)	(817)
Research and development expenses	(80)	(84)
General and administrative expenses	(285)	(317)
Other operating income/(expenses)	(1)	1
Operating income	**102**	**122**
Financing income	14	30
Financing expenses	(117)	(83)
Results from associates and joint ventures	4	4
Profit before tax	**3**	**73**
Income tax	(1)	(15)
Profit for the period from continuing operations	**2**	**58**
Discontinued operations		
Profit for the period from discontinued operations	9	61
Profit for the period	**11**	**119**
Attributable to:		
- Shareholders of the company	(7)	105
- Minority interests	18	14
Profit for the period	**11**	**119**
Earnings per share from continuing operations (in €):		
- Basic	(0.07)	0.17
- Diluted	(0.07)	0.17
Earnings per share from discontinued operations (in €):		
- Basic	0.04	0.23
- Diluted	0.04	0.23
Earnings per share from total operations (in €):		
- Basic	(0.03)	0.40
- Diluted	(0.03)	0.40

Information on segments and incidentals

IN € MILLIONS	1ST QUARTER		
	2009	2008	Δ%
Revenue			
Decorative Paints	1,015	1,138	(11)
Performance Coatings	968	1,123	(14)
Specialty Chemicals	1,293	1,460	(11)
Other activities/eliminations	(4)	46	
Total	**3,272**	3,767	(13)

IN € MILLIONS	1ST QUARTER		
	2009	2008	Δ%
EBITDA			
Decorative Paints	50	103	(51)
Performance Coatings	104	132	(21)
Specialty Chemicals	158	242	(35)
Other activities/eliminations	(16)	(35)	
Total	**296**	442	(33)
EBITDA margin (in %)	**9.0**	11.7	

IN € MILLIONS	1ST QUARTER		
	2009	2008	Δ%
EBIT			
Decorative Paints	3	53	(94)
Performance Coatings	79	108	(27)
Specialty Chemicals	81	165	(51)
Other activities/eliminations	(21)	(40)	
Total	**142**	286	(50)
EBIT margin (in %)	**4.3**	7.6	

IN € MILLIONS	1ST QUARTER		
	2009	2008	Δ%
Operating income/(loss)			
Decorative Paints	(14)	14	
Performance Coatings	75	85	(12)
Specialty Chemicals	63	147	(57)
Other activities/eliminations	(22)	(124)	
Total	**102**	122	(16)

IN € MILLIONS	1ST QUARTER		
	2009	2008	Δ%
Incidentals included in operating income			
Restructuring costs	(47)	(30)	
Transformation costs	(8)	(84)	
Results related to major legal, antitrust and environmental cases	6	(1)	
Results on acquisitions and divestments	9	5	
Fair value adjustment of inventories	–	(54)	
Total	**(40)**	(164)	

Consolidated statement of comprehensive income

IN € MILLIONS	1ST QUARTER 2009	2008
Profit for the period	**11**	**119**
Other comprehensive income		
Exchange differences arising on translation of foreign operations	268	(827)
Cash flow hedges	9	810
Income tax relating to components of other comprehensive income	(3)	21
Other comprehensive income for the period (net of tax)	**274**	**4**
Comprehensive income for the period	**285**	**123**
Comprehensive income attributable to:		
Shareholders of the company	263	146
Minority interests	22	(23)
Comprehensive income for the period	**285**	**123**

Changes in equity

IN € MILLIONS	SUBSCRIBED SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	CHANGE IN FAIR VALUE OF DERIVATIVES	CUMULATIVE TRANSLATION RESERVES	OTHER (STATUTORY) RESERVES AND UNDIS-TRIBUTED PROFIT	SHARE-HOLDERS' EQUITY	MINORITY INTERESTS	TOTAL EQUITY
Balance at January 1, 2008	**525**	**363**	**(510)**	**(51)**	**10,705**	**11,032**	**97**	**11,129**
Profit/(loss) for the period	–	–	–	–	105	105	14	119
Other comprehensive income	–	–	831	(790)	–	41	(37)	4
Comprehensive income for the period	**–**	**–**	**831**	**(790)**	**105**	**146**	**(23)**	**123**
Dividend paid	–	–	–	–	–	–	(6)	(6)
Equity-settled transactions	–	–	–	–	18	18	–	18
Issue of common shares	–	2	–	–	–	2	–	2
Buyback of shares	–	–	–	–	(41)	(41)	–	(41)
Acquisition of ICI	–	–	–	–	–	–	499	499
Changes in minority interest in subsidiaries	–	–	–	–	–	–	(2)	(2)
Balance at March 31, 2008	**525**	**365**	**321**	**(841)**	**10,787**	**11,157**	**565**	**11,722**
Balance at January 1, 2009	**463**	**–**	**(49)**	**(1,130)**	**8,179**	**7,463**	**450**	**7,913**
Profit/(loss) for the period	–	–	–	–	(7)	(7)	18	11
Other comprehensive income	–	–	6	264	–	270	4	274
Comprehensive income for the period	**–**	**–**	**6**	**264**	**(7)**	**263**	**22**	**285**
Dividend paid	–	–	–	–	–	–	(2)	(2)
Equity-settled transactions	–	–	–	–	6	6	–	6
Issue of common shares	1	–	–	–	(1)	–	–	–
Acquisition and divestments	–	–	–	–	–	–	13	13
Balance at March 31, 2009	**464**	**–**	**(43)**	**(866)**	**8,177**	**7,732**	**483**	**8,215**

Condensed consolidated balance sheet

IN € MILLIONS	MARCH 31 2009	DECEMBER 31 2008
Intangible assets	7,397	7,172
Property, plant and equipment	3,454	3,357
Other financial non-current assets	2,091	1,848
Total non-current assets	**12,942**	**12,377**
Inventories	1,757	1,781
Trade and other receivables	3,008	2,924
Cash and cash equivalents	1,985[1]	1,595
Other current assets	86	57
Total current assets	**6,836**	**6,357**
Total assets	**19,778**	**18,734**
Shareholders' equity	7,732	7,463
Minority interest	483	450
Total equity	**8,215**	**7,913**
Provisions and deferred tax liabilities	2,850	2,787
Long-term borrowings	3,169[1]	2,341
Total non-current liabilities	**6,019**	**5,128**
Short-term borrowings	1,324[1]	1,338
Trade and other payables	2,891	2,985
Other short-term liabilities	1,329	1,370
Total current liabilities	**5,544**	**5,693**
Total equity and liabilities	**19,778**	**18,734**
Shareholders' equity per share (in €)	33.31	32.21
Number of shares outstanding (in millions)	232.1	231.7
Invested capital	14,194	13,424

[1] A €1 billion bond is due in May 2009; we refinanced through a €750 million bond in March and a £250 million bond in April.

Basis for dividend pay-out

IN € MILLIONS	1ST QUARTER 2009	2008
Net income/(loss) attributable to shareholders	(7)	105
Discontinued operations	(9)	(61)
Net income/(loss) from continuing operations	**(16)**	**44**
Impact of incidentals net of tax	16	110
Impact of amortization and depreciation of ICI assets net of tax	28	25
Basis for dividend pay-out	**28**	**179**

Shareholders' equity
Shareholders' equity as at March 31, 2009, increased by €0.3 billion to €7.7 billion, mainly due to the stronger pound sterling and US dollar.

Dividend policy
Our dividend policy is based on an annual pay-out ratio of at least 45 percent of net income before incidentals and fair value adjustments for the ICI acquisition. For Q1, 2009, the basis for the calculation of the pay-out amounted to €28 million (2008: €179 million).

Invested capital
Invested capital at March 31, 2009, totaled €14.2 billion, which was €0.8 billion higher than the previous year. This is mainly caused by foreign currency effects on intangibles and property, plant and equipment, as both the US dollar and the pound sterling strengthened.

Furthermore, our long-term receivables increased due to additional payments of €0.2 billion to pension funds in the UK, necessary to comply with local rules. Under IFRS, however, these funds are overfunded and the payments are considered long-term receivables. Our acquisitions, mainly in Specialty Chemicals, resulted in a €0.1 billion increase of invested capital.

In addition, our operating working capital increased by €0.2 billion, mainly caused by seasonal influences in Decorative Paints. This increase is consistent with last year but less prominent due to working capital management.

Condensed consolidated statement of cash flows

IN € MILLIONS	1ST QUARTER 2009	2008[1]
Cash and cash equivalents at January 1	**1,449**	**11,067**
Profit for the period from continuing operations	2	58
Amortization, depreciation and impairments	161	227
Changes in working capital	(206)	(343)
Changes in provisions	(292)	(187)
Other changes	19	(47)
Net cash from operating activities	**(316)**	**(292)**
Capital expenditures	(101)	(106)
Acquisitions and divestments[2]	(37)	(10,036)
Other changes	11	5
Net cash from investing activities	**(127)**	**(10,137)**
Changes from borrowings	772	657
Dividends[3]	(2)	(87)
Other changes	1	(73)
Net cash from financing activities	**771**	**497**
Net cash used for continuing operations	**328**	(9,932)
Cash flows from discontinued operations	62	–
Net change in cash and cash equivalents of continued and discontinued operations	**390**	(9,932)
Effect of exchange rate changes on cash and cash equivalents	32	(44)
Cash and cash equivalents at March 31	**1,871**	1,091

[1] Reclassified for comparative presentation.
[2] Net of cash.
[3] In 2008 including dividends to ICI shareholders.

Cash and debt management
Operating activities resulted in a cash outflow of €316 million (2008: €292 million cash outflow). Cash from operating activities was mainly impacted by payments related to pensions and increased working capital as explained above.

In May 2009, a €1 billion bond will mature. We refinanced through a €750 million bond in March 2009 with 7.25 percent interest, maturing in 2015. Early April 2009, we also issued a £250 million bond with 8 percent interest, maturing in 2016.

Pensions
The funded status of the pension plans at March 31, 2009, was estimated to be a deficit of approximately €1.4 billion compared with a deficit of €1.0 billion at year-end 2008. The impact of the downturn on the stock markets and the net effect of higher discount rates and higher inflation expectations were partially offset by additional payments made in the first quarter.

Workforce
As at March 31, 2008, our workforce included 61,830 employees for continuing operations, including National Starch. Our workforce at March 31, 2009 decreased to 59,650 employees (year-end 2008: 60,040). Acquisitions resulted in an increase of 710 employees, while 1,150 employees left, mainly due to continued restructuring and realized synergies.

Outlook and medium-term targets
AkzoNobel has strong market positions in a number of highly attractive sectors with a wide geographical spread. Continual focus is being given to margin management and cost reduction actions so that our company is well positioned to meet the current challenges and, as a result, will be in good shape to take advantage of the recovery when it comes. Forward visibility remains limited which makes it difficult to predict with any certainty. We continue to expect that 2009 will be a challenging year. Nevertheless, the company remains focused on achieving its medium-term target of an EBITDA margin of 14 percent by the end of 2011; on continuing to deliver the €340 million ICI synergies; on driving margin management programs across the company; and on rigorous cost management.

Amsterdam, April 23, 2009
The Board of Management

Additional information

Notes

This interim financial report is in compliance with IAS 34 "Interim Financial Reporting". Compared with the accounting principles as applied in the 2008 financial statements, we have adopted IFRS 8 "Operating Segments", IFRIC 13 "Customer Loyalty Programmes" and the amendment to IAS 1 "Presentation of Financial Statements". The adoption of these accounting policies has not materially affected the computation of our results. In addition, we have changed the presentation of interest related to pensions and made some other reclassifications, as disclosed on page 18 and 19. The accounting principles as applied in 2008 can be found in note 1 of the financial statements, available on our website www.akzonobel.com.

This report is unaudited.

Glossary

Autonomous growth is defined as the change in revenue attributable to changed volumes and selling prices. It excludes effects from currencies and acquisitions and divestments.

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.

Incidentals are transformation costs, special charges and benefits, results on acquisitions and divestments, restructuring and impairment charges, and charges related to major legal, antitrust, 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 the sum of financing income and expenses.

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

Moving average ROI is calculated as EBIT of the last four quarters divided by the average invested capital of these quarters.

Net interest-bearing borrowings are 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.

Revenue consists of sales of goods, services, and royalty income.

Transformation costs are acquisition-related costs, cost related to sell businesses as agreed with the European and Canadian authorities, and costs for the new corporate identity.

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, a copy of which can be found on our website www.akzonobel.com.

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.

Reclassifications of 2008

We changed the reporting of the financing component of pension and other post-retirement cost. Interest costs on defined benefit obligations and the expected return on plan assets are now both reported as an element of financing expenses instead of being included in operating income. Furthermore, we chose to no longer allocate all corporate costs to the businesses. We transferred some businesses from Decorative Paints to Performance Coatings. In Q4, 2008, we reclassified National Starch within continuing operations. As a consequence of these changes, the quarterly financial outcomes for 2008 were reclassified as follows:

Q1, 2008

IN € MILLIONS	2008 AS PUBLISHED	PENSION COSTS	CORPORATE COSTS	NATIONAL STARCH	TRANSFER OF BUSINESSES	2008 RECLASSIFIED
Decorative Paints						
Revenue	1,165	–	–	–	(27)	1,138
EBITDA	102	–	2	–	(1)	103
Performance Coatings						
Revenue	1,096	–	–	–	27	1,123
EBITDA	127	–	4	–	1	132
Specialty Chemicals						
Revenue	1,199	–	–	261	–	1,460
EBITDA	205	–	5	32	–	242
Other/eliminations						
Revenue	46	–	–	–	–	46
EBITDA	(36)	12	(11)	–	–	(35)

Q2, 2008

IN € MILLIONS	2008 AS PUBLISHED	PENSION COSTS	CORPORATE COSTS	NATIONAL STARCH	TRANSFER OF BUSINESSES	2008 RECLASSIFIED
Decorative Paints						
Revenue	1,412	–	–	–	(29)	1,383
EBITDA	195	–	3	–	(3)	195
Performance Coatings						
Revenue	1,175	–	–	–	29	1,204
EBITDA	161	–	4	–	3	168
Specialty Chemicals						
Revenue	1,219	–	–	168	–	1,387
EBITDA	195	–	4	39	–	238
Other/eliminations						
Revenue	64	–	–	–	–	64
EBITDA	(25)	12	(11)	–	–	(24)

Reclassifications of 2008

Q3, 2008

IN € MILLIONS	2008 AS PUBLISHED	PENSION COSTS	CORPORATE COSTS	NATIONAL STARCH	TRANSFER OF BUSINESSES	2008 RECLASSIFIED
Decorative Paints						
Revenue	1,413	–	–	–	(29)	1,384
EBITDA	207	–	2	–	(2)	207
Performance Coatings						
Revenue	1,138	–	–	–	29	1,167
EBITDA	143	–	3	–	2	148
Specialty Chemicals						
Revenue	1,212	–	–	229	–	1,441
EBITDA	199	–	5	38	–	242
Other/eliminations						
Revenue	57	–	–	–	–	57
EBITDA	(72)	12	(10)	–	–	(70)

Q4, 2008

IN € MILLIONS	2008 AS PUBLISHED	PENSION COSTS	CORPORATE COSTS	NATIONAL STARCH	TRANSFER OF BUSINESSES	2008 RECLASSIFIED
Decorative Paints						
Revenue	1,128	–	–	–	(27)	1,101
EBITDA	89	–	3	–	1	93
Performance Coatings						
Revenue	1,054	–	–	–	27	1,081
EBITDA	115	–	4	–	(1)	118
Specialty Chemicals						
Revenue	1,399	–	–	–	–	1,399
EBITDA	183	–	4	–	–	187
Other/eliminations						
Revenue	(20)	–	–	–	–	(20)
EBITDA	(19)	13	(11)	–	–	(17)

AkzoNobel
Strawinskylaan 2555
P.O. Box 75730
1070 AS Amsterdam, the Netherlands
Tel: +31 20 502 7555
Fax: +31 20 502 7666
Internet: www.akzonobel.com

For more information:
The explanatory sheets used during the press conference can be viewed on AkzoNobel's corporate website www.akzonobel.com

AkzoNobel Corporate Communications
Tel: +31 20 502 7833
Fax: +31 20 502 7604
E-mail: info@akzonobel.com

AkzoNobel Investor Relations
Tel: +31 20 502 7854
Fax: +31 20 502 7605
E-mail: investor.relations@akzonobel.com

Financial calendar

Annual General Meeting 2009	April 27, 2009
Ex-dividend date of 2008 final dividend	April 29, 2009
Record date of 2008 final dividend	May 4, 2009
Payment date of 2008 final dividend	May 7, 2009
Report for the 2nd quarter 2009	July 29, 2009
Report for the 3rd quarter 2009	October 28, 2009
Report for the 4th quarter and the year 2009	February 18, 2010

AkzoNobel
Tomorrow's Answers Today

www.akzonobel.com

We are the largest global paints and coatings company and a major producer of specialty chemicals. We supply industries worldwide with quality ingredients for life's essentials. We think about the future, but act in the present. We are passionate about developing sustainable answers for our customers. Based in Amsterdam, the Netherlands, we have 60,000 employees working in more than 80 countries – all committed to excellence and delivering Tomorrow's Answers Today™.

© 2009 Akzo Nobel N.V. All rights reserved.
"Tomorrow's Answers Today" is a trademark of Akzo Nobel N.V.

01779_220409