



Half-yearly report 2011

Akzo Nobel Sweden Finance AB (publ)

Registration number 556768-4062

General information

The company

Akzo Nobel Sweden Finance AB (publ), referred to as “the company”, was incorporated on October 13, 2008. The company is a wholly-owned subsidiary of Akzo Nobel N.V., which is a public limited liability company (Naamloze Vennootschap) incorporated in the Netherlands, with registered office at Strawinskylaan 2555, 1077 ZZ Amsterdam (telephone number +31 20 502 7555). Akzo Nobel N.V. has subsidiaries in more than 80 countries and employs 56,410 people through its various Decorative Paints, Performance Coatings and Specialty Chemicals businesses. Akzo Nobel N.V. and its subsidiaries together are referred to as “AkzoNobel” or the “AkzoNobel group”. Akzo Nobel Sweden Finance AB and its subsidiaries are referred to as the “AkzoNobel Sweden group”.

The purpose of the company is to act as a holding company for selected AkzoNobel entities.

Bond loan and Cross-guarantee

On December 12, 2008, the company placed a 7.75% €1 billion bond with an issue price of 99.552% of the principal amount. The bond has annual interest payments and will mature on January 31, 2014.

The company has entered into contracts (“Cross-guarantee”) pursuant to which it irrevocably and unconditionally guarantees parts of the payment obligations of Akzo Nobel N.V. relating to public debt and external credit and guarantee contracts.

The amount of public debt and external credit arrangements covered by this guarantee outstanding at June 30, 2011 was €1,226 million (December 31, 2010: €2,277 million). At the same time Akzo Nobel N.V. has irrevocably and unconditionally guaranteed the payment obligations of the company relating to the 7.75% €1 billion bond. The purpose of this cross-guarantee is to ensure that the creditors of both the company and Akzo Nobel N.V. are placed in substantially equivalent structural position regarding the debt covered by the guarantee.

Consolidation method – companies under common control

In January 2009, the company acquired all Swedish subsidiaries of the AkzoNobel group including all subsidiaries held by these Swedish subsidiaries. Since the transfer was made between companies under common control, the acquired units are consolidated following the specific guidance for such situations as included in IFRS 3, *Business Combinations*. Consequently, the acquired assets, provisions and liabilities in these financial statements are recorded at the same book value as in the consolidated financial statements of Akzo Nobel N.V. The difference between the book value and the transfer value was recorded as a reduction of the AkzoNobel Sweden group’s equity.

Capital guarantee

Akzo Nobel N.V. has undertaken to make a capital contribution in order to ensure that the equity of Akzo Nobel Sweden Finance AB will at all time amount to at least the registered share capital.

Financial highlights for the AkzoNobel Sweden group			
In € millions	January-June 2011	January-June 2010	Δ in %
Revenue	975.6	896.0	9%
EBITDA	80.7	122.4	-34%
EBITDA margin (in %)	8%	14%	
EBIT	52.4	86.2	-39%
EBIT margin (in %)	5%	10%	

Financial highlights during the first 6 months of 2011 for the AkzoNobel Sweden group

- Revenue amounted to €976 million (€896 million).
- Operating income amounted to €52 million (€86 million).
- In the operating income, incidental charges were included for €1.3 million (€5.1 million). The major part of these relate to restructuring costs for closure of units and staff reductions.
- Earnings after tax were a net profit of €12.4 million (€29.6 million).
- Earnings per share for the first half of 2011 were a gain of €12,249 (€29,412).

Condensed financial statement

Consolidated statement of income

In € millions

	2011 January-June	2010 January-June
Revenue	975.6	896.0
Cost of sales	(764.6)	(667.8)
Gross profit	211.0	228.2
Selling expenses	(76.7)	(73.0)
Research and development expenses	(25.6)	(26.1)
General and administrative expenses	(51.7)	(34.3)
Other operating income/(expenses)	(4.6)	(8.6)
Operating income	52.4	86.2
Financing income	0.1	0.1
Financing expenses	(39.5)	(44.2)
Profit/(loss) before tax	13.0	42.1
Income tax	(0.6)	(12.5)
Net income	12.4	29.6
Attributable to:		
- Shareholders of the company	12.2	29.4
- Minority interests	0.2	0.2

Earnings per share (in €):

- Basic	12,249	29,412
- Diluted	12,249	29,412
Number of shares outstanding	1,000	1,000

Statement of comprehensive income/change in equity

In € millions

	2011 January-June	2010 January-June
Profit/(loss) for the period	12.4	29.6
Exchange differences arising on translation of foreign operations ¹⁾	(21.4)	51.1
Cash flow hedges reported in equity	(33.8)	10.9
Taxes related to comprehensive income	8.9	(2.9)
Comprehensive income for the period	(33.9)	88.7
Attributable to:		
- Shareholders of the company	(34.1)	88.5
- Minority interests	0.2	0.2

Comments to the statement of income

General development

After a robust recovery in the high-growth markets in 2010 we are challenged with increasing raw material prices. Raw material prices have continued to rise in the second quarter and have impacted all three Business Areas. They are now around 20 percent higher than a year ago.

¹ Including operations with Swedish krona as a functional currency.

EBITDA has been impacted by further raw material price inflation, demand volatility and continually soft demand (particularly in mature markets), as well as prolonged maintenance stops within Specialty Chemicals in Sweden and the fluctuating exchange rates. We are implementing additional improvement measures and functional and operational excellence initiatives to sustainably underpin our performance.

Demand has been volatile during the quarter in the mature markets of Decorative Paints. The Decorative Paints business showed revenue increase compared to the same period last year. Due to the increased raw material prices and unfavorable mix effects, our margin decreased versus the previous year. Further price increases are being implemented to compensate for higher raw material costs.

The revenue has also increased in the Performance Coatings business. Selling prices are being increased in response to the continuous rise in raw material prices. Cost control and restructuring efforts in mature markets are ongoing and continue to support performance. In May we announced the discontinuation of board resin production in Stockvik, Sweden, and the transfer of production to our facility in Kristinehamn, Sweden, to gain manufacturing synergies.

In Specialty Chemicals the demand pattern of the last twelve months remained fundamentally unchanged in the first half of 2011. The escalation of input costs, largely petrochemical derivatives and energy, dampened performance. Furthermore, there were several large site maintenance stops, resulting in higher maintenance costs and the sourcing of higher-cost products from third parties.

The G&A costs have increased compared to prior year and same period in 2010. The increase is mainly due to higher costs for shared services within the AkzoNobel Group. Furthermore, the unfavourable exchange rates have also impacted the costs.

The judgement from the Environmental Court was received during 2010 regarding the environmental liability at the Bohus site in Sweden. In May the Swedish Supreme Court of Appeal announced that it will not grant leave to appeal of the judgment concerning how the treatment of historic soil contamination is to be managed at Eka Chemical's facility in Bohus. A provision of €32 million was made as of December 31, 2010.

Acquisitions/divestments

The activities of Carbide Sweden AB have been divested to a third party as of February 1, 2011 through an asset transfer deal. Akzo Nobel Sweden Finance AB's participation in Carbide Sweden AB was written down at December 31, 2010.

Incidental items – restructuring measures

A total of €1.3 million (June 30, 2010: €5.1 million) in incidental cost was included in operating income of which €1.6 million relates to restructuring costs.

The divestment of Carbide Sweden AB impacted the results with €0.4 million. The remaining incidental costs are mainly related to smaller projects across all businesses and release of provisions.

Financing

The AkzoNobel Sweden group's major source of financing is the €1 billion bond loan issued in 2008. As of June 30, 2011 €38.7 million (June 30, 2010: €38.7 million) of the financing expenses related to this loan. Financing is also provided by the AkzoNobel group through cash pool and internal bank arrangements as well as through intercompany long-term borrowing. The net financing expenses to other AkzoNobel companies were €1.1 million (2010: €4.3 million) in the period.

Taxes

The tax burden was significantly lower, 2.9% (2010: 19.4%), than nominal tax, 26.3%. The difference is mainly due to corrections of taxes related to earlier years, based on favourable court decisions, amounting to €2.4 million. The revaluation of temporary differences and withholding taxes amounting to €0.9 million have also contributed to the lower tax rate.

Operating segments - management structure

The AkzoNobel Sweden group is an integrated part of the AkzoNobel group. There is no separate management for companies in the AkzoNobel Sweden group. Management and control is carried out through the organizational structure in the AkzoNobel group, therefore the same operational reporting structure is used.

AkzoNobel is organized in three business areas:

- Decorative Paints
- Performance Coatings
- Specialty Chemicals

Other activities include activities in the holding companies and group wide services.

Information on segments and employees

In €millions	2011 January-June	2010 January-June	2010 Full year
Revenue			
Decorative Paints	100.6	90.5	174.7
Performance Coatings	223.2	203.5	405.4
Specialty Chemicals	651.8	602.0	1,221.7
Total	975.6	896.0	1,801.8
Operating income			
Decorative Paints	7.7	0.9	7.6
Performance Coatings	(3.2)	15.9	29.6
Specialty Chemicals	47.9	69.4	96.7
Total	52.4	86.2	133.9
Incidentals included in operating income			
Decorative Paints	(0.3)	(2.4)	(3.2)
Performance Coatings	(0.7)	(0.1)	(0.3)
Specialty Chemicals	(0.3)	(2.6)	(46.2)
Total	(1.3)	(5.1)	(49.7)
Number of employees	3,635	3,787	3,639

Workforce

At the end of June 30, 2011, we employed on average 3,635 (June 30, 2010: 3,787) staff for ongoing activities (year-end 2010: 3,639 employees). The changes are detailed below:

- A seasonal increase of 154 (2010: 194).
- A net decrease of 20 (2010: 17) due to acquisitions and divestments.
- A decrease of 61 (2010: 49) due to ongoing restructuring.
- A net decrease of 77 (2010: 4) due to new hires and other changes.

Condensed consolidated balance sheet

In € millions	June 30 2011	December 31 2010	June 30 2010
Intangible assets	179.9	184.7	167.5
Property, plant and equipment	276.1	285.1	286.6
Other financial non-current assets	6.1	32.7	5.6
Total non-current assets	462.1	502.4	459.7
Inventories	186.2	184.1	176.0
Trade and other receivables	334.9	325.8	317.2
Cash and cash equivalents	328.2	399.9	248.9
Other current assets	12.7	15.2	14.3
Total current assets	862.0	925.0	756.4
Total assets	1,324.1	1,427.4	1,216.1
Shareholders' equity	(317.7)	(283.6)	(358.0)
Minority interest	0.9	0.8	1.3
Total equity	(316.8)	(282.8)	(356.7)
Provisions and deferred tax liabilities	83.8	124.5	57.4
Long-term borrowings	1,162.1	1,162.5	1,144.8
Total non-current liabilities	1,245.9	1,287.0	1,202.2
Short-term borrowings	32.5	36.8	32.7
Trade and other payables	219.6	183.2	185.2
Other short-term liabilities	142.9	202.9	152.7
Total current liabilities	395.0	422.8	370.6
Total equity and liabilities	1,324.1	1,427.1	1,216.1

Comments to the consolidated balance sheet

Intangible assets

Intangible assets mainly consist of goodwill relating to acquisitions made by the AkzoNobel group prior to the transfer to the company. The foreign currency effects have also impacted the balance, foremost due to the strengthening euro.

Cash and cash equivalents

As of June 30, 2011 €290.1 million (June 30, 2010: €224.1 million) of the liquid funds is placed with the AkzoNobel group.

Borrowings

€165.7 million was borrowed from the AkzoNobel group at June 30, 2011 (June 30, 2010: €149.9 million).

Changes in equity

In € millions	Subscribed share capital	Additional paid-in capital	Cash flow hedge reserve	Cumulative translation reserve	Other reserves	Shareholders' equity	Minority interests	Total equity
Balance at January 1, 2010	0.1	111.1	13.1	37.5	(609.9)	(448.1)	1.1	(447.0)
Profit/loss for the period	0.0	0.0	0.0	0.0	32.7	32.7	(0.4)	32.3
Other comprehensive income	0.0	0.0	40.8	89.2	0.0	130.0	0.1	130.1
Comprehensive income for the period	0.0	0.0	40.8	89.2	32.7	162.7	(0.3)	162.4
Adjustment of acquisition value	0.0	0.0	0.0	1.8	0.0	1.8	0.0	1.8
Balance at December 31, 2010	0.1	111.1	53.9	128.5	(577.2)	(283.6)	0.8	(282.8)
Profit/loss for the period	0.0	0.0	0.0	0.0	12.2	12.2	0.2	12.4
Other comprehensive income	0.0	0.0	(24.9)	(21.4)	0.0	(46.3)	0.0	(46.3)
Comprehensive income for the period	0.0	0.0	(24.9)	(21.4)	12.2	(34.1)	0.2	(33.9)
Changes in non-controlling interest in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.1)
Balance at June 30, 2011	0.1	111.1	29.0	107.1	(565.0)	(317.7)	0.9	(316.6)

Comment to changes in equity

The AkzoNobel Sweden group uses energy forwards to secure the price level of electricity in the coming 3 to 5 years. The unrealized change in fair value of these contracts is reported as a change in equity in accordance with the rules for cash flow hedge accounting as included in IAS 39. At June 30, 2011, a value of €24.9 million (June 30, 2010: €8.0 million) (net after tax) was included in the AkzoNobel Sweden group's equity.

There has been a decrease in the cumulative translation reserves by €21.4 million (June 30, 2010: increase €51.1 million) due to the strengthening euro.

The functional currency of most companies in the AkzoNobel Sweden group is the Swedish krona and therefore the movement in the Swedish krona/euro exchange rate affects equity.

Consolidated statement of cash flows

In € millions	2011 January-June	2010 January-June
Cash and cash equivalents opening balance	399.9	216.4
Operating income for the period	52.4	86.3
Amortization, depreciation and impairments	28.3	26.3
Paid financial items and paid taxes	(91.7)	(98.9)
Changes in working capital	(16.9)	(28.1)
Changes in provisions	(5.9)	(9.8)
Other changes	(10.4)	11.1
Net cash from operating activities	(44.2)	(13.1)
Capital expenditure	(26.5)	(15.4)
Acquisitions and divestments	0.2	13.3
Other changes	(2.3)	0.2
Net cash from investing activities	(28.6)	(1.9)
Changes in borrowings	(0.5)	36.5
Other changes	0.0	2.0
Net cash from financing activities	(0.5)	38.5
Net change in cash and cash equivalents	(73.3)	23.5
Effects of exchange rate changes	1.6	9.1
Cash and cash equivalents at end of period	328.2	249.0

Comments to the statement of cash flows

Net cash from operations amounted to an outflow of €44.2 million (2010: €13.1 million). The operating income includes €1.3 million (2010: €5.1 million) in incidental charges.

Invested capital

In € millions	June 30 2010	June 30 2011	December 31 2010
Trade receivables	317.2	334.9	276.0
Inventories	176.0	186.2	167.6
Trade payables	(185.2)	(219.6)	(174.9)
Operating working capital	308.0	301.5	268.7

The deterioration in working capital mainly concerns increases in inventories and trade receivables.

Acquisitions and divestments include the divestment of the assets of Carbide Sweden AB.

Financing is provided by the AkzoNobel group through the short-term borrowing and overdraft facilities of the AkzoNobel inhouse bank and cash pool systems. The changes in borrowings are changes in positions with the AkzoNobel group.

Notes to the condensed financial statements

Principle risks and uncertainties

In our 2010 Report we have extensively described our risk management framework and our major risk factors which may prevent full achievement of our objectives within the forthcoming five years. In respect of the principal risks for the second half of 2011, we consider that these top 5 risks are still valid. Concerning the sourcing of raw materials, actions to mitigate the price inflation are ongoing and initiatives to secure future supplies are being executed. As the units are managed within the AkzoNobel group structure, the risks have been derived from the AkzoNobel risk assessment process.

Adapt to economic conditions	Failure to adapt adequately and in time to economic conditions can have a harmful impact on our business and results of operations.	<p>One of the principal uncertainties facing our company is the development of the global economy. Economic recovery remains fragile and it continues to be difficult to predict customer demand.</p> <p>For planning and budgeting we apply various scenarios to be best prepared for further changes in economic conditions. Focus continues to be placed on customers, cost reduction and cash generation actions so that we are well positioned to meet the current challenges.</p>
Access to funding	Inability to have access, control and visibility of liquidity by AkzoNobel and/or its partners in the value chain may limit our growth rate and may have an adverse effect on our business and results.	Our balance sheet and debt profile are strong. We are monitoring financial markets, critical suppliers and customers closely. We have a prudent financing strategy and a strict cash management policy, which are managed by our centralized treasury function, see note 24 in the Financial statements of Akzo Nobel N.V. on page 124 of our 2010 Report. Akzo Nobel N.V. is committed to maintaining strong investment grade credit ratings. Ratings at year-end were Standard & Poor's BBB+ (stable outlook) and Moody's Baa1 (stable outlook).
Energy pricing	Differences in energy prices pose a risk to the competitiveness of several of our chemical businesses.	<p>We operate some energy intensive businesses. A non-level playing field for energy and emission trading rights can affect the competitive position of these businesses. We are pro-actively managing energy usage and costs. We operate several cogeneration units which enable us to make efficient use of combined heat and power.</p> <p>We are working on energy efficiency programs and investing in energy from waste and biomass. We have policies for energy contracts and have long-term purchase contracts in place.</p>
Sourcing of raw materials	Inability to access sufficient raw materials, growth in cost and expenses for raw materials, energy and changes in product mix may adversely influence the future results and growth of our company.	We may be impacted by business interruption or product discontinuation at some of our key suppliers. We aim to use our purchasing power and long-term relationships with suppliers to acquire raw materials and safeguard their constant delivery in a sustainable manner. We have inventoried single and sole sourced raw materials and are actively pursuing plans to improve this situation. We have diversified contract length and supplier base. Our strengthened global sourcing strategy enables us to bundle the

		purchasing power both in product related and non product related requirements. We continuously monitor the markets in which we operate for developments and opportunities and adapt our purchasing strategy accordingly.
International operations	Because AkzoNobel conducts international operations, we are exposed to a variety of risks, many of them beyond our control, which could adversely affect our business.	We spread our activities geographically and serve many sectors to benefit from opportunities and reduce the risk of instability. Unfavourable political, social or economic developments and developments in laws, regulations and standards could adversely affect our businesses and results of operations. Political, economic and legislative conditions are carefully monitored. The Board of Management of Akzo Nobel N.V. decides on the countries and industry segments in which AkzoNobel conducts its business.

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 business experiences 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.

Transaction with related parties

The AkzoNobel Sweden group is an integrated part of the AkzoNobel group. A significant part of the turnover of the Swedish units is with other parts of the AkzoNobel group. Sales to other parts of the AkzoNobel group in the first half year amounted to €173.5 million (2010: €160.2 million) in the period.

There are also a number of shared services within the AkzoNobel group for example sourcing, legal, human resources and financing. Pricing for such services is on an at arm's length basis.

Accounting policies

The company has prepared the half-yearly report in compliance with IAS 34, *Interim Financial Reporting*. This report is unaudited. Compared with the accounting principles as applied in the 2010 financial statements, the main change was the adoption of the revised IFRS 3 "Business Combinations". This has not materially affected the computation of our results.

The separate financial statements for the company have been prepared in compliance with the Swedish Financial Reporting Board's recommendation RFR 2 *Accounting for legal entities*. The accounting policies as applied in 2010 can be found in the financial statements.

The accounting policies for the consolidated financial statements of the AkzoNobel Sweden group are the same as those of the AkzoNobel group. Therefore, reference is made to the AkzoNobel 2010 Report, a copy of which can be found on www.akzonobel.com.

Safe Harbor Statement

This report may contain 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 on the risk factors affecting the business, please see the AkzoNobel 2010 Report, a copy of which can be found on www.akzonobel.com.

Condensed separate financial statements for Akzo Nobel Sweden Finance AB (publ)

Condensed financial statement for Akzo Nobel Sweden Finance AB

Statement of income - Akzo Nobel Sweden Finance AB

In € millions	2011 January-June	2010 January-June
General and administrative expenses	(0.2)	(0.1)
Other results	0.7	0.5
Operating income/(expenses)	0.5	0.4
Net finance expenses	(38.6)	(38.8)
Profit/(loss) before tax	(38.1)	(38.4)
Income tax	9.7	10.1
Net income	(28.4)	(28.3)
Attributable to:		
- Shareholders of the company	(28.4)	(28.3)

Statement of comprehensive income - Akzo Nobel Sweden Finance AB

In millions €	2011 January-June	2010 January-June
Earnings for the period	(28.4)	(28.3)
Other changes in comprehensive income	0.0	0.0
Comprehensive income for the period	(28.4)	(28.3)

Comments to the statement of income

Financial expenses mainly relate to the €1 billion bond loan.

Balance sheet - Akzo Nobel Sweden Finance AB

In € millions	June 30 2011	December 31 2010	June 30 2010
Shares in consolidated companies	1,045.0	1,046.3	1,046.5
Total non current assets	1,045.0	1,046.3	1,046.5
Trade and other receivables	0.0	186.9	0.0
Cash and cash equivalents	57.6	17.7	19.1
Other current assets	0.0	0.0	25.8
Total current assets	57.6	204.6	44.9
Total assets	1,102.6	1,250.9	1,091.4
Shareholders' equity	78.7	103.6	42.1
Total equity	78.7	103.6	42.1
Long-term borrowings	994.9	994.6	993.5
Total non-current liabilities	994.9	994.6	993.5
Short term borrowings	32.4	76.5	32.5
Trade and other payables	(8.2)	0.0	0.3
Other short-term liabilities	4.8	76.2	23.0
Total current liabilities	29.0	152.7	55.8
Total equity and liabilities	1,102.6	1,250.9	1,091.4

Comments to the balance sheet

The main assets of the company are shares in subsidiaries acquired from the AkzoNobel group in 2009. Other short-term borrowings include accrued interest and financing fees.

Changes in equity - Akzo Nobel Sweden Finance AB

In € millions	Subscribed share capital	Additional paid-in capital	Cash flow hedge reserve	Cumulative translation reserve	Other reserves	Shareholders' equity
Balance at January 1, 2010	0.1	0.0	0.0	0.0	63.0	63.1
Comprehensive income for the period	0.0	0.0	0.0	0.0	(60.3)	(60.3)
Group contribution	0.0	0.0	0.0	6.0	94.9	100.8
Balance at December 31, 2010	0.1	0.0	0.0	6.0	97.6	103.6
Comprehensive income for the period	0.0	0.0	0.0	0.0	(28.4)	(28.4)
FX variances in group contribution	0.0	0.0	0.0	3.4	0.0	3.4
Balance at June 30, 2011	0.1	0.0	0.0	3.4	69.2	78.7

Comments to the changes in equity

Akzo Nobel N.V. has undertaken to make a capital contribution in order to ensure that the equity of the company will at all time amount to at least the registered share capital.

The change in the company's equity is mainly attributable to the group contributions including the exchange rate differences. The exchange rate differences on the group contribution relate to the transfer of the group contributions from group companies.

Statement of cash flows - Akzo Nobel Sweden Finance AB

In € millions	2011	2010
	January-June	January-June
Cash and cash equivalents at begin of period	17.7	(1.1)
Net cash from operating activities	36.2	(89.9)
Sale of subsidiaries	0.0	0.0
Net cash from investing activities	0.0	0.0
Changes in borrowings (Inhouse bank)	0.2	0.2
Shares and participations in Group companies	3.5	107.6
Net cash from financing activities	3.7	107.9
Net change in cash and cash equivalents	39.9	17.9
Effects of exchange rate changes	0.0	0.0
Cash and cash equivalents at June 30	57.6	16.9

Comments to the statement of cash flows

Net cash from operating activities is mainly attributable to interest payments on the bond loan. Other changes in the cash flow consist of the group contribution from other subsidiaries in the AkzoNobel Sweden group.

Statement of affirmation

We have prepared the half-yearly financial report 2011 of Akzo Nobel Sweden Finance AB (publ.) and the undertakings included in the consolidation taken as a whole in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Swedish disclosure requirements for half-yearly financial reports.

To the best of our knowledge the condensed financial statements in this half-yearly financial report 2011 give a true and fair view of our assets and liabilities, financial position at June 30, 2011, and of the result of our consolidated operations for the first half year of 2011, and describes the principal risks and uncertainties that the company and the companies in the Akzo Nobel Sweden group face.

Stockholm, August 29, 2011

The Board of Directors

Harry Blok, Chairman
Gijsberth De Ruiter, Board member
Pernilla Heidenvall, Board member
Jacq Derckx, Board member

This report has not been the subject of review by the company's auditors.