HOLLAND COLOURS
ANNUAL REPORT 2013/2014

THE **FUTURE** OF OUR PAST

CONTENTS

The Annual Report of Holland Colours is also available in Dutch on www.hollandcolours.com

PROFILE

Holland Colours NV was founded in 1979 and has been listed on the NYSE Euronext Amsterdam Stock Exchange since 1989. It is an independent Dutch company with offices in North America, Mexico, Europe and Asia. Since 2 April 2012, slightly more than 50% of Holland Colours NV shares are held by the investment company Holland Pigments BV, in which all employees of Holland Colours participate, among others. The current and retired employees collectively hold approximately 22% of the shares in Holland Pigments BV. The core values of the company's corporate culture are entrepreneurship, respect and responsibility towards society and staff.

PRODUCTS

Holland Colours makes products for colouring plastics. These so-called colour concentrates are available in both solids and liquids. The key products in solid form are Holcobatch and Holcoprill. Both these products have the advantage of being free flowing, dust-free, cost-efficient and very easy to dose, allowing the colour to be absorbed quickly by the required material. The solid colour preparations are well-suited to various polymers, such as PVC, PET, ABS, PE and PP. The liquid products Holland Colours makes are pastes for colouring Silicones & Elastomers, PET packaging and various other applications.

MARKETS

Holland Colours operates worldwide in three focus markets:

- Building & Construction (especially PVC applications)
- Packaging (especially PET applications)
- Silicones & Elastomers

These three markets represent over 80% of sales. Holland Colours is a key player in each of these markets. Holland Colours' worldwide presence means it is never far away, and is able to supply national and international companies with solutions both promptly and efficiently. The remaining nearly 20% of sales is realized in various applications.

BUILDING & CONSTRUCTION

Holland Colours has been a specialist in colouring PVC since its incorporation. Holland Colours colouring systems are used in:

- Pipes and fittings
- Cladding/siding
- Window profiles
- (Foam) sheeting / roofing materials
- Fencing and terracing

The manufacturers of these products are Holland Colours' customers.
The Building & Construction market follows construction cycles and is subject to regional variations.

PACKAGING

Holland Colours' colour preparations are well-suited to PET applications. This worldwide market is driven by brand-owners, the major soft-drink, food, cosmetics and personal-care brands. Holland Colours' customers are primarily the manufactures of these bottles and packaging materials. In addition to water and soft drinks, PET is also used to package beer, wine and milk, as well as various non-food applications, such as liquid detergents and soaps.

SILICONES & ELASTOMERS

The market for Silicones & Elastomers comprises a number of different segments. Sealants are used in the Building & Construction market in particular. Silicone rubber products (elastomers) are mainly used in the automobile, electronics, domestic and consumer industries, but also increasingly in the textile industry (prints on shirts) and as coatings on fabrics (conveyer belts). Furthermore, elastomeric coatings are becoming very popular in high-end applications in the off-shore industry and industrial flooring. The big silicone-polymer and compound manufacturers operate across the globe and play a key role as both suppliers and customers.

ORGANIZATION AND OFFICES

Holland Colours is organized in three regional Divisions that operate as profit centres in each specific region, namely: Europe (including the Middle East, India and Africa), the Americas and Asia. The split of sales is as follows:

- Europe 54%
- Americas 32%
- Asia 14%

Virtually the entire production is generated by the four principal plants in the Netherlands, Hungary, the United States and Indonesia (Surabaya). Furthermore, Holland Colours has operations in Mexico, Canada, England, Indonesia (Jakarta), China and Japan. In the 2013/2014 financial year, the partners decided to discontinue the operations of HCA Japan Corporation. Local agents/distributors are used in many countries to ensure close relations with customers. The centrally coordinated and organized functions are Purchasing, Research & Technology, Finance & ICT, Legal Affairs and Operations.

"THE SUCCESS OF HOLLAND COLOURS IN THE FUTURE DEPENDS ON COOPERATION, SUPPORTED BY INNOVATIVE PRODUCTS AND EFFECTIVE INFORMATION SYSTEMS."

Inneke Indriati
R&D Manager
PT Holland Colours Asia, Surabaya, Indonesia

KEY FIGURES

Financial year as at March 31	2013/14	2012/13	2011/12	2010/11	2009/10
Results (€ million)					
Sales	66.0	65.9	61.2	60.5	51.0
Increase in sales (%)	0.1	7.6	1.2	18.6	(4.3)
Operating result	5.4	4.9	3.2	5.4	2.7
Net result	3.5	2.9	1.7	3.2	1.2
Cash flow (€ million)					
Cash flow[1]	5.5	4.9	3.9	5.5	3.7
Investments	2.4	1.5	0.7	1.0	0.5
Depreciation	1.9	2.0	2.2	2.4	2.6
Balance sheet (€ million)					
Working capital[2]	11.7	13.6	14.8	12.6	10.4
Invested capital	28.2	30.4	31.8	30.6	30.1
Total equity (excl. minority interests)	25.9	24.9	22.4	22.2	19.9
Balance-sheet total	40.3	40.9	40.7	40.4	39.2
Ratios					
Total debt[3] / EBITDA	0.6	0.8	1.8	1.2	2.0
Operating result / sales (%)	8.2	7.4	5.2	9.0	5.3
Solvency[4] (%)	64.5	61.3	55.3	54.9	50.9
Return on average invested capital[5] (ROI) (%)	18.4	15.6	10.0	17.7	8.8
Return on average equity (%)	13.9	12.2	7.7	14.6	6.1
Interest coverage ratio	22.2	12.7	5.8	7.5	3.0
Current assets / current liabilities (current ratio)	2.4	2.2	1.8	1.8	1.4
Figures per share (€)					
Net result	4.12	3.40	1.97	3.65	1.34
Growth in earnings per share (%)	21.2	72.6	(46.0)	172.4	286.1
Cash flow	6.34	5.73	4.55	6.42	4.35
Equity (excl. minority interests)	30.09	29.13	26.08	25.75	23.17
Dividend	2.12[6]	1.75	1.10	2.30	0.50
Highest share price	34.60	24.24	39.00	30.11	21.79
Lowest share price	21.70	16.39	16.00	19.64	12.25
Closing share price	28.50	22.15	17.00	26.01	20.50
Other data					
Number of outstanding shares	860,351	860,351	860,351	860,351	860,351
Average number of employees (FTE)	397	384	382	383	393

1) Cash flow: net result + depreciation
2) Working capital: inventories + accounts receivable -/- non-interest bearing current liabilities
3) Total debt: sum of interest-bearing debt
4) Solvency: total equity / balance-sheet total
5) Return on average invested capital: operating result / (equity (incl. minority interest) + provisions + interest-bearing debt -/- cash)
6) Dividend proposal

GOOD PROFITABILITY WHILE OTHERWISE A MIXED PICTURE

2013/14 WAS A MIXED YEAR FOR HOLLAND COLOURS

Under persistently challenging economic conditions and partly due to the unfavourable exchange rate development of the US dollar versus the euro, only marginally higher sales than last year were realized. However, it did represent a new sales record after the record set in 2012/2013.
At first glance, the limited increase is disappointing when taking into account the growth ambitions of our strategy programme "HolcoMORE". But the underlying trends can be seen in more positive terms. In Europe for example, all markets with the exception of Building & Construction contributed to the division's strong growth – especially in the fourth quarter. Within this focus market, lower sales due to a further deterioration in the general market conditions were only partly offset by higher sales from HolcoMORE initiatives. Americas showed higher sales in US dollars due to an increase in sales in Building & Construction and despite ower sales in Packaging. Asia showed lower sales both in US dollars and in euros.

Rob Harmsen
CEO Holland Colours
Holland Colours NV, Apeldoorn, The Netherlands

Sales of innovative products (new products introduced during the last five years) were strongly higher than the last financial year. Thanks to this increase in the sales of innovative products, at 9% of total sales, this contribution approaches the target of a share higher than 10%.

GOOD PROFITABILITY

The slightly higher sales, improved margins due to the better sales mix, and modestly higher operating costs have resulted in a 10% higher operating result and a 21% higher net result. Earnings growth is entirely down to Europe, where increased costs are offset by higher sales and margins (improved sales mix). In US dollars, Americas had a modestly lower result than last year. In Asia, the result is lower than last year, partly due to the start-up costs of Holco Indo Jaya, as well as additional costs in China.

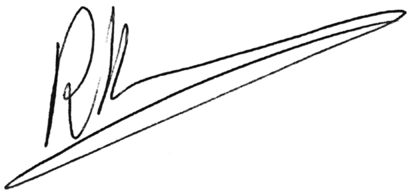
STRATEGY PROJECTS LAUNCHED

The "HolcoMORE" strategy programme was presented at the General Meeting of Shareholders on 11 July 2013. From mid-2013, 11 project teams are working on realizing our growth ambitions. Some projects are already bearing fruit, whereas others are still in the early stages. In Europe, the sales organization changed, and a New Market Development department was set up to focus on growth (through projects) in potentially interesting countries and/or regions. Both organizational changes are aimed at operating more efficiently and realizing our growth ambitions.
One of the HolcoMORE projects targets corporate social responsibility. We cover this important subject in greater detail later in this report.

We are delighted to report a decrease of the number of lost time incidents from 3 to 1, and that the number of days sick leave as a result of this dropped from 14 to 1.

CONTINUING TO WORK TOWARDS THE FUTURE

For 2014/2015, we expect continued economic uncertainty and volatility – especially in Europe. Key issues that continue to require attention are improving the profitability of Holland Colours China and Holco Indo Jaya, further developing the HolcoMORE programme and increasing our innovative efficiency.



Rob Harmsen
CEO Holland Colours

THE FUTURE OF OUR PAST

The theme for this annual report is **"The future of our past".**

Our strategy programme "HolcoMORE" was presented last year. It is a programme that aims at further growth and corporate continuity. On 1 April 2014 the company turned 35. A milestone we are very proud of.

HolcoMORE is not only a collection of projects targeting market growth, operational effectiveness and efficiency. It is primarily geared towards doing things differently and keeping each other sharp and creative. The best way to achieve this is to look back and identify which values were at the basis of the success of Holland Colours and how to use those values for future success.

The founders of Holland Colours had a unique idea 35 years ago to create a successful company: in a world that was still not yet clean, encapsulating dusty materials could open up a new market. The natural 'carrier' possessed the extra advantage of having a dispersing capacity. An innovative idea that was realized. A number of principles formed the foundation of this success. One of the founding principles was that all employees had to be a shareholder in the company. That created involvement and loyalty with the company and other colleagues.

We are preparing for the future. There are many challenges. The quest for new markets and products requires creativity and involvement. This means that employees need to challenge each other continuously to take initiative and create synergies. And that demands personal and professional development in which this process is pursued with an open attitude. We are responsible for our success together. That does not mean we have to re-invent the wheel, but we need to apply the values that have formed the foundation of our success over the last 35 years with an eye to the future: The future of our past.

"LOGISTICS AND CUSTOMER SERVICE DEPARTMENTS RECENTLY MERGED INTO 1 TEAM. THIS PROMOTES COMMUNICATION AND GENERATES NEW IDEAS SO WE CAN BETTER SERVE OUR CUSTOMERS AND MORE EFFICIENTLY USE OUR PRODUCTION CAPACITY."

Stijn van Asselt
Customer Service Manager
Holland Colours Europe BV, Apeldoorn, The Netherlands

VISION, MISSION, STRATEGY

The success of Holland Colours is based on its unique products for colouring plastics (as these products are free-flowing, dust-free, and very easy to dose, they offer major benefits to customers). But its success is also down to the internal culture that focuses on entrepreneurship, customer focus, respect and commitment. Employee ownership is an important binding element in this.

VISION

Technology has a major influence on Holland Colours' operations. Its customer-specific products have to comply with all the relevant functional, aesthetic and processing requirements. These requirements are continuously changing, and are influenced by social themes such as recycling, fashion trends and product and production innovation at our customers. This demands close contact with the market, from supplier to customer and from regulator to brand owner, in combination with the internal resources to reflect all developments in Holland Colour's products and processes quickly and adequately.

MISSION

The mission of Holland Colours is to be the preferred supplier globally in the markets in which it operates.

STRATEGY

Holland Colours' strategy – partly expressed in the "HolcoMORE" strategy programme – to achieve this mission is based on five elements:

1. Market focus
2. International presence
3. Innovation
4. Providing a good service
5. Working efficiently

MARKET FOCUS

Holland Colours mainly focuses on the following plastics markets: Building & Construction, Packaging and Silicones & Elastomers. The company is striving to achieve market leadership in these markets.

INTERNATIONAL PRESENCE

Holland Colours has a number of large (mutinational) customers that are serviced worldwide. They rely on the international network comprising of the company's own

"INNOVATION IS A KEY PILLAR FOR OUR FUTURE. SAFETY, RELIABILITY OF DELIVERY, EFFICIENCY AND SYNERGY ARE ESSENTIAL ELEMENTS IN THE PRODUCTION OF NEW PRODUCTS."

Paul Karrenbeld
Director Global Operations
Holland Colours NV, Apeldoorn, The Netherlands

(production) sites in the Netherlands, Hungary, the UK, the USA, Mexico, Canada, Indonesia (two sites) and China, as well as of agents and distributors in many countries. In the 2013/2014 financial year, the partners decided to discontinue the HCA Japan Corporation subsidiary. Legal settlement is expected to be completed during the 2014/2015 financial year.

INNOVATION

Knowledge development, often in open partnership with suppliers and customers, is focused on dispersion technology, pigments, colouring systems, carrier materials and customers' processing technology. This combination of knowledge areas and collaboration in the value chain guarantees a continuous flow of new products and solutions. The core competence of Holland Colours is encapsulating dusty materials, as a result of which the customers can easily and safely process them in plastics. Innovation aims at applying this core competence more efficiently.

PROVIDING GOOD SERVICE

Customers are key to Holland Colours. Most of our sales concern customer-specific products that in many cases are developed in cooperation with the customer. Prompt delivery of the right products is a vital part of the company's policy. Furthermore, our products can make a considerable contribution to reducing the ecological footprint of our customers.

WORKING EFFICIENTLY

Making and selling customer-specific products that are also often still subject to change requires the ability to be efficient in terms of reliability of supply, cost control and working capital. Holland Colours has initiated various projects, in terms of both the HolcoMORE and the Lean change programmes, to achieve continuous improvements in this area.

CORPORATE OBJECTIVES

2019 AMBITIONS

The mission and strategy (HolcoMORE) of Holland Colours have been translated into a number of targets/ambitions for the year 2019, namely:

- No lost time incidents
- Realizing sustainability targets (see also section ‘Corporate Social Responsibility’)
- Innovation Index > 10% of total net sales
- Improved customer satisfaction
- Average realized net sales growth of ≥10%
- Operating result as % of net sales of > 10%
- Return on Investment (ROI) >15%
- Operating Working Capital (OWC) as % of net sales of < 20%
- Realization of 10% average year-on-year growth of ‘Earnings per share’

CHALLENGES FOR HOLLAND COLOURS

MARKET DEVELOPMENTS

Finding new opportunities in existing and new markets is essential when certain parts of the world are showing zero growth or even a decline.

PROFITABLE INNOVATION PROGRAMME

To adapt to innovations quickly and promptly and with the right partners, is the foundation for the future of Holland Colours. This is an important element for a profitable growth of the company.

EFFICIENT, SAFE AND SUSTAINABLE OPERATIONS

Continuing the improvement processes aimed at reliability of supply, production efficiency, working capital, sustainability and cost management remains important to Holland Colours.

MANAGEMENT OF THE ORGANIZATION

Holland Colours operates with relatively small operations in a global market with a clear growth objective. An effective degree of autonomy of the operating companies, an effective central management and actively looking for mutual synergy are vital elements in the realization of our objectives. Having or retaining the right person in the right position in the organization is therefore essential for Holland Colours.

COURSE OF BUSINESS IN 2013/2014

SALES

MARGINAL INCREASE IN SALES, NEGATIVE CURRENCY EFFECTS, PERSISTENTLY CHALLENGING MARKET CONDITIONS

(€ million)	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010
Focus markets	53.5	53.1	49.7	50.0	42.6
Specialties	12.5	12.8	11.5	10.5	8.4
Sales	66.0	65.9	61.2	60.5	51.0

Under persistently challenging economic conditions, sales in 2013/2014 rose marginally versus 2012/2013. Sales increased by 0.1% to € 66.0 million (2012/2013: € 65.9 million). In terms of volume, growth was about 3%. Currency effects, especially resulting from a weaker US dollar versus the euro during a large part of the financial year, had a negative effect of about € 1.6 million (2%), while price and mix effects also had a marginally negative effect of nearly 1% on balance. Whereas in the first half year sales decreased by almost 1%, sales in the second six months were almost 1% higher than the same period the year before. After decreasing 3% in the third quarter, sales rose almost 4% in the fourth quarter in comparison to the fourth quarter of 2012/2013.

SALES GROWTH IN EUROPE, SALES DECLINE IN ASIA, AMERICAS STABLE

(€ million)	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010
Europe	35.5	34.6	33.4	33.7	29.8
Americas	21.1	21.1	18.7	19.1	15.7
Asia	9.4	10.2	9.1	7.7	5.6
Sales	66.0	65.9	61.2	60.5	51.0

Versus 2012/2013, sales developed differently across the regions. In Europe, sales grew by 3%, which was almost solely realized in the fourth quarter. In Americas, sales remained at more or less the same level as 2012/2013, due on balance to a relatively strong second quarter being offset by a lower third quarter. Excluding currency effects, growth in this region was 4%. In Asia, sales in euros lagged in every quarter versus last year, with the main decrease being in the second and fourth quarter. Excluding currency effects, sales in Asia decreased by 4%.

POSITIVE SALES DEVELOPMENT IN FOCUS MARKETS

Sales growth	2013/2014	**2012/2013**	2011/2012	2010/2011	2009/2010
Building & Construction	+2%	+3%	-3%	+18%	-5%
Packaging	+2%	+3%	-2%	+16%	-3%
Silicones & Elastomers	+6%	+3%	+12%	+18%	+1%
Total focus markets	+3%	+3%	-1%	+17%	-4%
Specialties	-1%	+6%	+10%	+26%	-7%
Currency effect	-2%	+3%	-2%	+4%	-1%
Total sales	+0%	+8%	+1%	+19%	-4%

Without taking currency effects into account, sales in the Building & Construction market ended 2% higher on balance than in the 2012/2013 financial year, with a limited increase in volume. A decline in Europe was offset by positive developments in Americas.

In the market for Packaging, Holland Colours realized 2% higher sales at markedly higher volumes compared to the previous year, partly due to the growth of Holcomer sales. In this focus market, growth in the divisions Europe and Asia was partly offset by a decrease of sales in the Americas division.

Sales in Silicones & Elastomers increased 6% compared to last year (excluding currency effects). Here a drop in sales in the Asia division was comfortably offset by sales growth in Europe and Americas.

Without taking currency effects into account, sales in Specialties decreased by 1%. This decline is mainly attributable to Asia. In Europe, sales in Specialties rose, while a decrease was shown in Americas.

NEW PRODUCTS / RESEARCH & DEVELOPMENT

In 2013/2014, products developed over the past five years contributed solidly (9% of total) to total sales. Compared with the previous financial year (2012/2013), this represents a strong increase. This rise came primarily from the Packaging focus market. A rise in sales of Holcomer, especially in Europe, appears to indicate that the market has accepted PET packaging for long-life milk as a sustainable alternative to cardboard and HDPE bottles. Holcomer in PET packaging protects milk against the damaging effects of light. The sale of additives and colour concentrates for oxygen-barrier applications rose over the last year versus the year before. Other recently introduced products for packaging, based for instance on innovative carrier systems, achieved their first sales this year.

Sales of innovative products in the Building & Construction market have shown a mixed picture. For example, for the product that gives PVC products a better gloss, sales figures are lagging those in the previous financial year. Conversely, the product that preserves the required firmness in PVC saw higher sales. High Temperature Vulcanization (HTV) colour concentrate for silicone-rubber applications also contributed to the sales growth of innovative products this financial year.

In this financial year, various products, produced on the basis of a new production technology, were introduced to the market and the first sales have now been realized. Patent applications were converted into patents in various countries as well this financial year. Various new projects were launched and the company once again focused on the further development of products that are about to be introduced to market.

RESULTS

STRONG INCREASE IN NET PROFIT

The net profit rose in 2013/2014, from € 2.9 million to € 3.5 million. The operating result rose from € 4.9 million to € 5.4 million. A marginal increase in sales of 0.1% with an increase in gross margin, both in absolute and percentage terms, partly offset by higher operating expenses, is the key explanation for the higher results. The improved margin is mainly the result of product-mix changes. In the 2013/2014 financial year, raw-material prices showed a largely stable trend. Operating expenses were at about 2% above the level of the previous financial year, which on balance is mainly the result of higher personnel costs, currency results and a release of provisions and accruals.

"THE STRENGTH OF A TEAM LIES IN THE UNIQUE COMBINATION AND COORDINATION OF KNOWLEDGE, EXPERTISE, EFFORT AND ACCOUNTABILITY. BY USING EACH OTHER'S EXPERTISE AND EFFORT AND THE MANY TECHNOLOGICAL DEVELOPMENTS, THE ORGANIZATION CAN BE DRIVEN TO A HIGHER LEVEL."

Jules Roelofs
Research & Technology Manager
Holland Colours NV, Apeldoorn, The Netherlands

“WE MUST PROACTIVELY PASS ON TODAY'S KNOW-HOW TO THE NEXT GENERATION. COMBINED WITH OUR UNIQUE PRODUCT AND OUR CULTURE OF SHARED OWNERSHIP, INVOLVEMENT, TRUST, ACCOUNTABILITY AND INTEGRITY, THIS DRIVES THE SUCCESS OF HOLLAND COLOURS AND WILL BRING US TO THE NEXT LEVEL.”

Tineke Veldhuis
Division Director Americas
Holland Colours Americas Inc., Richmond, Indiana, USA

As usual, sales and results in the second half-year were lower than in the first, due to the seasonal fluctuations in the markets relevant to Holland Colours. After a net profit of € 2.2 million over the first half year (2012/2013: € 2.1 million), the second half year closed with a net profit of € 1.3 million (2012/2013: € 0.8 million). During the year, Return on Investment (ROI) increased to 18.4% (2012/2013: 15.6%).

HIGHER GROSS MARGIN MAINLY DUE TO PRODUCT-MIX CHANGES

In 2013/2014, the gross operating result as percentage of net sales was 47.2%, higher than in the previous year (45.7%). In the first six months, a relative gross margin of 47.3% (2012/2013: 44.9%) was achieved. In the second half year, this was 47.2% (2012/2013: 46.6%).

HIGHER OPERATING EXPENSES

Total operating expenses rose from € 25.2 million to € 25.8 million. Currency effects in particular, as well as a release of provisions and accruals, had a lowering effect of about € 0.9 million.
The main increase was in employee expenses, partly due to collective and individual salary adjustments, an increase in health-care contributions in North America, and a rise in the average number of employees versus the 2012/2013 financial year, partly offset by release of accruals for personnel costs. The average number of employees rose 13 FTE, taking it modestly higher than the previous financial year (2012/2013: 384 FTE). Depreciation decreased by € 0.1 million compared to the previous financial year, mainly because investments have remained well below the level of depreciation in previous years. Other operating expenses are at marginally higher levels than last year. Offsetting higher negative currency rate adjustments, higher marketing costs and an increase in other personnel costs was a decrease in energy costs, lower consultancy costs and, on balance, a release in the provision for doubtful debts and claims.

LOWER FINANCIAL EXPENSES

Net financial expenses fell from € 0.4 million to € 0.2 million, both due to decreased financing needs and lower interest rates, amongst others in the Netherlands.

LOWER EFFECTIVE TAX RATE

The effective tax rate fell from 35.0% in 2012/2013 to 31.4% in 2013/2014. This is partly due to higher taxable profits versus 2012/2013 in countries with a lower effective tax burden (such as the Netherlands) and lower taxable profit in countries with a higher tax percentage (such as North America, where the tax rate moreover fell slightly over the financial year). Furthermore, Holland Colours is making better use of a number of innovation-related fiscal stimulus measures in the Netherlands. Withholding tax on dividend payments by foreign subsidiaries had the effect of increasing the effective tax burden of Holland Colours in 2013/2014.

As in 2012/2013, the Dutch part of the company was profitable the last financial year. A deferred tax asset has been included for the losses of earlier years that can be compensated in the Netherlands. Based on the forecast of the results for the Dutch part of the company over the coming years, we expect the losses eligible for full compensation to be applied before the carry-over period expires. The first deductible losses expire after the 2015/2016 financial year.

The cooperation with Dutch Tax Authorities was intensified during this financial year, based on an agreement signed in January 2012 within the Horizontal Supervision framework. Both Holland Colours and the Tax Authorities express the intention in this agreement to work constructively together in promptly signalling and solving fiscal issues.

INVESTMENTS

While in 2012/2013 investments of € 1.5 million remained below the depreciation level of € 2.0 million, investments of € 2.4 million during this financial year were higher than the depreciation of € 1.9 million. The increase in investments was partly down to PT Holco Indo Jaya in Surabaya (a subsidiary initiated in 2012 with the Italian company Gaypa Srl), which investing activities were finalized in 2013/2014. The other investments made relate to regular replacement of production equipment and investments in HSE areas, as well as a number of expansions to production and efficiency improvements. All investments made in the reporting year were financed entirely out of cash flow from operations.

CASH FLOW AND FINANCING

Operating cash flow rose from € 6.3 million in 2012/2013 to € 6.6 million in 2013/2014. On balance, the main reasons for this are the increase in the net result and the decrease of working capital.

At the end of March 2014 the working capital amounted to € 11.7 million, significantly lower than at the end of March 2013 (€ 13.6 million). On balance, this decrease can be attributed to operational working capital at € 2.0 million (inventories and trade receivables decreased by € 0.8 mil-

Marco Kok
CFO
Holland Colours NV, Apeldoorn, The Netherlands

"WHILE MAINTAINING LOCAL ENTREPRENEURSHIP AND OWNERSHIP DEEP WITHIN THE ORGANIZATION, HOLLAND COLOURS PURSUES A SYNERGISTIC AND EFFICIENT RELATIONSHIP BETWEEN THE HOLDING AND ITS OPERATIONS AND BETWEEN THE OPERATIONS MUTUALLY. BY RELIEVING THE OPERATIONS OF AS MUCH ADMINISTRATIVE BURDEN AS POSSIBLE, CORPORATE FINANCE HELPS THEM MAINTAIN THEIR FOCUS ON OUR CUSTOMERS."

lion and € 0.9 million respectively, while trade payables rose by € 0.4 million), with a more or less unchanged balance for other receivables and other payables. The decrease in inventories was mainly due to the decrease of € 0.7 million in the stock of finished products. The inventories of raw materials decreased by € 0.1 million. Despite higher sales in the fourth quarter in comparison with last year, trade receivables fell. This was mainly the result of the improved age of the receivables, expressed in days of sales, from 63.8 to 56.1

The positive cash flow from operating and investing activities of € 4.4 million (2012/2013: € 4.9 million) was more than adequate for making repayments and dividend payments, and therefore the net cash flow was a positive € 2.3 million (2012/2013: € 3.6 million). The total interest-bearing debt fell from € 5.8 million at the end of March 2013 to € 4.5 million at the end of March 2014. The most important banking ratio (Total Debt / EBITDA) improved from 0.8 to 0.6, and remains comfortably below the maximum level agreed with the bank of 3.0.
During the last financial year, only the possibilities of financing subsidiaries were widened and the interest rates on the current account were lowered, both related to the existing financing agreement of Holland Colours NV and Holland Colours Europe BV. Furthermore, the mortgage collateral for financing Holland Colours in North America has expired due to the repayment of an underlying loan. The other financing agreements within the Group remained unchanged in 2013/2014. The bank covenants and the nature and composition of the collateral provided therefore also remained the same taking into account the above changes. During the financial year, Holland Colours met all covenants agreed with the bank. No refinancing is scheduled in the forthcoming financial year.

The company's solvency ratio increased to 64.5% compared to 61.3% at the beginning of the financial year. The increase in equity, on balance the result of the positive net result and negative foreign currency translation results, was offset by a decrease due to the dividend payment in July 2013. The negative translation results of € 1.3 million (2012/2013: € 0.6 million positive) were mainly due to the lower rate of the US dollar versus the euro at the end of the financial year compared to its level at the end of March 2013. The translation results are a consequence of equity holdings in subsidiaries with a functional currency other than the euro.

DEVELOPMENTS PER DIVISION

EUROPE

Key figures (€ million)	13/14	12/13	Difference
Sales	35.5	34.6	+0.9
Operating result	1.5	1.0	+0.5
Investments	0.9	0.6	+0.3
Depreciation	0.9	1.0	-0.1
No. of employees year-end (FTE)	190	180	+10

A modest rise in sales with a limited increase in volume, an improvement in absolute and relative margins, partly offset by higher operating expenses, are the key reasons for the improvement in operating result by € 0.5 million to € 1.5 million in the Division Europe (2012/2013: € 1.0 million positive). Owing to the economic crisis in general and the continuing crisis in the housing market in particular, sales in the Building & Construction focus market lagged sales to a limited degree compared to 2012/2013. Conversely, sales in both Packaging and Silicones & Elastomers, as well as in Specialities, increased markedly.

No recovery in Building & Construction
Due to the continuing recession in the housing market in West European countries in particular, combined with – and as a result of – the eurocrisis, sales in the Building & Construction market fell to a limited degree, after a marginal decline in the last financial year. We managed to limit the decline in sales by successfully launching new activities in this focus market, especially in – but not limited to – South East and Eastern Europe.

Sales of Packaging markedly growing
Although conditions are challenging in the Packaging market too, and the trend of using less colour in PET packaging continues, sales relative to last year grew markedly.

Marked increase in sales of Silicones & Elastomers
The difficult economic conditions in markets related to Building & Construction also continue to affect the (West European) market for Silicones & Elastomers. Sales growth (due to both higher volumes and positive sales-mix changes) was therefore primarily achieved in other markets than Building & Construction, as well as outside Western Europe.

Major emphasis on efficiency improvements
During the last financial year, too, much attention was paid to increasing the productivity of the production lines for Holcoprill through technical changes and modified working procedures. Improvement initiatives are drawn up and implemented on a project basis, aimed at creating a stable and efficient production process.

AMERICAS

Key figures (€ million)	13/14	12/13	Difference
Sales	21.1	21.1	0
Operating result	2.1	2.4	-0.3
Investments	0.5	0.4	+0.1
Depreciation	0.5	0.5	0
No. of employees year-end (FTE)	89	89	0

Sales in the Division Americas grew by a limited degree (4%), from USD 27.0 million to USD 28.3 million. However, due to negative currency effects on the US dollar, sales in euros closed at almost the same level as the previous financial year. The Building & Construction and Silicones & Elastomers focus markets realized marked and limited growth, respectively (excluding currency effects), while sales in Packaging lagged the previous financial year markedly. Sales in Specialties were modestly lower than in 2012/2013. Due to these sales-mix changes and despite stable raw-material price development, gross margins declined in relative terms. The operating result also decreased from € 2.4 million in 2012/2013 to € 2.1 million in 2013/2014.

Marked growth in Building & Construction
During the financial year, the housing market in the United States and also the American economic climate showed tentative signs of recovery. The number of newly built homes rose over part of the financial year, but still lies at a low level compared to the period before the start of the economic crisis in 2008. As a substitute, the renovations market grew and Holland Colours benefited from this, partly with higher sales in PVC profiles and pipes. Also in euro, sales grew in the region. Both existing and new customers contributed to the rise in sales.


HCA

Sales decline in Packaging
Due to strong competition in the US market, consolidation among customers and cutbacks in the use of colours in PET packaging, sales in the market for Packaging fell in 2013/2014. The region also suffered from lagging demand from the dairy packaging market. Among other measures in 2014/2015, Holland Colours will be actively strengthening its relationships with brand owners to turn around the decline in sales.

Marginal growth in Silicones & Elastomers
Excluding currency effects, Silicones & Elastomers achieved a limited increase in sales this year versus the previous year. However, Silicones & Elastomers remains a relatively small portion of the total sales of this Division. The increase was limited by the negative effects of a weak US dollar. Including currency effects, sales increased marginally relative to the previous year.

Lower gross margin due to sales-mix changes
The above-mentioned changes in the sales mix versus financial year 2012/2013 (higher sales in Building & Construction, lower sales in Packaging) have led to a lower gross margin relative to the previous financial year. Raw material prices remained relatively stable throughout 2013/2014. Efficiency improvements, due also to further implementation of the Lean improvement programme, have limited the lower gross margin somewhat.

ASIA

Key figures (€ million)	13/14	12/13	Difference
Sales	9.4	10.2	-0.8
Operating result	1.3	1.6	-0.3
Investments	0.6	0.3	+0.3
Depreciation	0.2	0.2	0
No. of employees year-end (FTE)	106	102	+4

The Division Asia had a difficult year. Sales fell 4%, from USD 13.1 million to USD 12.6 million. The decrease was stronger in euro terms (nearly 8%) due to currency effects. In both Indonesia and China sales lagged versus the previous year. In Indonesia, lagging sales were partly attributable to lower trade sales, while in China lower sales in the Silicones & Elastomers market contributed to the decline in sales versus financial year 2012/2013. These changes in the product mix have led to an increase in the relative gross margin for the region. On balance, lower sales, higher relative gross margin and higher operating expenses resulted in a lower operating result for the Division Asia relative to the previous financial year.

Mixed picture in the segments
Relative to 2012/2013, sales in this Division's main markets (in terms of volume), being Silicones & Elastomers and Specialties, sales fell. Despite this decline, the share of Specialties in Division Asia sales remains high. Silicones & Elastomers had a weak year. Sales measured in US dollars fell significantly mainly as a result of lower sales of products for colouring silicone sealants. While sales in the Silicones & Elastomers and Specialties markets declined, sales in the Building & Construction and Packaging focus markets grew. Although sales in the market for Building & Construction are traditionally low, this market showed a considerable increase in sales in 2013/2014 versus 2012/2013, excluding negative currency effects. Sales in Packaging rose markedly relative to the previous financial year, mainly in the area of colouring of PET bottles.

Holcomer production in Indonesia
On 1 July 2013, the Holcomer production facility in Surabaya, Indonesia, became operational. This project, initiated in 2011/2012 together with Gaypa Srl of Italy, was launched to produce Holcomer in Indonesia. Holland Colours had already introduced Holcomer to the European and American markets for the colouring of PET milk bottles to provide protection against the damaging effects of light, meaning that milk and other dairy products will remain fresh longer. The demand for milk in Asia is expected to rise sharply as a result of the growing middle class in the region. By setting up a production line for Holcomer, Holland Colours is positioning

"MY COLLEAGUES AND I HAVE PUT A GREAT DEAL OF ENERGY INTO GETTING TO WHERE WE ARE NOW, AND THAT HAS RESULTED IN A STRONG BOND WITH AND SENSE OF INVOLVEMENT IN HOLLAND COLOURS. BY APPLYING OUR KNOW-HOW IN EVEN SMARTER WAYS, WE WILL MAKE THE COMPANY EVEN MORE SUCCESSFUL IN THE FUTURE."

Erika Sipos
Customer Service Representative
Holland Colours Hungaria Kft, Szolnok, Hungary

itself to take advantage of this trend. The project is supported by a grant from the Dutch government.

Termination of operations HCA Japan Corporation

Holland Colours (60%) has together with the Japanese Kikuchi Color & Chemicals Corporation ('KCC', 40%) a presence in Japan in the area of Holcobatch for PVC applications. This subsidiary operated as 'HCA Japan Corporation' (since 1997). HCA Japan Corporation's revenues consists of a portion of the margins from the sales of Holcobatch as produced by KCC in Tokyo.

During the financial year, KCC informed Holland Colours that it had to end production at the current site on 1 April, 2014. This would also have an impact on local production of Holcobatch.

As a result of this decision, both parties have decided to transfer production to the Holland Colours production facility in Indonesia and negotiate a new distributor contract for Japan between Holland Colours and KCC. HCA Japan Corporation therefore no longer has a reason to exist. The parties have therefore decided to discontinue HCA Japan Corporation. Legal settlement is expected to be completed in the 2014/2015 financial year.

INFORMATION SYSTEMS

In the 2013/2014 financial year, next steps towards further standardizing and utilizing the functionalities of the ERP information system, previously implemented on a group-wide basis, were made. Standardization and linking information systems will ensure uniform and efficient working processes within the Group to promote the reliability of information and enable optimal realization of synergy between the various businesses. Together with the standard reporting and consolidating software, this software is maintained centrally in Apeldoorn. After the upgrade of the ERP system at the end of the previous financial year, the focus this year has been on a number of smaller projects, such as the SEPA/IBAN conversion.

EMPLOYEES ORGANIZATION

At the end of the financial year, Holland Colours employed 402 employees (FTE) compared to 387 employees (FTE) a year ago. The average number of employees this financial year was 397 (FTE) and was 13 higher than the previous year (2012/2013: 384 (FTE)). The geographical spread of the number of employees at the end of the financial year was as follows:

Own employees	year-end 13/14	year-end 12/13
The Netherlands	132	127
Hungary	69	63
United Kingdom	6	6
United States	79	78
Canada	4	4
Mexico	6	7
Indonesia	88	82
China	18	20
Total	402	387

"AS EMPLOYEE AND SHAREHOLDER OUR STRENGTHS INCLUDE WORKING AS A TEAM, SHARING RESPONSIBILTY, REACHING FOR THE GOAL WITH DEDICATION, GROWING THE COMPANY AND SAFEGUARDING CONTINUITY."

Sylvia Kho-Pangkey
Division Director Holland Colours Asia
PT Holland Colours Asia, Surabaya, Indonesia

CORPORATE SOCIAL RESPONSIBILITY

For Holland Colours, corporate social responsibility is ensuring a balance between the various interests of employees, customers and shareholders in a way that factors in the environment yet secures the company's economic future. This requires the conscious consideration of sometimes conflicting interests, but also the prioritization of a wide range of subjects that must be managed.

OUR PRIORITIES

To ensure a healthy balance between the interests of People, Planet and Profit, Holland Colours has carried out a materiality study. This study prioritized the aspects of sustainability based on internal discussions and an assessment of priorities at companies in the chemical sector.

OUR EMPLOYEES

This section discusses the responsible HR policy of Holland Colours in the sequence of the priorities as proposed.

A healthy workplace
Holland Colours places a high priority on the protection of its employees and their working conditions. This means that the number of accidents must be reduced to a minimum and that each 'near accident' is turned into an optimal learning moment.

Efforts to reduce accidents and near accidents continue unabated. Holland Colours' policy is aimed at executing or structuring work and processes in such a way that personal injury and harm to a person's health are kept to a minimum.

The number of lost-time incidents over this financial year was 1 (Apeldoorn), versus 3 in the previous financial year. The incident resulted in a burn wound after an employee came into contact with hot liquid. The number of working days lost due to lost-time incidents fell for the third year in a row, from 31 to 14 to 1.

Incidents	13/14	12/13	11/12
Near-accidents	2	7	7
Accidents	1	3	2

Over the year, a revised safety policy has been drawn up and implemented at all our sites. The safety of employees is ensured at all production sites by the presence of health and safety committees manned by a total of 30 employees.

The sick leave percentage fluctuated over the last three years around the 2% mark, with absence in Europe a standard one percent higher than in Americas and Asia.

Well-trained and motivated employees
Technology and innovation have a major influence on Holland Colours' operations. To effectively anticipate functional, aesthetic and processing requirements, well-trained employees are essential. Because the quality of a company's employees determines to a large degree the success of the enterprise, the firm invests continuously and substantially in education and training.

During the financial year 2013/2014 roughly 9,000 hours were spent on training and education. That is an average of 14 hours per employee.

Balanced teams
A balanced composition of the workforce makes a positive contribution to the performance of the organization. For many years, women have held managerial positions at all levels in the organization. Holland Colours plays a part in the society in which it operates. This means that throughout Holland Colours both employees and the Executive Team are local people.

About 26% of employees are women. The underrepresentation of women is attributable to the large share of production employees at Holland Colours. Traditionally mostly men work in this occupational area. About 37% of management are women.

	Management	Employees
Men	63%	74%
Women	37%	26%

Expressed as the number of employees, not in FTE.

65% of employees are between 30 and 50 years old and 22% are 50 years or older. Of management, 70% are between 30 and 50. The remaining 30% is older than 50 years.

A good employer
Holland Colours' staffing can be considered stable, with 7% new and 5% leaving employees. In this reporting year, 14 new employees in the segment below 30 years old were taken on, while 2 left. This means the share of these people has increased from 11% to 13%.

As a multinational and globally operating company, Holland Colours operates in various countries, each with their own laws and cultures. For that reason, the operating companies pursue their own HR policy that is geared to the local situation.

The terms of employment are complete and competitive. Nearly all employees participate in a profit share scheme which depends on the Group's result as well as the result of the particular division the employee is based at.

A good relationship between the Executive Team and employees.
Employees should be able to trust that the Executive Team assesses how they function honestly and transparently. Basically every employee has annual planning, progress and appraisal meetings.

Holland Colours employees also participate in Holland Pigments BV. The employees are able to buy or sell shares in Holland Pigments shortly after the publication of the annual and semi-annual figures of Holland Colours NV. Insofar as profit can be distributed, part of it is paid out in Holland Pigments BV shares. At the moment, the current and retired employees hold approximately 22% of the shares in Holland Pigments BV.

OUR ENVIRONMENT

This section discusses the responsible environmental policies of Holland Colours in the sequence of the priorities as proposed.

Our CO_2 footprint
Holland Colours aims to reduce its emission of greenhouse gas per kilo of product to a minimum. As almost no greenhouse gases are produced during the production of colour concentrates, our policies focus mainly on energy-efficiency of the processes at Holland Colours.

The CO_2 emissions per kilo of product produced are 874 grams. The main factor is electricity, which counts for 674 grams. The table shows how CO_2 emissions resulting from electricity decreased limitedly for three years in a row. The CO_2 emissions of natural gas per square metre of floor area as a result of climate factors show a mixed picture.

CO_2 emissions	13/14	12/13	11/12
CO_2 emissions / kg product	874 gr	872 gr	860 gr
CO_2 emissions electricity / kg product	674 gr	676 gr	679 gr
CO_2 emissions natural gas / m^2	18 gr	20 gr	17 gr

Direct CO_2 emissions by Holland Colours is about 8000 tons CO_2, and is primarily caused by heating buildings with natural gas. At 30 tons, freight traffic has a minimal share in the total.

Indirect emissions of CO_2, for which the organization is responsible, comprise the CO_2 emissions of electricity suppliers. The use of electricity is responsible for about 6000 tons of CO_2, which equals 77% of he company's CO_2 footprint.

CO_2 in tons	13/14	12/13	11/12
Scope 1 – Natural gas	798	862	736
Scope 1 – Freight traffic	30	31	31
Scope 2 – Electricity	6,076	5,988	6,002
Scope 3 – Air traffic	498	367	386
Scope 3 – Commute traffic	479	482	446
Total	7,881	7,730	7,601

The organization does not yet have the insight it wishes into the indirect emissions from the traffic movements of its employees. We estimate that both air and commuter traffic contribute about 500 tons of CO_2 each. Holland Colours aims to provide more accurate data on this in coming reporting years.

Energy-efficient is also cost-efficient

The major energy sources are electricity and natural gas, with consumption of 32 and 13 terajoules, respectively. Electricity consumption is expressed in usage per kilo of product produced. As presented in the table below, electricity consumption versus 2012/2013 has fallen by 2%, from 3,588 to 3,516 per kilo of product.

Megajoules	13/14	12/13	11/12
MJ electricity / kg product	3,516	3,568	3,588
MJ natural gas / m^2	305	330	302

The consumption of natural gas per square metre of floor surface area is more difficult to manage. Practice teaches us that the impact of the climate is greater than we as a company are able to influence. The consumption of natural gas per metre of floor surface area therefore shows a variable picture.

Holland Colours aims at active and efficient energy usage. The company is working on energy-saving programmes at its large production facilities. Since last year, Holland Colours in the Netherlands is a participant through the industry organization VNCI in the covenant known as 'Multi-Year

Krisztina Kiraly
Head Human Resource Department
Holland Colours Hungaria Kft, Szolnok, Hungary

"THE STRIKING THING ABOUT HOLLAND COLOURS IS THE GREAT ATMOSPHERE AT WORK AND THE OPPORTUNITIES EMPLOYEES HAVE FOR CONTINUOUS PROFESSIONAL DEVELOPMENT. SPECIFICALLY, THE KEY ELEMENT IS THE WAY EVERYONE'S INDIVIDUAL EXPERTISE IS BROUGHT TOGETHER TO PROVIDE OUR CUSTOMERS WITH THE BEST SERVICE."

Agreements 3'. This imposes a best-effort obligation of saving 8% energy over the 2013–2016 period, having the company's energy consumption monitored and implementing an energy care system within three years. The latter has been largely achieved over this last financial year. Examples of investments aimed at realizing these sustainability targets are replacing the existing factory lighting with new energy-efficient LED lights in Indonesia and the US, fitting energy-efficient heating in offices in the Netherlands and replacing the roof insulation in the Netherlands and the US.

Raw materials

Our products are made to our customers' requirements. Holland Colours uses renewable raw materials where possible. The percentage of renewable raw materials is 29%.

It is not always possible to use renewable raw materials, forcing us to use non-renewable raw materials. Stringent requirements for top-grade applications, such as the thermal stability during processing in plastics, do not always allow for the use of renewable raw materials.

Raw materials in tons	13/14	12/13	11/12
Carrier materials and additives	2,011	1,983	1,871
Colorants	4,088	4,024	3,938
Other, non-renewable raw materials	293	293	323
Renewable raw materials	2,596	2,634	2,754
Total	8,988	8,934	8,886
% Renewable raw materials	29%	29%	31%

The company re-uses rejected raw materials as much as possible to keep waste flows as low as possible, but also because many top-grade colorants have a high monetary value.

Waste is often a raw material

Holland Colours continuously strives to minimize the detrimental effects of production processes on the environment. Dealing with raw materials in a responsible manner, reducing breakdowns and reducing and recycling waste contribute to that. The production sites invest a great deal of time in processing and reprocessing products. In addition to consistently separating waste, this also maintains mass balance. Quality, Health & Safety and Environmental (QSHE) managers operate at the large production sites. They monitor the course of events at these sites and continuously work on improvements.

Waste (in tons)	13/14	12/13	11/12
Product waste	241	196	196
Cleaning waste	139	127	129
Packaging waste	183	177	212
Other waste	71	50	39
Total waste	634	551	576
Waste as share of production	7.0%	6.2%	6.5%

The increase in product waste in particular in the 2013/2014 financial year is partly down to waste from old inventory that could no longer be recycled and the tendency of our customers to order in smaller batches. Holland Colours has started harmonizing its waste reporting to finally gain greater insight into waste flows across all its production sites.

OUR CUSTOMERS

This section discusses the sustainable relationship Holland Colours pursues with its customers in the sequence of the priorities as proposed.

Safe products for our customers

The trust of our customers is crucial for the reputation of Holland Colours and its raison d'être. Our customers must have confidence that the products they buy are safe for both their process workers and the ultimate end user. Our processes for transforming raw materials into final products serve to safeguard the health and safety of our customers. Controls are carried out on the chemical properties of raw materials, low-level exposure through the encapsulation of particles in carrier materials, the selection of approved materials for customer-specific applications, quality assurance processes and robust packaging for shipping products.
All our plants in Europe, as well as our site in Indonesia, are ISO 9001 and ISO 14001 certified. Our plant in Indonesia is also OHSAS 18001 certified. In Richmond, our US site, we work with local standards, which are often higher than the stated ISO norms.

Customers demand sustainable and innovative products

The success of Holland Colours is based on its unique products for colouring plastics. As these solid concentrate products are "free flowing", dust-free, and very easy to dose, they offer customers big advantages, as do the liquid paste products that Holland Colours produces for various applications.
From the day it was founded, Holland Colours has been manufacturing sustainable products by using natural and renewable raw materials. This is reflected in the high percentage of renewable raw materials as a total of all the raw materials in production. Where possible improvements are carried out to limit the impact on the environment throughout the lifecycle.
Sustainability and innovation are closely connected at Holland Colours. One of the priorities in our innovation programme continues to be the development of products specifically for sustainable applications, e.g. colour concentrates for biopolymers. In addition, sustainability is an important element in the choice of innovation projects, process routes and raw materials. From the earliest stages of product development, priority is given to products or solutions that contribute to saving energy, reducing waste, recyclability, use of renewable raw materials and longer life cycles for end products, both at Holland Colours and further along the chain.

Customers know what they are dealing with

Our customers should understand and trust our products. We help them where necessary to use our products more efficiently on their production lines.

Technology has a major impact on the operations of Holland Colours, on both our expertise in or processing of pigments, chemical technology or materials. Its customer-specific products have to comply with all the relevant functional, aesthetic and processing requirements. These requirements are continuously changing, and are influenced by social themes such as recycling, fashion trends and product and production innovation at our customers. This demands close contact with the market, from supplier to customer and from regulator to brand owner, in combination with the internal resources to reflect all developments in Holland Colour's products and processes quickly and adequately.

“WORKING AT HOLLAND COLOURS IS VERY CHALLENGING AND FULFILLING. AS A CONSEQUENCE, EMPLOYEES CONTINUE WORKING FOR THE COMPANY FOR MANY YEARS.”

Nono Adrianto Soetedjo
Manufacturing & Technology Manager
PT Holland Colours Asia, Surabaya, Indonesia

RISK MANAGEMENT

Each company's strategy is subject to risks. External economic factors, unpredictable market developments, calamities and human factors may affect the realization of the company's objectives. Holland Colours has implemented risk management and control measures, aimed at recognising and, with a reasonable degree of certainty, managing significant risks to which the company is exposed. Risk management, geared to the size and the entrepreneurial nature of Holland Colours, is an integral management task.

Lastly in 2012/2013, an integrated risk assessment was carried out twice (October 2012 and March 2013). Independent of each other, the members of the Supervisory Board and the Executive Team assessed the strategic, operational and financial risks on probability and potential impact. Based on these assessments, the available control measures were recalibrated in 2013/2014. Where necessary, this calibration has led to amendment of the control measures.

The specific risks assigned the highest probability under the above-mentioned assessments are included below. This overview is not per se comprehensive. It is possible that risks are mentioned below (such as cash-flow, interest-rate and credit risks, further explained in the financial statements) and/or not regarded as significant, at a later stage negatively affect the ability of Holland Colours to achieve its company objectives. The risk management and control measures are designed to identify these risks in time.

The company plans to carry out a new integral risk assessment over the coming financial year.

PRINCIPAL STRATEGIC RISKS:

Macroeconomics
Also in the last financial year, it was clearly demonstrated that macroeconomic developments, for instance the significant events in the eurozone and the housing market, substantially affect demand for the products of Holland Colours. The company's geographical spread and its diversification across various focus markets reduce the potential effects of this risk.

Innovation and project management
Innovation is an important pillar of the company's strategy. Good cooperation between the different Divisions, the central Research & Technology department and the various disciplines (marketing, sales, production) is essential. Through project management by division management, a joint agenda and progress monitoring, Holland Colours ensures that the innovation process is managed as effectively as possible.

Market and competition
Market risk varies for each focus market and market area. Some markets, such as Packaging, are subject to intensive competition and high price elasticity. In other market areas, such as Building & Construction, Holland Colours holds a technical lead coupled with a unique market position. However, this does not offer any guarantee for the future. Products at the end of their life cycle must be replaced by new, improved and distinctive versions timely. Further, to protect and expand its market position, the company must remain alert to developments at competitors and to new market entrants.

Product portfolio management
As with any organization, Holland Colours also needs to have a good mix of product-market combinations, including both innovative products and products that have already generated positive cash flows over a longer period. Holland Colours increasingly applies portfolio analysis that provide insight into the contribution of the various product-market combinations to the company objectives. This methodology supports the decisions required by the goal of having an optimal mix.

Organizational agility
The complexity and speed of change in the external environment in which Holland Colours operates forces the organization to deal with challenges in the market with agility and flexibility. The organizational model selected, the emphatic use of the brainpower of employees and application of Lean principles in making operating processes more efficient, all contribute to increasing the agility of the organization.

Its international presence is one of Holland Colours’ strengths, but is also a risk, given the company’s size. Control is carried out via a stringent process of budgeting and financial reporting, emphasis on performance management and by making use of external expertise, where necessary.

PRINCIPAL OPERATIONAL RISKS:

Raw materials
Raw materials form an important part of the cost price of the products of Holland Colours. The prices of these raw materials may fluctuate considerably due to fluctuations in their availability. Price increases cannot always be passed on to customers, and even when this is possible, it is usually with some delay. This risk is reduced by co-ordinating strategic purchases centrally and by making price and supply agreements at group level. Furthermore, our order-driven production reduces our inventory risk.

The Executive Team and employees
Holland Colours has a decentralised organization structure. Within the boundaries of the Group's strategy, the Division directors and operating company management determine the operational directions and take business decisions themselves. Not having the right person in the right place forms a risk for the company. Another risk is dependency on key personnel. Managing this risk is an important focus area for the Executive Team. This is done by using training and education, management development, succession planning, and a thorough process of assessment and performance management.

Product liability and safety
Holland Colours has different production processes on a small to medium-size scale. Whenever production control has low levels of automation, the risk of human error increases. Incidents during the production process can never be eliminated. These incidents may lead to a loss of quality, complaints from customers and disruptions in the production process. Holland Colours subjects its products to preventive checks and all sites are ISO certified. Other instruments used by Holland Colours to improve its production processes include improvement measures from the Lean approach, a designated production reporting process and clear standard work instructions. Product liability risks are also covered by agreements made with customers and suppliers, as well as by insurance contracts. Health and safety are also major risks. For this reason, attention is increasingly being given to labour conditions, sick leave and accident prevention, based partly on the basic principles of OSHAS safety management.

Continuity of information provision
From the perspective of cost and risk management, information systems – such as the ERP system implemented within the Group – are mainly being maintained centrally. An interruption of these systems may lead to a disruption to the business processes. This risk is limited as far as possible by means of information security, back-up and recovery and contingency facilities.

Environment
A very limited amount of 'greenhouse' gas emissions are produced when Holland Colours manufactures colour concentrates. The use of water is limited and so the risk of pollution of ground and surface waters is also small. Holland Colours works to further limit these risks. Environmental

"WE ARE ALWAYS WORKING ON DEVELOPING NEW AND INNOVATIVE PRODUCTS TO PROVIDE OUR CUSTOMERS WITH THE UNIQUE TECHNICAL SOLUTIONS THEY HAVE COME TO EXPECT FROM US."

Kim Chaplin
R&D Chemist
Holland Colours Americas Inc., Richmond, Indiana, USA

coordinators have been appointed on a local level. They know the specific situation and as such they implement local legislation. ISO certification forms an effective element of the control measures. Further, the company increasingly works on applying the principles of sustainability.

PRINCIPAL FINANCIAL RISKS:

Financing and interest
Most of the company's financing has been centralised. Financing is subject to a number of conditions, with the total debt / EBITDA ratio being important. As emerged in 2009, there is clearly a potential risk that the covenants will not be met during a deep recession. Such a situation may lead to costly refinancing, possibly linked to a strengthening of the company's equity. Holland Colours closely monitors the agreed ratios in order to reduce the threat of this occurring. Interest rates on long-term loans are usually fixed for the entire term of the loan. Overdraft facilities are generally based on Euribor and Libor plus an agreed surcharge.

Exchange rates
Holland Colours distinguishes between transaction risks and translation risks. When relevant, transaction risks are hedged by means of forward transactions. In addition, it is normal practice to hedge future currency flows for a period of six to twelve months, whereby the hedging percentage is reduced for future cash flows with a longer-term horizon.

RISK MANAGEMENT

Risk management is a responsibility of management at all levels. In 2009/2010, a start was made with a risk register, a system in which risks and control measures are recorded in a structured manner. Lastly in financial year 2012/2013, an integrated risk assessment was carried out twice (October 2012 and March 2013). Independent of each other, the members of the Supervisory Board and the Executive Team assessed the strategic, operational and financial risks on probability and potential impact. Based on these assessments, the available control measures were recalibrated and modified where necessary. The risk register will be assessed again over the coming financial year, including a new integral risk assessment.

An internal review was carried out at our subsidiary in Canada over the last year, focusing on the quality and reliability of the primary processes. The outcome was discussed with the local management. This evaluation did not lead to any procedural changes.
Furthermore, performing self-assessments is a method Holland Colours uses to assess internal control measures. In 2013/2014, every site carried out such a self-asessment into the quality of the primary financial sub-processes. The outcomes of these assessments will lead in 2014/2015 to modification of local processes and procedures where necessary.

Twice a year, all directors and controllers of operating companies sign a compliance declaration with regard to the financial reporting and internal audit. All financial regulations have been laid down in the Holland Colours Accounting Manual. In the above-mentioned declaration, the Management Teams and controllers of the operating companies declare that the results were prepared in accordance with this manual. Each year, the external auditor assesses the design and operation of the administrative organization and the internal audit, insofar as this is relevant to the audit of the Group's financial statements. They report to the local management, the Executive Team and the Supervisory Board. Any risks that are insurable, as in the case of fire and business interruption, third-party liability and product liability, are covered through insurance companies. The company regularly evaluates its insurance cover, the premium it pays and the policy excess that applies. Regarding the insurance of credit risk, this consideration has so far resulted in a negative conclusion.

EVALUATION OF RISK MANAGEMENT AND CONTROL SYSTEMS

The Executive Team is of the opinion that:
- the risk management and control systems provide a reasonable degree of certainty that the financial report does not contain any material misstatements; and
- the risk management and control systems performed satisfactorily during the reporting year; and
- there are no indications that the risk management and control systems will not perform satisfactorily in the current reporting year.

GOOD RISK MANAGEMENT IS NO GUARANTEE

Risk management is a dynamic process. Risks currently assessed as minimal may change in terms of profile and impact at a later stage. New risks, which may possibly result in mistakes or losses, cannot be excluded either. Risk management can never provide an absolute guarantee that the company's objectives will be realized.


D COLOURS

STATEMENT OF THE STATUTORY MANAGEMENT

With reference to Section 5:25c, paragraph 2, under c, of the Financial Supervision Act, the Statutory Management confirms that to the best of its knowledge:

- the financial statements give a true and fair view of the company's assets, liabilities, financial position and result; and
- the annual report gives a true and fair view of the situation as at the balance sheet date, the course of events during the financial year; and
- the annual report describes the material risks the company faces.

PROFIT APPROPRIATION DIVIDEND POLICY: ANNUAL ASSESSMENT

The dividend policy of Holland Colours is not based on the distribution of a fixed percentage of the profit. Instead, it is assessed each year on the basis of the company's financial position and prospects.

The following factors are considered:

- Future financing requirements: the dividend proposal is partly determined by the future finance requirements. Other relevant factors may include additional working capital for growth, investments above the level of the depreciations and potential acquisitions of a limited size.
- Total Debt / EBITDA ratio: in order to maintain access to external financing sources, the ratio between interest-bearing debt and the operating result before depreciation and amortisation is taken into account.

PROPOSED DIVIDEND

The net result per share amounts to € 4.12 compared to € 3.40 last year. It will be proposed to the General Meeting of Shareholders that a cash dividend of € 2.12 per share will be distributed (2012/2013: € 1.75).

OUTLOOK FOR 2014/2015

The economic climate is expected to remain uncertain in 2014/2015. The housing market in particular is still not showing any structural recovery in the parts of Europe relevant to Holland Colours. The American economy is expected to continue its gradual recovery. Economic conditions in Asia appear more positive in general, although signals from China are mixed. These macroeconomic developments are having an impact on the markets in which Holland Colours operates.

In that context the development of the new markets and products identified in the "HolcoMORE" strategic programme will be a key focus point. Also efforts aimed at increasing operational efficiency will continue unabated.

As of 01 April 2014, the number of employees was 402 (FTE). This number is expected to increase over the course of this financial year, due partly to higher levels of activity and the expected growth of the new subsidiary launched in 2012/2013 in Indonesia. As a result of investments in safety and operational efficiency and effectiveness, investment levels are expected to exceed depreciation. However, we expect to be able to finance these investments directly from the cash flow from operations. The company's policy is aimed to remain well within the bank covenants again in 2014/2015. Due to the persistent uncertain economic conditions and the sensitivities to macro-economic tendencies of the markets Holland Colours operates in, Holland Colours will not issue a forecast for the 2014/ 2015 financial year.

Holland Colours NV, 27 May 2014

The Statutory Management
Rob Harmsen
Tineke Veldhuis – Hagedoorn

Executive Team
The highest operational decision-making body is the Executive Team, which is made up of the CEO, the CFO, the Division Directors, as well as the Director Global Operations.
They are, from left to right: A.J. Veldhuis-Hagedoorn (1953)*, Division Director Americas | R. Harmsen (1957)*, CEO, also Division Director Europe | S. Kho-Pangkey (1949), Division Director Asia | R.P. Karrenbeld (1973), Director Global Operations | M.M. Kok (1972), CFO.

(*) – Together they formed the Statutory Management over the reporting year.

An organization chart is shown on page 79. Further information regarding the Members of the Statutory Management and the Supervisory Board of Holland Colours NV is available at www.hollandcolours.com.

CORPORATE GOVERNANCE

ACCOUNTABILITY

Holland Colours promotes responsible behaviour in relation to society and the environment, while taking account of the interests of its various stakeholders: employees, shareholders, other capital providers and customers. The Statutory Management and Supervisory Board share the responsibility for giving due consideration to the interests of all those involved, focusing on the continuity of the company and the creation of shareholder value, both now and in the longer run. The internal risk management and audit systems play an important role therein. For a description of these systems, please refer to the section on Risk management.

The Supervisory Board and the Executive Team endorse the principles of Corporate Governance as established in the principles and best-practice provisions that currently apply to internationally operating publicly listed Dutch companies. In general terms, Holland Colours observes the provisions of the Dutch Corporate Governance Code. The full version of Corporate Governance rules of Holland Colours, together with explanatory notes, can be found on the Holland Colours website. Certain provisions in the Dutch Corporate Governance Code have not been adopted. These are:

Statutory Management:
The existing employment contracts of Statutory Management members already in place prior to the Dutch Corporate Governance Code taking force are respected. The term of appointment of the Statutory Management members is indefinite therein. In the event of dismissal, existing terms of service and regulations are taken into account. The Dutch Corporate Governance Code states that the major elements of the contract between a director and the company must be published without delay when the contract is concluded. In deviation thereto and in accordance with the historical policy of Holland Colours, information on a new director will be published in the annual report. The remuneration policy for the Statutory Management is formulated as a whole by the Supervisory Board and is further described in Note 26 to the financial statements. Holland Colours does not offer any remuneration in the form of options. The provisions with respect to options are therefore not applicable. Within the framework of expatriation, a director has been granted a loan for home finance which is linked to the duration of the expatriation.

Supervisory Board Members:
For as long as Holland Pigments BV retains an interest of at least one third in the issued capital, it is entitled to appoint one Supervisory Board Member. The General Meeting of Shareholders may revoke the binding nature of this right of appointment with a majority of at least two thirds of the

"OUR GROWTH IS BASED ON A CLEAR VISION TOWARDS OUR CUSTOMERS. A VISION THAT NOT ONLY FOCUSES ON WHERE CUSTOMERS ARE TODAY, BUT ALSO ON WHERE IT IS THEY WANT TO BE."

Glen Ewing
Senior Technical Sales Representative
Holland Colours Canada Inc., Toronto, Canada

votes cast, which votes must represent more than half of the issued capital. In view of the size of the Supervisory Board, no separate committees have been constituted. The duties of the remuneration, audit, selection and appointment committees are performed by the full Supervisory Board. The General Meeting of Shareholders determines the remuneration of the Supervisory Board.

Company Secretary:
The size of Holland Colours is not such as to justify allocation of duties and appointment of a Company Secretary as formulated in the Code.

Conflicts of interest:
These provisions are observed and implemented in spirit, given the special position of Holland Pigments BV as investment company in which participation includes all employees of the Holland Colours Group worldwide. In line with the Dutch Corporate Governance Code, transactions between Holland Pigments and the Company that are of material significance are subject to approval by the Supervisory Board.

Shareholder powers:
For practical reasons and because of the costs involved, the provision stipulating the possibility for shareholders to simultaneously attend meetings with investors, analysts, presentations and press conferences is not observed. All relevant information is of course immediately published on the company's website. With regard to the Dutch Corporate Governance Code, it is noted that substantial changes in the policy thereof will be submitted to the General Meeting of Shareholders.

The General Meeting of Shareholders of 11 July 2013 authorised the Statutory Management to acquire the company's own shares for a period of 18 months, i.e. up to 11 January 2015, other than for no consideration and subject to the approval of the Supervisory Board. The acquisition price must range between the amount equal to the nominal value of the shares and the amount equal to 110% of the share price, in which the share price will be: the highest average share price of each of the five trading days prior to the acquisition date in accordance with the Daily Official List of NYSE Euronext Amsterdam.

All documents related to the implementation of the Dutch Corporate Governance Code can be found under Corporate Governance on the website www.hollandcolours.com. Here you will find further information, including the profile, regulation and schedule of retirement by rotation for the Supervisory Board, the Articles of Association of the Company, the whistleblowers' regulation, the regulation on ownership and transactions in shares and other financial instruments and the minutes of the General Meeting of Shareholders.

PREVENTING INSIDER TRADING

In compliance with the Dutch Financial Supervision Act, Holland Colours has instituted a regulation relating to investment in the company's shares, share ownership and preventing the misuse of insider information. Moreover, the duty of disclosure and the relevant best-practice provisions of the Corporate Governance Code have been incorporated in this regulation as far as applicable.

This regulation applies to the Supervisory Board, the Executive Team, Divisional and local directors and a wide circle of employees, as well as to a number of advisers. The central officer supervises compliance with the regulation and registration in this regard, and maintains contact with the Netherlands Authority for the Financial Markets (AFM).

DUTCH MANAGEMENT AND SUPERVISION ACT

The Dutch Management & Supervision Act took force on 1 January 2013. This Act includes a provision relating to the balanced division of seats on the Executive Team and Supervisory Board among men and women. The Executive Team complies with this. The division of seats on the company's Supervisory Board does not comply with this provision. The company plans to review how it might arrive at a more balanced division in future.

INTERESTS OF SUPERVISORY BOARD MEMBERS AND THE EXECUTIVE TEAM

As of 31 March 2014, the Members of the Supervisory Board and the Executive Team own the following shareholdings, which are held as long-term investments:

In Holland Colours NV:	31/03/2014	31/03/2013
Supervisory Board	5.00 %	5.00 %
Rob Harmsen	0.12 %	0.12 %
Tineke Veldhuis-Hagedoorn	0.00 %	0.00 %
Other Executive Team members	0.00 %	0.00 %

In Holland Pigments BV:	31/03/2014	31/03/2013
Supervisory Board	1.82 %	1.82 %
Rob Harmsen	0.00 %	0.00 %
Tineke Veldhuis-Hagedoorn	10.14 %	10.08 %
Other Executive Team members	8.67 %	8.68 %

The Supervisory Board (from left to right): C.G. van Luijk (1949) Chairman, Dutch citizen. Member since 2011; current term until 2015. Additional functions: Member of Broadview Supervisory Board, member of InterXion Holding NV Supervisory Board | Mr M.G.R. Kemper (1968) Dutch citizen. Director/owner of Flegado Group BV. Director of Advitronics Telecom BV. Member since 2011; current term until 2014. Additional functions: None | J.W. de Heer (1961) Dutch citizen. Managing Director of Victron UPS (Thailand) Co., Ltd. Member since 2010; current (second) term until 2018. Appointed under nomination by Holland Pigments BV. Additional functions: Executive Team member of Holland Pigments and Director of TECNED BV. | J.D. Kleyn (1949) Dutch citizen. Partner at Jones Day. Member since 2011; current (second) term until 2017. Additional functions: Chairman of U-Center Supervisory Board, member of Annatommie BV Supervisory Board, member of EYE Advisory Board, member of St. Het Grachtenhuis NaV Board of Trustees, member of M&A Course VU Law Centre Management Board, member of "Vennootschap & Onderneming" Editorial Board, Vice Chairman of Impatients NV

REPORT OF THE SUPERVISORY BOARD

MEETINGS

The Supervisory Board met six times to discuss the general course of business during the past financial year. The following permanent agenda items were discussed: market developments, social aspects relevant to the company, development of the results and balance sheet, company financing, safety, the environment and working conditions, and the improvement of the ERP system, as well as the risk register. Also, the strategic direction of the company and its innovation were regularly discussed, as these are key to the company's targeted profitable growth.

Between the various regular meetings, the Supervisory Board consulted with the management by telephone about all these important issues on several occasions. Because the Supervisory Board wants to follow operating activities closely, it arranges a meeting basically once a year at one of the company's sites. In September 2013, a visit was made to the plant in Richmond.

GOOD PROFITABILITY

The 2013/2014 financial year saw no recovery of activities in Holland Colours' key and cyclically sensitive European Building & Construction market. In America, this market showed signs of recovery. The developments of Holland Colours in Asia fell short of expectations. Specifically China and the new subsidiary PT Holco Indo Jaya lagged. Actions are and will be taken to grow the topline. Sales increased to € 66.0 million. A favourable product-mix development with stable raw-materials prices had a positive effect on margins. In combination with an increase in operating expenses, this resulted in a rise in the net result by 21% to € 3.5 million.

The company remained comfortably within the bank covenants. Working capital was reduced during the year. Innovation too has been a regular topic of discussion, as it plays an important role in the profitable growth of the company. It is encouraging to see that the pipeline of new products continues to be filled and the turnover of innovative products has increased.

RISK MANAGEMENT

As far as can be established as a result of its supervisory role, the Board is of the opinion that the internal risk management and control systems are adequate and effective. During the financial year, the financial, operational and strategic risks were discussed with the management. Given the size of Holland Colours and the implementation of the tasks of the current controllers, the Supervisory Board considers that the appointment of an internal auditor is unnecessary. The system of internal self-assessment controls implemented in 2013/2014 is considered to have been effective. The Management Letter prepared by the auditor containing his opinion regarding the company's administrative organization and internal controls was discussed by the Supervisory Board with the auditor. There were no items in this Management Letter that were qualified as high risk in the opinion of the auditor.

EVALUATION OF PERFORMANCE

The Supervisory Board met prior to each meeting with the management, discussing its own performance and that of the management, among other things. The annual self-evaluation has been carried out. In assessing its own performance, the Supervisory Board concluded that its division of expertise is adequate and sufficiently balanced and that no corrective measures are required. With the exception of one board member meeting, at which one Supervisory Board member was absent, all members of the Supervisory Board were present at all meetings.

ALLOCATION OF DUTIES

The allocation of duties within the Supervisory Board, and its way of working are written down in rules. The profile required of the Board members and a schedule of retirement have also been established. These documents can be accessed on the Holland Colours website. The Dutch Management & Supervision Act stipulates that there must be a balanced division of seats over women and men within the company.

This is understood to mean that at least 30% of the seats are taken by women and at least 30% by men. The profile stipulates that the Supervisory Board pursues a mixed composition in terms of gender and age. The current Supervisory Board consists of four men. Diversity will be factored in for any new appointments, with 'quality' to remain the main criterion. In accordance with provision III 2.2 of the Dutch Corporate Governance Code, all Supervisory Board members are independent, with the exception of Mr J.W. de Heer. He is also on the Board of Holland Pigments and is director/owner of Elned Holding BV. In view of the size of the Supervisory Board, no separate committees have been constituted: the duties of the Remuneration and Audit committees are performed by the full Supervisory Board.

In 2013, Mr Kleyn's first term ended. At the General Meeting of Shareholders on 11 July 2013 he was reappointed for a period of four years. At the same meeting, Mr J.W. de Heer was reappointed until July 2018 (his first term was due to expire in April 2014). The first term of Mr M.G.R. Kemper ends in July 2014. During the coming General Meeting of Shareholders to be held on 10 July 2014, Mr M.G.R. Kemper will be nominated for reappointment (till July 2018).

The remuneration policy for the Statutory Management is set by the Supervisory Board as a whole. The remuneration consists of a fixed salary and a variable payment. The variable payment for the Chief Executive Officer concerns a bonus scheme based on financial and non-financial targets. The bonus amounts to three times the monthly salary in the event that 100% of the targets are achieved, and can rise to a maximum of six times the monthly salary in the event that 150% of the targets are achieved. For the other member of the Statutory Management, the variable payment consists of a profit share scheme which is the same for almost all employees in the Group, and, depending on the ROI and net operating result, could lead to a maximum payment of one and a half times the monthly salary. There is also a bonus scheme in place for the other member of the Statutory Management which applies only if all employees of the Group are paid a share of the profits. The extent of the bonus is determined by the degree to which the defined targets are realized and is capped at two times the monthly salary. Over the last financial year, the Statutory Management was granted variable remuneration.

The remuneration of the Supervisory Board members was amended at the 2012 meeting of shareholders to better reflect the nature and scope of the market standards for similar companies. The details of the remuneration of the Executive Team and Supervisory Board can be found in Note 26 Affiliated Parties of the financial statements.

EXTERNAL AUDITOR

At last year's General Meeting of shareholders, Ernst & Young Accountants LLP, accountant since 2009, was reappointed for a period of one year. The Board thinks that the auditor is able to carry out its auditing duties independently and has given sufficient account of this. To safeguard independence, the Board shall remain alert to the auditor carrying out non-auditory activities. As a result of the fact that the company may legally no longer use the same organization as auditor and tax adviser, it was decided in the 2013/2014 financial year to issue tenders for both functions. Deloitte Belastingadviseurs NV was selected as tax advisor. PricewaterhouseCoopers Accountants NV (PwC Accountants) was selected as preferred candidate for auditor. At the General Meeting of Shareholders on 10 July 2014, PwC Accountants will be nominated for appointment for a period of three years.

ANNUAL REPORT AND DIVIDEND PROPOSAL

The company's annual report, which we now submit to you, contains the financial statements for the financial year 2013 / 2014. These financial statements have been audited by Ernst & Young Accountants LLP, which has issued an unqualified auditor's report that is included on pages 77 and 78 of this annual report. In its meeting of 27 May 2014, and in the presence of the Statutory Management and the external auditor, the Supervisory Board discussed the annual report, the financial statements and the auditor's report. Based on this discussion, we are of the opinion that the annual report and the financial statements both meet the requirements of transparency and form a sound basis for the Supervisory Board's duty to give account of its supervisory activities. We submit the financial statements to the General Meeting of Shareholders and recommend that they be approved in their present form. We further request approval for the dividend proposal of € 2.12 per share. We also recommend that you approve the management conducted by the Statutory Management and the supervision carried out by the Supervisory Board, and that you discharge the Statutory Management and the Supervisory Board of their respective liability.

The members of the Supervisory Board have signed the financial statements and as such they have fulfilled their statutory obligation by virtue of article 2:101, paragraph 2 of the Dutch Civil Code.

We would like to thank the Executive Team and all the employees for their efforts and achievements. We wish the Executive Team and employees every success in achieving the objectives for the coming financial year and would like to express our complete confidence in the strategy pursued by the Executive Team.

Apeldoorn, 27 May 2014

Supervisory Board

C.G. van Luijk, Chairman
J.W. de Heer
M.G.R. Kemper
J.D. Kleyn

THE HOLLAND COLOURS' **SHARE**

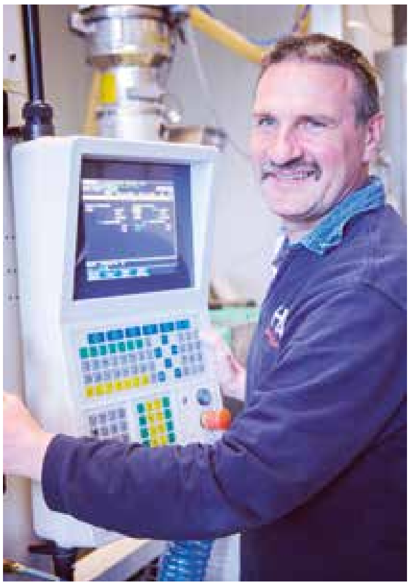
INVESTOR RELATIONS

Share price-sensitive information is always announced via press releases and published on the website. The realized financial results are published every six months, while an interim statement is issued twice a year, after the first and third quarters, providing information on important developments and events, as well as the company's financial position.

SNS SECURITIES IS LIQUIDITY PROVIDER

Holland Colours is a small cap stock with a low free float and generally a low number of share transactions. In order to increase marketability, SNS Securities in Amsterdam has been appointed as a liquidity provider. This means that SNS Securities acts in the market as a counterparty for buy or sell orders, whereby the bid and offer prices are set according to a range around the last traded price. Smaller buy or sell orders are therefore filled by the Liquidity Provider, which results in a more orderly price development of the stock.

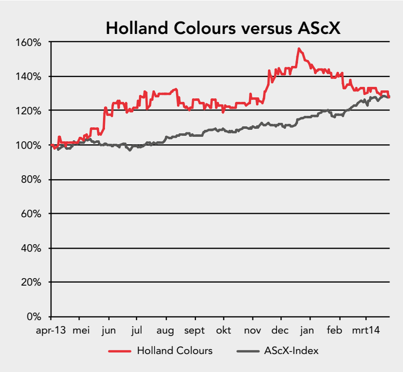
Due to its focus on small and midcap stocks, SNS Securities has frequent contact with professional and private investors in the Netherlands and abroad who hold larger positions and who wish to buy or sell. It may therefore be advisable for investors wishing to trade larger positions to contact SNS Securities. Further information on Liquidity Providing and the trading of larger blocks of shares is available on the SNS Securities website: www.snssecurities.nl

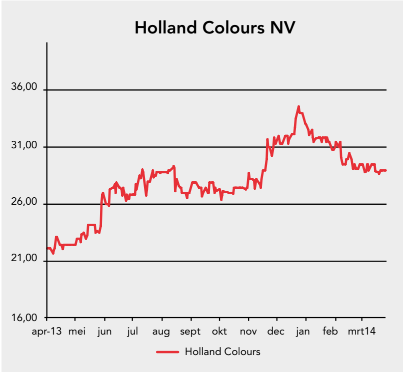


"RESPONDING EFFECTIVELY IN A RAPIDLY CHANGING WORLD IS A CHALLENGE WE ARE FACED WITH ON A DAILY BASIS. BY CREATING CLARITY AND ROOM FOR PEOPLE TO TAKE THEIR OWN INITIATIVE, WE ENCOURAGE THEM TO DO THE WORK THEY ARE GOOD AT."

Nico Beekman
Laboratory Manager
Holland Colours Europe BV, Apeldoorn, The Netherlands

PRICE DEVELOPMENT





NUMBER OF OUTSTANDING SHARES UNCHANGED

The number of outstanding shares has remained constant during the year.

Stocks traded on NYSE Euronext Amsterdam	427,465
Holland Pigments BV	430,263
Registered shares	2,623
Total	**860,351**

SUBSTANTIAL INTERESTS

As of 22 April 2014, the following substantial interests (>3%) were recorded in the registers of the AFM (Netherlands Authority for the Financial Markets) on the basis of the Decree on the Disclosure of Major Holdings and Capital Interests in Issuing Institutions in accordance with the Financial Supervision Act. A list of shareholdings that exceed 3% can be found on the AFM website.

Disclosures	%	Date
OtterBrabant Beheer BV	9.08%	09-11-2010
Lazard Frères Gestion	6.97%	13-02-2014
Stichting Administratiekantoor V-S Holding	6.30%	24-09-2013
ELNED Holding BV[1]	5.00%	04-03-2013
Holland Pigments BV	50.01%	02-04-2012
Free Float	22.64%	
Total	**100.00%**	

[1]Elned Holding BV is legally represented by Mr J.W. de Heer, Supervisory Board member at Holland Colours.

Since July 2013, majority shareholder Holland Pigments BV has had a "one tier board". In this one tier board, each 10%+ shareholder of Holland Pigments is represented by one Board member. The group of (former) employees, currently holding approximately 22% of Holland Pigments shares, is considered a single shareholder. In addition to the supervisory directors on behalf of 10%+ shareholders, Holland Pigments also has one Executive Director.

PUBLICATIONS

In the 2013/2014 financial year, Holland Colours has published the following press releases:

29 May 2013
Publication of 2012/2013 annual figures

11 July 2013
Decisions taken during the General Meeting of Shareholders

15 August 2013
Interim statement first quarter 2013/2014

31 October 2013
Publication of semi-annual figures for 2013/2014

06 February 2014
Interim statement third quarter 2013/2014

KEY DATES

10 July 2014
General Meeting of Shareholders

14 July 2014
Ex-dividend quotation

16 July 2014
Dividend record date

18 July 2014
Dividend available for payment

14 August 2014
Interim statement

30 October 2014
Publication of semi-annual figures for 2014/2015

05 February 2015
Interim statement

28 May 2015
Publication of 2014/2015 annual figures

09 July 2015
General Meeting of Shareholders

FINANCIAL STATEMENTS
2013/2014

CONTENTS OF THE FINANCIAL STATEMENTS

CONSOLIDATED
INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

In thousands of euros	note	01 April 13 / 31 March 14		01 April 12 / 31 March 13	
Revenue			65,950		65,904
Cost of sales and raw materials			(34,747)		(35,712)
Changes in finished product			(44)		(66)
Gross operating profit			31,159		30,126
Employee expenses	6	14,554		14,004	
Amortisation and impairments	10	113		130	
Depreciation and impairments	11	1,806		1,878	
Other operating expenses	7	9,293		9,231	
Total operating expenses			25,766		25,243
Operating result			5,393		4,883
Finance income	8	69		22	
Finance costs	8	(311)		(408)	
Net financial expense			(242)		(386)
Result before tax on profits			5,151		4,497
Tax on profits	9		(1,615)		(1,575)
Net result			3,536		2,922
Attributable to:					
Shareholders of the company			3,541		2,921
Non-controlling interest	20		5		1
			3,536		2,922
Earnings per share in euros					
Average number of shares issued	17		860,351		860,351
Earnings per share attributable to shareholders (ordinary and diluted)			4.12		3.40

Notes 1 to 27 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF **OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

In thousands of euros	note	01 April 13 / 31 March 14	01 April 12 / 31 March 13
Net result		3,536	2,922
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation differences	18	(1,279)	568
Fair value increase on net investment hedge	18	143	(89)
Fair value increase on cash-flow hedge	18	112	36
Tax effect		(64)	(10)
Other comprehensive income		(1,088)	505
Total comprehensive income after tax on profits		2,448	3,427
Attributable to:			
Shareholders of the company		2,472	3,430
Non-controlling interest	20	(24)	(3)
		2,448	3,427

Notes 1 to 27 are an integral part of these consolidated financial statements.

CONSOLIDATED
BALANCE SHEET

AS AT 31 MARCH 2014

In thousands of euros	note	31 March 2014	31 March 2013
Non-current assets			
Intangible fixed assets	10	303	327
Property, plant and equipment	11	14,345	14,292
Deferred tax assets	12	1,983	2,303
Other long-term receivables	13	182	196
		16,813	17,118
Current assets			
Inventory	14	7,425	8,189
Trade and other receivables	15	12,620	13,721
Income tax receivables		244	288
Cash and cash equivalents	16	3,183	1,580
		23,472	23,778
Total assets		40,285	40,896
Equity			
Share capital	17	1,953	1,953
Share premium reserve		1,219	1,219
Other reserves	18	(2,574)	(1,494)
Retained earnings		25,293	23,247
Equity attributable to shareholders of the company		25,891	24,925
Non-controlling interest	20	96	135
Total equity		25,987	25,060
Non-current liabilities			
Long-term debt	21	3,192	3,585
Employee benefit obligations	22	966	1,127
Deferred tax liabilities	12	58	18
Derivative financial instruments	23	196	313
		4,412	5,043
Current liabilities			
Credit institutions	21	1,020	1,686
Repayment obligations for long-term debt	21	250	503
Trade and other payables	24	8,195	8,204
Income tax liabilities		125	74
Employee benefit obligations	22	296	326
		9,886	10,793
Total equity and liabilities		40,285	40,896

Notes 1 to 27 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Equity attributable to shareholders of the company								
In thousands of euros	Share capital	Share Premium	Foreign currency translation reserve	Hedge reserve	Reserve for in-tangible assets	Retained earnings	Total	Non-controling interest	Total equity
As at 1 April 2012	1,953	1,219	(1,980)	(319)	292	21,276	22,441	44	22,485
Net result for the 2012/2013 financial year	-	-	-	-	-	2,921	2,921	1	2,922
Other comprehensive income	-	-	572	(63)	-	-	509	(4)	505
Total comprehensive income	-	-	572	(63)	-	2,921	3,430	(3)	3,427
Transfer of reserve for intangi-ble assets	-	-	-	-	4	(4)	-	-	-
Change of capital	-	-	-	-	-	-	-	94	94
Dividend for 2011/2012	-	-	-	-	-	(946)	(946)	-	(946)
As at 31 March 2013 / 01 April 2013	1,953	1,219	(1,408)	(382)	296	23,247	24,925	135	25,060
Net result for the 2013/2014 financial year	-	-	-	-	-	3,541	3,541	(5)	3,536
Other comprehensive income	-	-	(1,260)	191	-	-	(1,069)	(19)	(1,088)
Total comprehensive income	-	-	(1,260)	191	-	3,541	2,472	(24)	2,448
Transfer of reserve for intangi-ble assets	-	-	-	-	(11)	11	-	-	-
Dividend for 2012/2013	-	-	-	-	-	(1,506)	(1,506)	(15)	(1,521)
As at 31 March 2014	**1,953**	**1,219**	**(2,668)**	**(191)**	**285**	**25,293**	**25,891**	**96**	**25,987**

Notes 1 to 27 are an integral part of these consolidated financial statements.

CONSOLIDATED
CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

In thousands of euros	note	01 April 13 / 31 March 14	01 April 12 / 31 March 13
Operating activities			
Operating result		5,393	4,883
Adjustments for:			
Amortization of intangible fixed assets and impairments	10	113	130
Depreciation of property, plant and equipment and impairments	11	1,806	1,878
Movements in provisions	22	(171)	43
Exchange-rate differences		(116)	(173)
Cash flow from operating activities before movements in working capital		7,025	6,761
Movements in working capital:			
Movements in inventories		346	1,518
Movements in receivables		700	(1,254)
Movements in current liabilities		3	1,326
Cash flow from operating activities		8,074	8,351
Income tax paid		(1,184)	(1,595)
Interest received		-	-
Interest paid		(256)	(429)
Cash flow from operating activities		6,634	6,327
Investing activities			
Gains from the sale of property, plant and equipment	11	26	48
Investments in intangible fixed assets	10	(91)	(120)
Purchase of property, plant and equipment	11	(2,123)	(1,394)
Cash flow from investing activities		(2,188)	(1,466)
Cash flow from operating and investing activities		4,446	4,861
Financing activities			
Change of capital by non-controlling interest		(15)	94
Dividend paid to shareholders		(1,506)	(946)
Proceeds from borrowings		-	-
Redemption payments	21	(493)	(496)
Cash flow from financing activities		(2,014)	(1,348)
Movements in cash and cash equivalents		2,432	3,513
Net foreign exchange rate differences		(163)	39
Net cash flow		2,269	3,552
Net cash and cash equivalents as at April 1		(106)	(3,658)
Net cash and cash equivalents as at March 31		2,163	(106)
Net cash flow	16	2,269	3,552

Notes 1 to 27 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

1. GENERAL INFORMATION

Holland Colours NV ('the Company') is a public limited liability company ["Naamloze Vennootschap"] having its registered office in Apeldoorn, the Netherlands.

The Company and its subsidiaries ('the Group'), manufacture, distribute and sell colour concentrates. The Holland Colours Group operates through ten of its own facilities and a network of agents and distributors.

Shares of the Company are listed on NYSE Euronext, Amsterdam.

The Group's financial year commences on 1 April and closes on 31 March of the following year.

The Company's consolidated financial statements comprise the financial statements of the Company and of its subsidiary companies.

The 2013/2014 consolidated financial statements were discussed in the Supervisory Board meeting on 27 May 2014, and released for publication. The financial statements will be presented to the General Meeting of Shareholders for adoption on 10 July 2014.

The company financial statements form part of the 2013/2014 financial statements of the Company. In relation to the company financial statements, the exemption under article 402 of Title 2, Book 2 of the Dutch Civil Code, it suffices for the company income statement to state the 'net result from participations', and the 'other income and expenses after taxation'. The latter item represents the balance of income and expenses of Holland Colours NV.

The original financial statements were prepared in the Dutch language. This document is a version translated into English. In the event of any differences between the English and the Dutch text, the latter will prevail.

2. SUMMARY OF ACCOUNTING PRINCIPLES

GENERAL

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Title 9 Book 2 of the Dutch Civil Code.

The consolidated financial statements are presented in thousands of euros, rounded to the nearest thousand, unless stated otherwise.

The consolidated financial statements are prepared on the basis of historical cost, except for derivative financial instruments, which are stated at fair value.

Where necessary, adjustments have been made to the financial statements of subsidiaries to bring their accounting principles in line with those used by the Company.

In the preparation of the consolidated financial statements, the Executive Team applied estimates and assumptions to several areas that could have an influence on the amounts included in the consolidated financial statements. Changes in estimates and assumptions may affect the amounts to be reported in subsequent years, and actual outcomes may differ from the estimates made. Actual outcomes may differ from the estimates made. Revisions of estimates are included in the period in which the estimates are revised and in the future periods they might have an influence on. The most important estimates are stated under the relevant policies, and chiefly concern the items of tax and impairments, as well as provisions.

The accounting policies as detailed below are applied consistently for all periods presented in these consolidated financial statements.

Accordingly, the Group applies IAS 1 and presents all changes in equity relating to shareholders in their capacity as shareholders in the consolidated statement of changes in equity, while all changes in equity that are not related to shareholders in their capacity as shareholders are recognized in the consolidated statement of other comprehensive income.

The Group also applies IFRS 8 Operating Segments. The segmentation required by IFRS 8 relates to the Group's management and internal reporting structure.

The following standards and amendments were first applied to the consolidated financial statements at the beginning of the 2013/2014 financial year: IAS 19R (Employee benefits), IFRS 13 (Fair value), as well as IAS 1 (Presentation of financial statements). Use of these amended standards does not have material impact on the 2013/2014 financial statements. The Group has also applied improvements as a result of the annual IFRS improvements project. This has also had no effect on the Group's equity or its result.

The standards and interpretations below were not effective as at the publication date of the Group's financial statements. The standards and interpretations listed below only include those that the Group reasonably expects to be relevant to, and affect, the notes, the financial position or the Group's result. The Group plans to apply these standards and interpretations once become effective:

- IFRS 9 Financial Instruments, takes force per 1 January 2018
- IFRS 10 (Consolidated Financial Statements)
- IFRS 11 (Joint Arrangements)
- IFRS 12 (Disclosures of Interests in Other Entities),
- Annual improvements of IFRS, 2010–2012 Cycle (published December 2013), takes force per 1 July 2014
- Annual improvements of IFRS, 2011-2013 Cycle (published December 2013), takes force per 1 July 2014

Consolidation principles

The Company's consolidated financial statements for the 2013/2014 financial year include the financial data of the Company and all of the subsidiaries in which the Company directly or indirectly has a controlling interest. The Company has a controlling interest if it has the power to directly or indirectly determine the financial and operational policy of a company in such a way that it can derive benefits from the activities of that company. Subsidiary companies are consolidated from date of acquisition, which is the date on which actual control of the acquired entity is obtained; consolidation continues until the date on which actual control ceases to exist. The majority of the financial statements prepared by the subsidiary companies are for the same reporting year as that of the parent company, with application of consistent accounting policies. The exceptions are the financial statements of the entities in Mexico and China. These will be drawn up for a calendar year. An adjustment is made when consolidating these data so that the period corresponding to the parent company's financial year is consolidated, based on the same consistent accounting policies. The consolidated financial statements include the financial data of the following companies:

	capital interest in percent
Holland Colours Europe BV, the Netherlands	100
Holland Colours UK Ltd, United Kingdom	100
Holland Colours Canada Inc, Canada	100
Holland Colours Americas Inc, United States	100
PT Holland Colours Asia, Indonesia	99*
Holland Colours Hungária Kft, Hungary	100
Holland Colours Mexicana SA de CV, Mexico	100
HCA Japan Corporation, Japan, *in liquidation*	60
Holland Colours China Ltd, China	100
PT Holco Indo Jaya, Indonesia	85**

*) Regarding the participating interest in PT Holland Colours Asia in Indonesia, another party holds 1% of the legal ownership. Full beneficial ownership rests with Holland Colours.

**) Regarding the participating interest in PT Holco Indo Jaya in Indonesia, PT Holland Colours Asia holds 35% of the legal and economic ownership.

A decision was made to dispose of the entity in Germany, Holland Colours Deutschland GmbH, during the 2012/2013 financial year. This was mainly settled in the 2013/2014 financial year and final settlement will take place in the 2014/2015 financial year. The disposal had no material effect on the Company's result.
Otherwise, there were no changes to the consolidation group in comparison to the 2012/2013 financial year.

Together with its Indonesian subsidiary PT Holland Colours Asia, Holland Colours NV possesses 85% of the shares in the Indonesian company, PT Holco Indo Jaya. Gaypa Srl holds the remaining 15%. The results of PT Holco Indo Jaya are fully consolidated in the figures for the 2013/2014 financial year. The non-controlling interest in the total equity and the Group result is recognized separately.

The participating interest in Japan, HCA Japan Corporation, in which Holland Colours NV has a capital interest of 60%, is fully consolidated. The non-controlling interest in the total equity and the Group result is recognized separately.

On 6 February 2014, Holland Colours announced its intention to terminate HCA Japan Corporation as at 31 March 2014. This decision was made together with minority shareholder, Japanese Kikuchi Color & Chemicals Corporation. The liquidation is not expected to have any material impact on the Company's results and is expected to take place in the 2014/2015 financial year.

In the consolidated financial statements, all inter-company receivables, payables and deliveries as well as unrealized income and expenses as a result of internal transactions and dividends are fully eliminated. Unrealized losses are eliminated in the same way as unrealized profits, but only insofar as there is no indication of impairment.

Foreign currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euros, the Company's functional and presentation currency.

Transactions in foreign currency are converted to the functional currency at the rate of exchange on the transaction date. All monetary assets and liabilities expressed in foreign currency are converted at the exchange rate that applies at balance sheet date. Foreign exchange differences arising from conversion and settlement are recognized in the income statement.
Assets and liabilities of Group companies with a functional currency other than the euro are converted at the exchange rate that applies at balance sheet date. The income statements for these Group companies are converted at the average exchange rate during the financial year. The resulting differences are recognized in unrealized results and the reserve for conversion differences. On sale or termination of an activity outside the eurozone, the amount concerned is transferred from equity to the income statement as part of the gain or loss on sale or termination.

The rates of the main currencies against the euro are as follows:

Exchange rates used

	At close		Average	
in EUR	31 March 14	31 March 13	13/14	12/13
US dollar	1.38	1.28	1.34	1.29
British pound	0.83	0.84	0.84	0.81
Canadian dollar	1.52	1.30	1.41	1.29
Chinese yuan	8.57	7.97	8.23	8.09
Mexican peso	17.95	15.73	17.24	16.70
Japanese yen	142.40	120.65	134.26	107.02

Derivative financial instruments

Holland Colours uses derivative financial instruments (derivatives), such as currency futures contracts and interest-rate swaps, to limit interest-rate and currency risks arising from operational, financing and investing activities. Derivative financial instruments are not used for trading purposes. If these derivative financial instruments do not meet the requirements for hedge accounting, the profits and losses on these instruments are included in the income statement under Other operating expenses, see note 7. Such derivative financial instruments are initially accounted for using the fair value on the date the contract is entered into, after which the fair value is re-evaluated. Derivatives are entered as an asset if the fair value is positive and as a liability if it is negative.

Any profits or losses arising from changes in the fair value of derivatives are entered directly in the income statement, with the exception of the effective part of a cash-flow hedge, which is entered under other comprehensive income and transferred to the incomes statement later, once the hedged position has been entered under the result.

The hedging of risks is classified as follows:

• *Cash-flow hedge*
Where specific conditions are met (IAS 39), cash-flow hedge accounting can be applied. Briefly, these specific conditions state that a demonstrable one-to-one relationship must exist between the variability of cash flows caused by a certain risk relating to an entered asset or liability, that this relationship must be documented and that the hedge must be sufficiently effective. In such a situation, the gain or loss is stated directly in the consolidated statement of other comprehensive income during the term of the risk and the hedging instrument.

The Group applies cash-flow hedge accounting to interest-rate derivatives. When hedge accounting is applied, a cash-flow hedge reserve is formed in equity. The deferred income tax on the balance is deducted from the reserve. If the hedging instrument expires or is sold, terminated or exercised, without replacement, or if its designation as a hedge is revoked, any accumulated gain or loss initially included in the unrealized results will remain in the unrealized results of the hedge reserve until the expected transaction or agreed commitment takes place. At that time, the hedged transaction is recognized in the income statement and the transfer from equity to the income statement is effected. Cash-flow hedge accounting is not applied to currency contracts. Gains or losses on these hedging instruments are therefore presented in the income statement under Finance income and expense.

• *Hedging a net investment*
Hedges of net investments in foreign operations are treated in a similar way to cash flow hedges. A gain or a loss on the effective portion of the hedging instrument is recognized in the statement of other comprehensive income; the gain or loss on the ineffective portion is recognized immediately in the income statement under Other operating expenses.

The Group utilizes a loan to hedge the currency risks of investments in its foreign subsidiaries. See also note 23: Derivative financial instruments

Gains and losses accumulated in the statement of other comprehensive income are recognized in the income statement at the time of the full or partial closure or sale of the foreign operation.

REVENUE RECOGNITION

Revenue is recognized as the difference between the revenue of the goods and services provided and the costs and other charges for the financial year. Results on transactions are accounted for at the time of delivery. The following policies are used:

Revenue
Revenue is defined as the income generated by the supply of goods to third parties, after deduction of discounts and value added taxes and elimination of all intra-group transactions. Sales of goods are recognized when products have been delivered to the customer, the customer has accepted the products, and collection of the related receivables is reasonably certain. Revenue from the supply of goods is only recognized if the main risks and rewards of ownership of the goods have been transferred to the buyer. No revenues are recognized if significant uncertainties remain with regard to the collection of the payment due, the associated costs or the possible return of goods.

Cost of sales and raw materials
Cost of sales represents the direct and indirect expenses attributable to sales. It also includes changes in the provision for obsolete inventory.

Subsidies
Government subsidies to compensate for expenses incurred by the Group are systematically recognized as income in the income statement, if it is reasonably certain that the subsidy will be received and that all the conditions attached to the subsidy will be met. If the subsidy relates to an expense item, it is recognized as income over the period necessary in order to allocate this to the associated expenses which it is intended to compensate. Subsidies to compensate the Group for the purchase of an asset are included in the income statement for the duration of use of the asset.

Lease payments
Operational leases
Payments made under operational leases are charged to the period to which they relate.

Financial leases
Leases of property, plant and equipment where the Group has virtually all the risks and rewards associated with the ownership of an asset are classified as financial leases. Financial leases are capitalized at the commencement of the lease at the fair value of the leased assets, or at the cash value of the minimum lease payments if lower. Each lease payment is split into repayments and financing expenses so as to achieve a constant interest rate on the balance of the liability outstanding. The corresponding lease obligations, net of finance costs, are included under non-current liabilities. The interest element of the lease costs is charged to the income statement over the lease period.

Financial income and expense
Financial income and expense includes the interest charges on borrowings and interest charges on financial lease payments. Financial income and expense is recognized in the income statement using the effective interest method. Interest income is recognized in the income statement under financial income.

Current income tax
Current tax receivables and liabilities for the current period are measured at the amount expected to be reclaimed from or paid to the tax authorities. The amount of tax is calculated based on the

tax rates and tax legislation established by law on the reporting date as applying in the countries in which the Group operates and generates income subject to taxation.
Current income tax relating to items recognized directly in equity, is recognized in equity and not in the income statement. The Executive Team assesses the standpoints taken in the tax returns with regard to situations in which the applicable tax regulations can be variously interpreted from time to time. Provisions are formed if this is considered to be necessary.

Earnings per share
The earnings per ordinary share is calculated as the net profit or loss attributable to holders of ordinary shares divided by the weighted average number of outstanding shares in the period concerned.

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES

General
The valuation methods are principally based on valuation of the assets and liabilities at historical cost, with the exception of (derivative) financial instruments.

Offsetting financial instruments
Financial assets and liabilities are only recognized on a net basis in the consolidated balance sheet if an actual legally enforceable right exists to net off the amounts recognized and the intention is to settle these amounts simultaneously or on a net basis.

Intangible fixed assets
Costs of development activities are capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete its development. The capitalized expenses comprise direct employee expenses and a surcharge for overhead costs. All other research and development costs are stated as an expense in the income statement at the time that they are incurred.

Capitalized development costs are valued at cost, less accumulated amortization and impairments, if applicable. Amortization costs are charged to the income statement over their estimated useful life, which is five years.

Intangible fixed assets are assessed for impairment if there are indications that an intangible asset might be subject to a loss in value. The amortization period and method for an intangible asset with a measurable useful life is assessed, at the very least, at the end of each financial year. Changes in the expected useful life of an asset or in its expected pattern of future economic benefits are accounted for by changing the amortization period or method and are treated as changes in accounting estimate.

Other intangible fixed assets
The other intangible fixed assets consist of the costs of computer software and licenses, as well as the external costs related to their implementation and use. These costs are amortized over their estimated useful life, which is between three and five years.

Property, plant and equipment
Property, plant and equipment is valued at historical cost, meaning the price paid for obtaining or producing the asset, less accumulated depreciation and, if applicable, impairments. The costs of assets produced in-house comprise material costs, direct employee expenses and an appropriate portion of the directly attributable overhead costs. Finance costs are added to the costs of property, plant and equipment if these meet the conditions for recognition in the balance sheet. If significant parts of property, plant and equipment have to be replaced at regular intervals, the Group recognizes these as separate assets with their own useful life and depreciation method. All other repair and maintenance costs are recognized in the income statement at the time they occur.

Property, plant and equipment is assessed for impairment if there are indications that an item may have suffered a loss in value. The depreciation period and method for property, plant and equipment with a measurable useful life is assessed, at the very least, at the end of each financial year. Changes in the expected useful life of an asset or in its expected pattern of future economic benefits are accounted for by changing the depreciation period or method and are treated as changes in accounting estimate.

Financial fixed assets
Loans and receivables for which the maturity date is more than 12 months after the balance sheet date are presented as financial fixed assets and on initial recognition are measured at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans are valued at amortized cost using the effective interest method, less any impairment. Gains or losses arising from changes in the amortized cost are accounted for in the income statement under finance expenses.

Leased assets
Lease agreements in which the Group assumes all risks and benefits of ownership are classified as financial leases. Property, plant and equipment acquired by means of financial leases is measured at fair value or the cash value of the minimum lease payments at the inception of the lease, whichever is lower, less accumulated depreciation and, when applicable, impairments. Lease payments are stated as described under determination of the result.

Depreciation
Depreciation is charged to the income statement according to the straight-line method on the basis of the estimated useful life of each component of items of property, plant and equipment. Depreciation is not applied to land. The estimated useful life is as follows:

Buildings	25–40 years
Fixtures and installations in buildings	10 years
Plant and equipment	10 years
Other fixed assets	3–5 years

The remaining useful life, residual value and depreciation method are assessed on an annual basis.

Impairment of non-current assets
Non-current assets are assessed for indications of impairment on an annual basis. If there are such indications, the realizable value of the asset concerned is estimated.
The realizable value is either the directly realizable value or the value in use to the company. An asset is written down if its realizable value is less than its carrying amount. An impairment loss is reversed if there is a change to the estimates used to determine the realizable value. An impairment loss is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined after deduction of depreciation if no impairment had been recognized.

Deferred income tax

A receivable is recognized or a provision is formed for deferred tax differences using the balance sheet method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the carrying amount of these items for tax purposes.

The carrying amount of deferred tax assets is assessed at reporting date and reduced, insofar as it is unlikely that sufficient taxable profit will be available against which these temporary differences or compensable loss can be fully or partially deducted. Deferred tax assets not included are reassessed at reporting date and included insofar as it is likely that future taxable profits will be available against which the deferred asset can be deducted.

Deferred tax assets and liabilities are valued at the tax rates expected to apply in the period in which the asset is realized or the liability is settled, at the tax rates (and tax law) in force at the time the reporting process is definitively completed.

Deferred tax relating to items not included in the income statement are not recognized under profit or loss. Depending on the underlying transaction, deferred tax is recognized either in other comprehensive income or directly in equity.

Deferred income tax assets and liabilities are netted off where it is legally enforceable to net off current income tax assets with current income tax liabilities and deferred taxes pertaining to the same taxable entity and the same tax authority.

There is some uncertainty about the interpretation of complex tax regulations and the amount and timing of future taxable profits. Given the huge diversity of international business relations, discrepancies between the assumptions made and the actual outcomes, or future changes in such assumptions, could lead to future changes in the tax payments and returns already recognized.

Inventory

Inventory is valued at the purchase price, or at market value if lower. Finished product is valued at production cost including costs of raw materials and a surcharge for direct and indirect production costs based on normal capacity, or at market value if lower. The direct market value comprises the estimated sales price in the normal course of business, less the estimated costs of completion and settlement of the sale.

Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently at amortized cost. A provision for default is established when it is foreseen that a receivable cannot be collected in full.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and deposits that are available on call.

Share capital

Share capital is classified as equity.

Dividend

Dividend payable to shareholders is recognized as a liability to shareholders once the proposed profit appropriation has been approved by the General Meeting of Shareholders.

Employee benefit obligations

Holland Colours has a variety of pension plans in accordance with local regulations and conditions.

The pension schemes of the subsidiaries are in line with local legislation and regulation and are processed in the financial statement as defined contribution plans. These involve payment of predetermined premiums to an insurance company. Under these pension plans Holland Colours has no legal or factual obligation to pay additional premiums if the insurance company has insufficient means to fund current or future pensions.

One subsidiary has a pension scheme that pays out at pensionable age and is based on local legislation. The associated pension liability is determined by actuarial valuation. The resulting liability has no material effect on the Group's financial statement, and as at 31 March 2014 amounted to € 168 (31 March 2013: € 190). This amount is entered under employee benefits. The key principles for the calculation are the applied mortality table (TMI 2011) and the interest rate, which is 8.6% (31 March 2013: 6.3%). The annual costs are recognized in the income statements.

Other employee benefits

As a consequence of the termination of the early retirement plan (including the transitional arrangement) for the employees in the Netherlands, the originally agreed conditional financing of past service years was converted into an annual payment in the same amount, which is also conditional. The chief conditions for this payment are that an employee must still be in the Company's service at the time of the annual payment and that the Group's financial results are assessed by the Executive Team as being sufficient to cover this payment. The Group has formed a provision for this future liability, which will end in September 2035.

The Group has also formed a provision for other long-term obligations regarding employee benefits, including jubilee payments, which employees have earned for their service in the current and previous reporting periods.

The obligations are calculated using actuarial principles and based on a discount rate of 2.6% (2012/2013 2.0%) in accordance with the Markit IBoxx Index of high-value corporate bonds, and are recognized under non-current liabilities. The expenses are reported in the income statement under employee expenses. All assumptions are reassessed at balance-sheet date.

Provisions

A provision is stated in the balance sheet when there is a legally enforceable or actual obligation for the Group as a result of an event in the past, a reliable estimate can be made and it is likely that an outflow of resources will be required to settle this obligation.

Interest-bearing loans

Drawn down interest-bearing loans are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans are valued at amortized cost, whereby a difference between the cost and the repayment value is recognized in the income statement on the basis of the effective interest method over the term of the loan.

Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost.

Determination of fair value

For a number of accounting policies and the information provided by the Group, the fair value of both financial and non-financial assets and liabilities has to be determined. Further information is provided on the principles used for the determination of fair value in the note relating to the asset or liability in question for measurement and informative purposes.

Interest-bearing receivables

Interest-bearing receivables at fixed and variable interest rates are assessed by the Group on the basis of factors such as the applicable interest rate and the borrower's individual creditworthiness. A provision is formed for losses expected on these receivables on the basis of this assessment if this is considered necessary. As at 31 March 2014, the carrying amount of these receivables did not vary materially from their fair value.

Trade and other receivables

The fair value of trade debtors and other receivables is estimated as the cash value of the future cash flows based on market interest rates as at the reporting date. This fair value is determined for informative purposes.

3. FINANCIAL RISK MANAGEMENT

As part of the normal conduct of its business, the Group is exposed to currency, credit, liquidity, interest-rate and translation risks. In terms of risk management policy, it is recognized that the financial markets are unpredictable and that the aim should be to limit the potential negative effects of this on the Group's financial results as far as possible. The risk arising from fluctuations in foreign currency rates and interest rates is hedged using derivative financial instruments. The Executive Team determines principles for overall risk management and provides policies for specific areas, such as currency risk, credit risk, liquidity risk, interest-rate risk and translation risk, and the use of derivative and non-derivative financial instruments. These principles or methods may vary per group company as a result of differing local market circumstances.

CURRENCY RISK

The Group operates internationally and is exposed to currency risks, the key currencies being the US dollar and the British pound. Currency risks arise from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Currency risks arise when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is responsible for managing the net position in each foreign currency. In general, remaining currency risks are hedged by using currency instruments. The Group has foreign subsidiaries whose equity is exposed to currency translation risks. These risks are partially hedged. In the management of currency risks, Holland Colours aims to limit the effect of exchange-rate fluctuations on the group result. In the long-term, however, structural changes, especially in the value of the US dollar relative to the euro, and changes in the difference between US and European interest rates, will influence the consolidated result and capital.

A general increase of 10% in the value of the euro versus the US dollar in 2013/2014 would have had a negative effect on the profit before income tax of € 375 (2012/2013: negative € 322) as a result of movements in the value of the financial assets and liabilities. The net equity including conversion effect would have been impacted by minus € 1,517 (2012/2013: € 1,222 lower) with all other variables remaining unchanged. A general 10% increase in the euro versus the US dollar would have had a positive effect on the profit before income tax in 2013/2014 of € 420 (2012/2013: positive € 394), with net equity – equally including conversion effect – being impacted by plus € 1,630 (2012/2013: € 1,494), with all other variables remaining unchanged. On 31 March 2014, if the British pound had weakened against the euro by 10%, also with all other variables unchanged, there would have been a negative effect on net profit of € 217 (2012/2013: € 242 lower). Including conversion effect, net equity would be € 222 lower (2012/2013: € 205 lower). A general 10% increase in the British pound versus the euro would have had a positive effect on the profit before income tax in 2013/2014 of € 264 (2012/2013: positive € 266), with net equity – equally including conversion effect – being impacted by plus € 270 (2012/2013: € 175), with all other variables remaining unchanged.

In relative terms, the various foreign currencies affected the Group's net sales and expenses as follows:

	Sales		Expenses	
in percent	2013/2014	2012/2013	2013/2014	2012/2013
Euro	47%	48%	55%	55%
US dollar	39%	40%	34%	35%
British pound	5%	4%	2%	2%
Other	9%	7%	9%	8%
Total	100%	100%	100%	100%

The exchange rate differences recognized in the income statement under note 7: Other operating expenses in 2013/2014 came to a negative € 107 (2012/2013: negative € 2).

CREDIT RISK

Credit risk is the risk of financial loss by the Group in the event a customer or counterparty to a financial instrument fails to meet their contractual obligations. Credit risk mainly arises from receivables from customers. Holland Colours follows an active policy to minimize credit risk. This policy includes strict internal guidelines regarding overdue payments, the use of sales information systems, the consultation of external sources and, where necessary, requesting security for payment. Thanks to the distribution over a large number of customers and geographical areas, there is no significant concentration of credit risk. No credit risk insurance has been effected. The total carrying amount of the financial assets, € 15,985 (31 March 2013: € 15,497), indicates the maximum exposure to credit risk

LIQUIDITY RISK

Liquidity risk is the risk that Holland Colours is unable to meet its obligations when they are due. Holland Colours' policy with regard to liquidity risk is to ensure to the best of its ability that sufficient committed credit facilities are available to meet its payment obligations on time, in both normal and exceptional situations.

The bank agreements and collateral provided in relation to the Group's financing agreement have not been changed since 31 March 2013. However, in the 2013/2014 financial year, the collateral provided on the buildings has been released due to repayment of the interest-bearing loan in the US.

An important ratio is the ratio between debts to credit providers and the 12-month rolling earnings before interest, tax, depreciation and amortization, known as the Total Debt / EBITDA ratio. This ratio may not exceed 3.0 at any time. Holland Colours complied with this agreement at all times during the 2013/2014 financial year. At the end of the 2013/2014 financial year this ratio amounted to at 0.6 (31 March 2013: 0.8).

The other agreements with the banks concern the Tangible Net Worth ratio, which must be at least 40%, and the Debt Service Cover ratio, which must be higher than or equal to 1.0. Holland Colours also complied with these financial covenants in the 2013/2014 financial year. On 31 March 2014 these ratios stood at 62.2% and 6.7, respectively (31 March 2013: 58.6% and 6.0).

In addition to the interest-bearing loans issued, the Group has credit facilities as at balance-sheet date of € 8,114 (31 March 2013: € 8,209) consisting of current-account credit. These commitments are provided by various international and local banks and have no expiry date. At balance sheet date, €1,020 (31 March 2013: € 1,686) of the credit facilities was drawn down.

The interest margin on the credit facility in the Netherlands depends on the Total Debt / EBITDA ratio.

The contractual maturity of the financial liabilities as at 31 March, including expected interest payments, can be specified as follows:

2013/2014	Carrying amount	Contractual cash flow	< 1 year	1-2 years	2-5 years	> 5 years
Financial liabilities						
Long-term debt incl. derivatives	3,442	4,028	416	405	2,817	390
Credit institutions	1,020	1,020	1,020	-	-	-
Trade and other payables	8,195	8,195	8,195	-	-	-
Total	**12,657**	**13,243**	**9,631**	**405**	**2,817**	**390**

2012/2013	Carrying amount	Contractual cash flow	< 1 year	1-2 years	2-5 years	> 5 years
Financial liabilities						
Long-term debt incl. derivatives	4,088	4,933	705	854	2,710	664
Credit institutions	1,686	1,686	1,686	-	-	-
Trade and other payables	8,204	8,204	8,204	-	-	-
Total	13,978	14,823	10,595	854	2,710	664

Based on the book values stated in the financial statements, as at 31 March 2014, 7.3% (31 March 2013: 12.3%) of the Group's long-term debts will mature within one year. Based on the current situation, the Executive Team assesses the risk as low that Holland Colours will not be able to meet its liabilities.

INTEREST-RATE RISK

Interest-rate risk is the risk that the fair value of future cash flows of a financial instrument will change as a result of movements in market interest rates. The risk incurred by the Group as a result of fluctuations in market interest rates mainly concerns its variable interest-rate credit facilities. The Group's interest-rate risk arises mainly from non-current borrowings and debts to credit institutions, as the Group has no significant interest-bearing assets. It is the Group's policy to hold the majority of its loans at fixed rates of interest. The Group does so by using variable-to-fixed interest-rate swaps for its long-term loans.

At balance-sheet date, the following interest-rate instruments were outstanding:

• Interest-rate swap to end of August 2015	US dollar 2,500 received 3-month LIBOR:	payment 4.09% fixed
• Interest-rate swap to end of August 2020	Euro 1,625 received 3-month Euribor:	payment 3.14% fixed

At 31 March 2014, if the euro interest rate had been 100 basis points higher, with all other variables constant, the result before tax would have been € 14 lower (2012/2013: €11 lower), mainly due to higher interest expense on variable-rate loans. The negative effect on equity would have been €10 (2012/2013: € 8 lower). The assumed change in basis points of the interest-rate sensitivity analysis is based on currently observable market conditions.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value and book value of financial assets and liabilities included in the balance sheet are as follows:

	31 March 2014		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at amortized cost				
Other long-term receivables	182	182	196	196
Trade and other receivables	12,620	12,620	13,721	13,721
Cash and cash equivalents	3,183	3,183	1,580	1,580
	15,985	15,985	15,497	15,497
Liabilities measured at fair value				
Interest-rate swaps for which hedge accounting is applied	(196)	(196)	(313)	(313)
Liabilities measured at amortized cost				
Bank loans	(3,442)	(3,669)	(4,088)	(4,541)
Credit institutions	(1,020)	(1,020)	(1,686)	(1,686)
Trade and other payables	(8,195)	(8,195)	(8,204)	(8,204)
	12,657	12,884	13,978	14,431

Where hedge accounting has been applied, the changes in value of the above-mentioned liabilities estimated at fair value are recognized in the income statement.

The Group has entered into derivative financial instruments with the bank in the Netherlands. Derivatives valued using valuation methods based on observable market variables are mainly interest-rate swaps. The interest-rate swaps are valued using the cash value of contractual cash flows, factoring in contractual and current interest rates and the credit quality of the counterparty and the company.

For trade and other receivables, payables to suppliers, credit institutions and other debt due to expire within one year, the nominal value is considered to be a reflection of fair value due to the short duration.

RAW MATERIALS

Holland Colours is constantly searching for alternative sources of raw materials (including pigments and dyes) to ensure a constant supply, as well as to prevent cost increases as far as possible. No forward buying contracts for raw materials were concluded in 2013/2014.

CAPITAL MANAGEMENT

The capital comprises issued Company shares and equity attributable to holders of equity instruments of the parent company. The chief aim of capital management for the Group is to retain the high level of creditworthiness and healthy solvency levels in support of the Group's operations and to maximize shareholder value.

4. CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method. Cash flows in foreign currencies are converted at the exchange rate on the date of the cash flow, or based on averages. A distinction is made in the cash flow statement between cash flows from operating, investment and financing activities. Movements not resulting in cash flows are eliminated from this statement.

5. SEGMENT INFORMATION

The Group is divided into geographical segments for management purposes. The segment information in the financial statements is therefore presented based on this division.

The Executive Team monitors the operating results of the geographic segments to facilitate the decision-making process in relation to the allocation of resources and the evaluation of results. The segment results are assessed based on the operating result, which is determined in the same way as the operating result in the consolidated financial statements.

The financing of the Group, including finance income and costs and income tax, is managed at Group level and is not allocated to the operating segments.

Current income tax, deferred income tax and certain financial assets and liabilities are also not allocated to the segments since these items are managed at Group level.

Internal settlement prices between the operating segments occurs on a commercial basis and similarly to transactions with third parties.

Segments 2013/2014	Europe	Americas	Asia	Other	Adjustments and eliminations	Total
Sales	**35,467**	**21,085**	**9,398**	**-**	**-**	**65,950**
Intersegmental transactions	**601**	**82**	**9**	**-**	**(692)**	**-**
Sales including intersegmental transactions	**36,068**	**21,167**	**9,407**	**-**	**(692)**	**65,950**
Depreciation, amortization and impairment	**877**	**493**	**184**	**365**	**-**	**1,919**
Operating result	**1,456**	**2,094**	**1,261**	**582**	**-**	**5,393**
Net financial expense	**-**	**-**	**-**	**-**	**(242)**	**(242)**
Tax	**-**	**-**	**-**	**-**	**(1,615)**	**(1,615)**
Net result	**-**	**-**	**-**	**-**	**-**	**3,536**
Assets	**18,935**	**10,913**	**6,985**	**32,941**	**(29,489)**	**40,285**
Liabilities	**12,168**	**1,836**	**2,072**	**5,083**	**(6,861)**	**14,298**
Total investments	**868**	**511**	**682**	**362**	**-**	**2,423**
Average number of employees (in FTE)	**187**	**89**	**104**	**17**	**-**	**397**

Segments 2012/2013	Europe	Americas	Asia	Other	Adjustments and eliminations	Total
Sales	34,638	21,058	10,212	(4)	-	65,904
Intersegmental transactions	701	14	-	-	(715)	-
Sales including intersegmental transactions	35,339	21,072	10,212	(4)	(715)	65,904
Depreciation, amortization an impairment	961	507	161	379	-	2,008
Operating result	997	2,378	1,559	(51)	-	4,883
Net financial expense	-	-	-	-	(386)	(386)
Tax	-	-	-	-	(1,575)	(1,575)
Net result	-	-	-	-	-	2,922
Assets	18,342	12,258	7,040	30,535	(27,279)	40,896
Liabilities	11,650	2,477	1,350	6,182	(5,823)	15,836
Total investments	622	357	348	187	-	1,514
Average number of employees (in FTE)	181	88	100	15	-	384

Sales in the Netherlands and the USA amounted to 10% and 21% of total sales, respectively (2012/2013: 9% and 21%). There are no other significant revenue streams. The group companies in the identified segments are to a limited extent dependent on certain large customers.

6. EMPLOYEE EXPENSES

The total amount of employee expenses can be specified as follows:

	01 April 13 / 31 March 14	01 April 12 / 31 March 13
Wages and salaries	12,282	11,727
Social security	1,494	1,591
Pension costs	778	686
Employee expenses	14,554	14,004

Over the 2013/2014 financial year, an accrual for profit sharing of €1,094 is included (2012/2013: € 1.006). This is entered under the item wages and salaries. The profit-sharing scheme is the same for almost all employees in the Group and payments depend on the Group's ROI and the operating result of the Division in which the individual employee works.

The remuneration of the Executive Team and the Supervisory Board is shown in note 26: Related parties.

The item wages and salaries in the 2013/2014 financial year includes recognition of € 53 for government subsidies (2012/2013: € 124). A total of € 110 of the employee expenses is capitalized (2012/2013: € 135), see also notes 10 and 11.

In the 2013/2014 financial year, the average number of employees was 397 FTE (2012/2013: 384).

7. OTHER OPERATING EXPENSES

The main components of the other operating expenses are as follows:

	01 April 13 / 31 March 14	01 April 12 / 31 March 13
Other employee expenses	1,821	1,812
Travel and accommodation expenses	1,450	1,304
Maintenance expenses	1,282	1,186
Energy	995	1,134
Consulting expenses	864	965
Materials	681	641
Insurance expenses	502	449
Other costs	1,698	1,740
	9,293	9,231

The exchange-rate differences recognized in the income statement under other operating costs amounted to € 107 negative in 2013/2014 (2012/2013: € 2 negative).

8. FINANCE INCOME AND EXPENSE

	01 April 13 / 31 March 14	01 April 12 / 31 March 13
Interest income	(69)	(22)
Interest costs	311	408
Net financial expense	242	386

Interest paid includes a sum of € 1 (2012/2013: € 1) in relation to ineffective cash flow hedges.

9. INCOME TAX

The main components of the tax burden in the 2013/2014 financial year are as follows:

	01 April 13 / 31 March 14	01 April 12 / 31 March 13
Consolidated income statement		
Current income tax due this year:		
Current tax burden	1,538	1,549
Fiscal stimulus measures, including innovation box	(108)	-
Other taxes, including withholding tax	118	104
Deferred tax:		
In relation to the existence and reversal of temporary differences	67	(78)
Income tax recognized in the consolidated income statement	1,615	1,575
Consolidated statement of other comprehensive income		
Deferred tax items recognized directly in equity during the financial year:		
Net loss from revaluation of cash flow hedges	(28)	(9)
Net value decrease on net investment hedge	(36)	(1)
Income tax charged directly to other comprehensive income	(64)	(10)

The corporate income tax payable is computed on the result before tax, taking account of exempted profit items. The difference between the tax calculated in this way and the tax payable in the short term is reflected in the receivable or provision for deferred income tax.

The other taxes item of € 118 (2012/2013 € 104) relates to local withholding tax on the dividend distributed by the operating companies in Indonesia and Canada to the Company.

Adjustment to applicable rate of income tax:

	01 April 13 / 31 March 14		01 April 12 / 31 March 13	
Result before income tax		5,151		4,497
At the rate legally applying in the Netherlands of 25%	25.0%	1,288	25.0%	1,124
Effect of different tax rates in countries in which the Group operates	4.6%	238	5.9%	264
Adjustment of tax burden in previous years	0.7%	34	0.2%	10
Expenses not tax-deductible	0.5%	24	1.3%	58
Movement not included – temporary differences	0.6%	29	0.4%	22
Fiscal incentive measures	(2.1%)	(108)	0.0%	-
Other differences	2.1%	110	2.2%	97
Tax burden in the income statement	31.4%	1,615	35.0%	1,575

10. INTANGIBLE FIXED ASSETS

	Development costs	Other	Total
As at 1 April 2012			
Initial cost	1,105	1,637	2,742
Cumulative amortization	(813)	(1,592)	(2,405)
Carrying amount	292	45	337
Movements in balance sheet value			
Investments	101	18	119
Carrying amount of disposals	-	-	-
Impairments	(6)	-	(6)
Amortization	(91)	(33)	(124)
Exchange-rate differences	-	1	1
Balance	4	(14)	(10)
As at 31 March 2013 / 01 April 2013			
Initial cost	1,206	1,655	2,861
Cumulative amortization	(910)	(1,624)	(2,534)
Carrying amount	296	31	327
Movements in balance sheet value			
Investments	87	4	91
Carrying amount of disposals	-	-	-
Impairments	-	-	-
Amortization	(98)	(15)	(113)
Exchange-rate differences	-	(2)	(2)
Balance	(11)	(13)	(24)
As at 31 March 2014			
Initial cost	**1,293**	**1,658**	**2,951**
Cumulative amortization	**(1,008)**	**(1,640)**	**(2,648)**
Carrying amount	**285**	**18**	**303**

The Company's total expenses for research and development were € 1,079 in the financial year (2012/2013: € 1,227). Of this amount, € 87 is capitalized (2012/2013: € 101), while the rest is included under employee expenses, depreciation, amortization and other operating expenses.

The amortization costs and impairments amounting to € 113 (2012/2013: € 202) are recognized under amortization and impairments in the consolidated income statement.

No write-downs were made in the 2013/2014 financial year in relation to impairment of capitalized development costs (2012/2013: € 6).

The other intangible non-current assets consist of the costs of computer software and licenses, as well as the external costs related to their implementation and use. These costs are amortized over their estimated useful life, which does not exceed five years.

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Other capital assets	Assets under construction	Total
As at 1 April 2012					
Initial cost	20,052	21,648	5,276	2	46,978
Cumulative depreciation	(9,815)	(17,763)	(4,833)	-	(32,411)
Carrying amount	10,237	3,885	443	2	14,567
Movements in balance sheet value					
Investments	71	670	232	421	1,394
Carrying amount of disposals	(10)	(29)	(9)	-	(48)
Impairments	-	-	-	-	-
Depreciation	(676)	(985)	(217)	-	(1,878)
Exchange-rate differences	193	44	13	7	257
Balance	(422)	(300)	19	428	(275)
As at 31 March 2013 / 01 April 2013					
Initial cost	20,315	22,284	5,480	430	48,509
Cumulative depreciation	(10,500)	(18,699)	(5,018)	-	(34,217)
Carrying amount	9,815	3,585	462	430	14,292
Movements in balance sheet value					
Investments	570	1,319	321	122	2,332
Assets in use	148	-	-	(148)	-
Carrying amount of disposals	-	(22)	(4)	-	(26)
Depreciation	(716)	(840)	(250)	-	(1,806)
Exchange-rate differences	(325)	(82)	(24)	(16)	(447)
Balance	(323)	375	43	(42)	53
As at 31 March 2014					
Initial cost	20,623	23,354	5,717	388	50,082
Cumulative depreciation	(11,131)	(19,394)	(5,212)	-	(35,737)
Carrying amount	9,492	3,960	505	388	14,345

Depreciation is applied to buildings on a straight-line basis over a period of maximum 40 years; plant and equipment and other assets over a maximum of 10 years; and fixtures, computers and office furniture and equipment over a maximum of 5 years.

The investments item includes an amount of € 23 (2012/2013: € 34) in capitalized employee expenses.

No impairments occurred in the 2013/2014 financial year (2012/2013: nil).

The Group has provided collateral with a maximum of € 5,835 (2012/2013: € 9,766) being mortgage rights on buildings in the Netherlands, Hungary, and Indonesia. In the 2013/2014 financial year, the collateral provided on the buildings in the United States been released due to repayment of the interest-bearing loan in the US.

12. DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities stated in the balance sheet can be attributed to the following items:

	31 March 2014		31 March 2013	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	37	25	24	20
Financial fixed assets	109	-	92	-
Inventory	117	-	131	-
Other receivables	643	-	661	1
Employee benefits	271	-	321	-
Other liabilities	7	-	11	1
Set-off losses	756	-	994	-
Borrowings and long-term liabilities	50	40	78	5
	1,990	65	2,312	27
Balance of receivables and liabilities	(7)	(7)	(9)	(9)
Net deferred tax assets / liabilities	1,983	58	2,303	18

Deferred income tax resulting from temporary differences between the fiscal and commercial value of assets and liabilities is accounted for at the nominal tax rate applying in the country concerned. Realization of the deferred tax assets depends on the future taxable profits. Based on projections of the estimated taxable profit of the relevant parts of the Group, it is considered likely that sufficient taxable profit will be generated in future for the realization of these deferred tax receivables. These projections are partly based on approved estimates.

Change in net deferred tax	01 April 13 / 31 March 14	01 April 12 / 31 March 13
Opening balance	2,285	2,305
Recognized in profit or loss	(296)	(10)
Recognized in other comprehensive income	(64)	(10)
Deferred tax receivables / liabilities	1,925	2,285

As at 31 March 2014, no deferred tax assets have been recognized for an amount of € 50 (31 March, 2013: € 22) in deductible losses.

On 31 March 2014, the tax that may be due on the undistributed profits of the subsidiaries in Canada, China and Indonesia amounted to € 356 (31 March 2013: € 371). No tax liability has been recognized for this.

13. OTHER LONG-TERM RECEIVABLES

The other long-term receivables includes a loan granted to Mrs Veldhuis in relation to her expatriation. This loan is included at amortized cost, see also note 26: Related parties.

14. INVENTORIES

	31 March 2014	31 March 2013
Raw materials	4,167	4,288
Finished goods	3,258	3,901
Inventory	7,425	8,189

The income statement includes an amount of € 32,171 (2012/2013: € 32,973) under the cost of sales and raw materials for use of inventory.

The inventory held by the facilities in the Netherlands and Hungary in an amount of € 3,357 (31 March 2013: € 3,450) serves as security for the obligations arising from the finance agreements concluded with the bank in the Netherlands.

At 31 March 2014, the provision for obsolete inventory amounted to € 745 (31 March 2013: € 872).

Movements in the provision for obsolete inventory were as follows:

	01 April 13 / 31 March 14	01 April 12 / 31 March 13
Opening balance	(872)	(923)
Plus: Additions to the provision	(76)	(215)
Less: Write-off charged to the provision	172	285
Exchange-rate differences	31	(19)
Closing balance	(745)	(872)

15. TRADE AND OTHER RECEIVABLES

	31 March 2014	31 March 2013
Trade debtors	11,246	12,114
Receivables regarding other taxes	136	56
Other receivables and prepaid items	1,238	1,551
Trade and other receivables	12,620	13,721

The specification of trade debtor items by age is as follows:

	31 March 2014	31 March 2013
Not yet due	9,898	10,212
0–30 days due	948	1,458
31–60 days due	306	266
Due 61 days or more	94	178
Total	11,246	12,114

Trade debtors by currency:

	31 March 2014	31 March 2013
Euro	6,040	6,095
British pound	561	373
US dollar	3,594	4,470
Other currencies	1,051	1,176
Total	11,246	12,114

Trade and other receivables with a term to maturity of less than one year are recognized initially at fair value and subsequently at amortized cost. A provision for doubtful debt is established when it is foreseen that a receivable cannot be collected in full.

Additions to the provision for doubtful debts are included in the income statement under other operating expenses.

Movements in the provision for doubtful debts were as follows:

	01 April 13 / 31 March 14	01 April 12 / 31 March 13
Opening balance	(252)	(324)
Less: Releases from or additions to the provision, respectively	105	73
Less: Write-off of trade debtors	8	5
Exchange-rate differences	7	(6)
Closing balance	(132)	(252)

The trade debtors held by the facilities in the Netherlands and Hungary in an amount of € 6,723 (31 March 2013: € 6,600) serve as security for the obligations arising from the finance agreements concluded with the bank in the Netherlands.

16. CASH AND CASH EQUIVALENTS

	31 March 14	31 March 13
Bank balances	3,169	1,546
Cash balances	14	34
Cash and cash equivalents	3,183	1,580
-/- Current-account overdraft	(1,020)	(1,686)
Cash in cash-flow statement	2,163	(106)

The cash and cash equivalents are freely available.

The credit risk on cash and cash equivalents is limited, since the counterparties are generally banks with high credit ratings as assigned by international credit rating agencies.

17. SHARE CAPITAL

Issued share capital
The nominal authorized share capital of Holland Colours NV is € 6,810 divided into 3,000,000 ordinary shares with a face value of € 2.27, of which 860,351 ordinary shares are issued and fully paid up. The total issued share capital is € 1,953. There were no changes to the issued capital in either the 2012/2013 or the 2013/2014 financial year.

Share premium reserve
The share premium reserve of € 1,219 is ready to be distributed to shareholders and is unchanged relative to the last financial year.

18. OTHER RESERVES

	Foreign currency translation reserve	Net investment reserve	Cash-flow reserve	Reserve for intangible assets	Total
As at 1 April 2012	(1,980)	(57)	(262)	292	(2,007)
Cash-flow hedge, net of tax	-	-	27	-	27
Movements in net investment reserve	-	(90)	-	-	(90)
Currency conversion differences	572	-	-	-	572
Added to (withdrawn from) free reserves	-	-	-	4	4
As at 31 March 2013 / 01 April 2013	(1,408)	(147)	(235)	296	(1,494)
Cash-flow hedge, net of tax	-	-	84	-	84
Movements in net investment reserve	-	107	-	-	107
Currency conversion differences	(1,260)	-	-	-	(1,260)
Added to (withdrawn from) free reserves		-	-	(11)	(11)
As at 31 March 2014	**(2,668)**	**(40)**	**(151)**	**285**	**(2,574)**

Foreign currency translation reserve
The currency translation reserve comprises all exchange-rate differences created by the translation of the financial statements of associate companies with a functional currency other than the euro. Revaluations of this translation risk are directly debited or credited to equity via other comprehensive income. The generation of cumulative differences was initiated on 1 April 2004, in accordance with the exception allowed in IFRS 1.

Cash-flow reserve
The Group applies hedge accounting to interest-rate contracts. The cash-flow reserve comprises the effective part of the changes in value of the financial instruments for which cash-flow hedge accounting is applied. It is recognized and reduced in comprehensive income by the inclusion of a deferred tax item.

Net investment reserve
Hedge accounting is also applied to the net investment hedge. It is included in other comprehensive income, until the net investment is disposed of. At that time, the differences are recognized in the income statement. The net investment reserve is also reduced by the inclusion of a deferred tax item.

Reserve for intangible assets
A statutory reserve for development costs is formed in the separate financial statements. Formation of this reserve is not specifically required under IFRS. This statutory reserve is formed within equity via other comprehensive income to maintain concurrence with the classification of equity in the separate financial statements.

The above-mentioned reserves may not be distributed freely to shareholders. Negative amounts reduce the amount available for distribution and positive amounts are non-distributable.

19. EARNINGS PER SHARE

Earnings per share in the 2013/2014 financial year came to € 4.12 (2012/2013: € 3.40). The calculation of the earnings per share at 31 March 2014 is based on a profit attributable to shareholders of € 3,541 (2012/2013: € 2,921), and an average number of shares issued in the 2013/2014 financial year of 860,351. The total number of issued shares did not change relative to 31 March 2013.

20. NON-CONTROLLING INTEREST

This relates to a non-controlling interest of 40% in the net asset value at balance-sheet date of HCA Japan Corporation, as well as the non-controlling interest of 15% in the net asset value at balance-sheet date of PT Holco Indo Jaya.

21. LONG-TERM DEBT

The long term debt can be specified as follows:

	31 March 2014	31 March 2013
Non-current		
Bank loans	3,192	3,585
Current		
Bank balances	1,020	1,686
Repayment obligations on bank loans	250	503
Total current	1,270	2,189
Total borrowings and long-term liabilities	4,462	5,774

In addition to the interest-bearing loans issued, the Group has credit facilities as at balance-sheet date of € 8,114 (31 March 2013: € 8,209) being current-account credit. These commitments are provided by various international and local banks and have no expiry date. At balance sheet date, €1,020 (31 March 2013: € 1,686) of the credit facilities was drawn down. See also notes 11, 14 and 15.

The total repayments of the Group in 2013/2014 amounted to € 493 (2012/2013: € 496).

The bank agreements and collateral provided in relation to the Group's financing agreement have not been changed since 31 March 2013. However, in the 2013/2014 financial year, the collateral provided on the buildings in the United States has been released due to repayment of the interest-bearing loan in the US.

An important ratio in the bank covenants is the ratio between debts to credit providers and the 12-month rolling earnings before interest, tax, depreciation and amortization, known as the Total Debt / EBITDA ratio. This ratio may not exceed 3.0 at any time. Holland Colours complied with this agreement at all times during the 2013/2014 financial year. This ratio stood at 0.6 (31 March 2013: 0.8) at the end of the 2013/2014 financial year, meaning that a key condition agreed with the banks was met.

The other agreements with the banks concern the Tangible Net Worth ratio, which must be at least 40%, and the Debt Service Cover ratio, which must be higher than or equal to 1.0. Holland Colours also complied with these financial covenants in the 2013/2014 financial year. On 31 March 2014 these ratios amounted to 62.2% and 6.7, respectively (31 March 2013: 58.6% and 6.0).

The interest margin on the credit facility in the Netherlands depends on the Total Debt / EBITDA ratio.
The Group has provided collateral with a maximum of € 5,835 (31 March 2013: € 9,766) being the mortgage rights on buildings in the Netherlands, Hungary, and Indonesia. The trade debtor items of the facilities in the Netherlands and Hungary also serve as security for the obligations arising from the finance agreements concluded with the banks. See also notes 14 and 15.

The remaining term to maturity of the long-term loans can be classified as follows:

	31 March 2014	31 March 2013
Less than 1 year	250	503
Between 1 and 2 years	250	250
Between 2 and 5 years	2,567	2,710
Longer than 5 years	375	625
Total	3,442	4,088

At 31 March 2014, the repayment obligations due within one year of € 250 (31 March 2013: € 503) on interest-bearing loans were accounted for under current liabilities.

The long-term loans are subject to interest changes and contractual interest revisions as follows:

	31 March 2014	31 March 2013
6 months or less	**3,442**	3,835
Between 6 and 12 months	**-**	253
Between 1 and 5 years	**-**	-
Longer than 5 years	**-**	-
Total	**3,442**	4,088

The majority of the long-term loans are at a variable interest rate. The risk associated with this variability is hedged by means of a number of interest instruments (swaps), see also note 23: Derivative financial instruments. The weighted average interest rate on the interest-bearing loans and borrowings was 5.3%, as opposed to 5.6% in the 2012/2013 financial year.

The effective interest rates at balance sheet date were as follows:

Interest rate in %	31 March 2014	
	EUR	USD
Loans from credit institutions	**5.0%**	**5.5%**

Interest rate in %	31 March 2013	
	EUR	USD
Loans from credit institutions	5.2%	5.9%

The carrying amounts and fair values of the non-current liabilities are as follows:

	31 March 2014		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Bank loans	**3,442**	**3,669**	4,088	4,541

The fair values are based on cash flows, discounted at a loan interest rate of 2.6% (31 March 2013: 2.0%).

The carrying amounts of the short-term loans are essentially the same as the fair values.

The carrying amounts of the long-term debt are in the following currencies:

	31 March 2014	31 March 2013
Euro	**1,625**	1,875
US dollar	**1,817**	2,213
Total	**3,442**	4,088

22. EMPLOYEE BENEFIT OBLIGATIONS

As explained in note 2, the originally agreed conditional financing of past service years in the early retirement plan has been converted into an equivalent annual payment, which is also conditional. At 31 March 2014, the resulting liability amounted to €625 (31 March 2013: €727).

This employee benefits provision relates to the obligation to issue a conditional annual payment.

The liabilities regarding employee benefits also include an item Other employee benefits, which concerns a provision for future jubilee payments of € 249 (31 March 2013: € 282) and other future payments of € 388 (31 March 2013: € 444).

During the 2011/2012 financial year it was decided to place a large proportion (€ 208) of the other employee benefits for employees in the Netherlands with an insurer. Settlement is expected to be completed in the 2014/2015 financial year. This provision is therefore presented as current.

The total pension costs in the 2013/2014 financial year amount to € 778 (2012/2013: € 686) and are recognized under employee expenses (see also note 6: Employee expenses).

Movements in the employee benefit obligations were as follows:

	Employee benefits	Other employee benefits	Total
As at 1 April 2012	774	627	1,401
Additions	56	95	151
Withdrawals / Releases	(103)	(5)	(108)
Exchange-rate differences	-	9	9
As at 31 March 2013 / 01 April 2013	**727**	**726**	**1,453**
Additions	-	46	46
Withdrawals / Releases	(103)	(125)	(228)
Exchange-rate differences	-	(9)	(9)
As at 31 March 2014	**624**	**638**	**1,262**

The following amounts have been accounted for under current liabilities:

	Employee benefits	Other employee benefits	Total
as at 31 March 2014	**80**	**216**	**296**
as at 31 March 2013	91	235	326

23. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has concluded derivative financial instruments with the bank in the Netherlands. Derivatives valued using valuation methods based on observable market variables are mainly interest-rate swaps. The interest-rate swaps are valued using the cash value of contractual cash flows, taking into account contractual and current interest rates and the credit quality of the counterparty and the Group.

As at 31 March 2014 the Group held the following financial instruments measured at fair value.

Liabilities included at fair value	31 March 2014 Liabilities	Level 1	Level 2	Level 3
Interest-rate swaps - cash-flow hedges	**196**	**-**	**196**	**-**

Liabilities included at fair value	31 March 2013 Liabilities	Level 1	Level 2	Level 3
Interest-rate swaps - cash-flow hedges	313	-	313	-

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques whereby the lowest level input is significant for valuation at fair value, is observable direct of indirect.
- Level 3: Valuation techniques whereby the lowest level input is significant for valuation at fair value, is not observable.

Regarding the financial instruments in level 2, of the decrease of € 117 in the 2013/2014 financial year (2012/2013: € 60), € 112 is recognized in the statement of other comprehensive income (2012/2013: € 36), and the remainder in the income statement. There were no balance-sheet movements (2012/2013: € 23). There were no transfers during the 2013/2014 financial year between valuations at fair value in levels 1 and 2, nor transfers to and from valuations at fair value in level 3.

The total fair value of derivative financial instruments used for hedging is included under non-current liabilities. The other financial instruments, as explained on page 50, are classified in level 2.

The notional principal amounts of the outstanding interest-rate swap contracts at 31 March 2014 are € 3,442 (31 March 2013: € 3,835). At 31 March 2014, the fixed interest rates ranged between 4.6% and 5.3% (31 March 2013: 5.1% to 5.8%); the main variable rates are Euribor and LIBOR.

The loans (see note 21: long-term debt) include a loan of USD 2,500, which is intended to cover the net investments in the US subsidiary and is used to hedge the Group's currency risk on this investment. Gains or losses on the recalculation of this loan are transferred to equity to settle any conversion differences of the net investment in this subsidiary.

As at 31 March 2014, a sum of € 1 (2012/2013: € 1) was included in relation to ineffective cash flow hedges.

24. TRADE AND OTHER PAYABLES

	31 March 2014	31 March 2013
Trade creditors	**4,920**	4,541
Payables regarding other taxes	**485**	429
Other liabilities and accruals	**2,790**	3,234
Trade and other payables	**8,195**	8,204

The other tax payables concern mainly sales tax to be paid.

For the entity established in Indonesia in the 2012/2013 financial year, PT Holco Indo Jaya, the Dutch government granted a subsidy based on the Private Sector Investment (PSI) program. Given the current phase of development of PT Holco Indo Jaya as of 31 March 2014, which means that it is not possible to make an accurate estimate as to whether the proposed subsidy conditions can be observed, the Executive Team does not consider it the right moment to include the PSI subsidy in the income statement. An advanced subsidy payment of € 377 (31 March 2013: € 253) received in 2013/2014 was recognized as other liabilities and accruals.

The trade and other payables also includes profit share to be paid to employees of € 1,089 (31 March 2013: € 1,006).

OTHER
DISCLOSURES

25. COMMITMENTS AND CONTINGENCIES

Capital commitments
The Group had not entered any capital commitments regarding property, plant and equipment as at balance sheet date (31 March 2013: € 357).

Purchase contracts
The total commitment resulting from raw material purchase contracts was € 2,797 (31 March 2013: € 1,143).

Rent and operating lease obligations
At balance sheet date the Group had outstanding commitments regarding rents and operating leases, which can be classified as follows:

	31 March 2014	31 March 2013
Less than 1 year	439	468
Between 1 and 5 years	561	529
Longer than 5 years	19	29
Total	1,019	1,026

The Group rents buildings, vehicles and office equipment which can be classified as operational leases. The building leases have a maximum term of five years. The terms of the other lease contracts are also mostly up to five years.

The total recognized costs of lease agreements in the income statement is € 543 (2012/2013: € 460).

26. RELATED PARTIES

Identity of related parties
The related parties can be divided into the relations between the Group and its subsidiary companies, the members of the Statutory Management and the Supervisory Board and the investment company Holland Pigments BV.

Remuneration of key officers of the Group
The key officers are the members of the Group's Executive Team.

Remuneration policy
The remuneration policy for the Statutory Management is set by the Supervisory Board as a whole. There is no separate remuneration committee. Holland Colours strives for a remuneration that is in line with the market for a company of its size, and in proportion to its overall salary structure. The remuneration package consists of a fixed element and a variable element. Fixed salaries are assessed annually to see if any changes are required.

The variable payment for the Chief Executive Officer concerns a bonus scheme based on financial and non-financial targets. The bonus amounts to three times the monthly salary in the event that 100% of the targets are achieved, and can rise to a maximum of six times the monthly salary in the event that 150% of the targets are achieved.

For the other Statutory Management member, there is a variable fraction of the profit-share scheme, which can amount to a maximum of one and a half month's salary for the Group's eligible employees, depending on ROI and operating result, 75% of which is paid in Holland Pigments shares. In addition, a bonus scheme exists for this Group Executive Management member, which only takes effect if a profit share is paid to all of the Group's employees. The amount of bonus depends on whether or not the following objectives are met:

Sales growth 8–12%	two-thirds of gross monthly salary
Return (EBIT) on average invested capital (ROI) >15%	two-thirds of gross monthly salary
Growth of earnings per share more than proportionate to sales growth	two-thirds of gross monthly salary
Maximum total	two months' gross salary

Based on the results for the 2013/2014 financial year, the Statutory Management will receive such a payment. This bonus was also paid to the Statutory Management over the 2012/2013 financial year.

There is no option plan.

The contract with the Chief Executive Officer states a term of appointment of four years (with an option of reappointment) and a severance payment which is in accordance with the recommendations of the Dutch Corporate Governance Code. The employment contracts of the other member of the Statutory Management do not stipulate a predefined term or a limitation of the severance payment.

The remuneration of members of the Statutory Management and other members of the Executive Team and the Supervisory Board as charged to the result can be specified as follows:

Members of the Executive Team

	R. Harmsen		A.J. Veldhuis-Hagedoorn		J. Straathof		Other members Executive Team	
	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013
Fixed salary	285	285	229	227	-	74	390	268
Pension costs	75	75	44	53	-	7	18	13
Variable remuneration	50	60	44	42	-	3	36	26
Non-recurring payment	-	-	-	-	-	-	-	-
Total	410	420	317	322	-	84	444	307

In 2013, the Dutch government again declared salaries over € 150 liable to a one-off wage tax of 16%. This has led to an additional liability of € 30 (2012/1013: € 25) and applies specifically to the Statutory Management.

An interest-free loan of USD 250 was provided to Mrs Veldhuis-Hagedoorn in connection with her expatriation in 1999 to finance her accommodation, on which no repayment has yet been made. No security has been provided for this loan.

Transactions with key officers
No transactions with key officers took place during the financial year.

Other interests of members of the Executive Team
No transactions were effected during the financial year with parties in which any of the supervisory directors, members of the Statutory Management or their partners have an interest.

Supervisory Board
The General Meeting of Shareholders determines the remuneration of the supervisory directors. A fixed remuneration is contemplated that is in line with the market and to the size of the company.

	2013/2014	2012/2013
C.G. van Luijk	38	35
J.W. de Heer	26	23
M.G.R. Kemper	26	25
J.D. Kleyn	26	23
Total	116	106

Holland Pigments BV
As at 31 March 2014 the investment company Holland Pigments BV, in which among others all 402 employees of Holland Colours participate, owned 50.01% of the shares in Holland Colours NV. At balance sheet date Holland Pigments held 430,263 (31 March 2013: 430,253) shares in Holland Colours NV.

The costs incurred by Holland Pigments BV in connection with the maintenance and administration of the employee participation are partly reimbursed by Holland Colours NV to Holland Pigments BV. A payment of € 89 was accordingly made to Holland Pigments BV in the 2013/2014 financial year (2012/2013: € 87). On 31 March 2014, the Group had receivable of € 19 on Holland Pigments BV (31 March 2013: € 20 claim). Any claims on or liabilities to Holland Pigments BV are not covered by commercial collateral, are not interest-bearing and are settled in cash.

27. OTHER INFORMATION

Share-based payment agreements
Holland Colours Group operates a profit-sharing scheme for its employees. The scheme is the same for nearly all Group employees and may, depending on the ROI and net profit, result in a payment of up to six weeks' salary. Depending on the individual employee's position, 25 % to 75% of this payment is made in Holland Pigments BV shares.

A profit-sharing payment will be made to the employees on the basis of the results in the 2013/2014 financial year. Settlement will take place after the 2013/2014 financial statements have been drawn up and approved, with payment being made directly to the employee, partly through conversion into Holland Pigments BV shares. The conversion will be made by paying the position-related part of the payment to Holland Pigments BV after withholding statutory deductions. Shares in Holland Pigments BV were subsequently purchased for the employee at the last calculated price of Holland Pigments BV shares. The remainder of the profit-sharing payment will be paid in cash by Holland Colours NV after the statutory deductions.

The value of the interest held by Holland Pigments BV in Holland Colours NV is specified as follows:

	2013/2014	2012/2013
Number of shares in Holland Colours NV held by Holland Pigments BV		
Situation at 1 April	430,253	429,667
Purchased by Holland Pigments BV	10	586
Situation at 31 March	430,263	430,253
In euros		
Share price of Holland Colours NV at balance sheet date	€28.50	€22.15
Value	€12,262,496	€9,530,104

Employees of the Holland Colours Group hold 20.02% (31 March 2013: 19.2%) of the shares in Holland Pigments BV and the indirect holding of the employees in Holland Colours NV after conversion amounts to 10.01% (31 March 2013: 9.6%). Employees can buy and sell shares of Holland Pigments BV at a value per share calculated using a formula agreed by Holland Pigments shareholders. The value of Holland Pigments BV shares calculated on the basis of this formula differs from the value calculated on the basis of the market share price of Holland Colours NV. At balance sheet date, this difference for the shares in Holland Pigments BV held by employees was € 674 positive (31 March 2013: € 756 positive). Since the costs for Holland Colours are unaffected by this, this difference is not recognized. The costs for Holland Colours are equal to the amount paid out in Holland Pigments BV shares under the profit-sharing scheme.

Events after the reporting period
No events took place after the reporting period that could affect the financial statements significantly.

Employee numbers
During the 2013/2014 financial year, the Group employed an average of 397 FTE (2012/2013: 384 FTE). Of these, 129 FTE (2012/2013 125 FTE) work in the Netherlands.

Apeldoorn, 27 May 2014

Supervisory Board
C.G. van Luijk, Chairman
J.W. de Heer
M.G.R. Kemper
J.D. Kleyn

Statutory Management
R. Harmsen
A.J. Veldhuis-Hagedoorn

COMPANY INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	01 April 13 / 31 March 14	01 April 12 / 31 March 13
Net result from group companies	3,223	3,247
Other income and expense after tax	318	(326)
Net result	3,541	2,921

COMPANY BALANCE SHEET

BEFORE PROPOSED PROFIT APPROPRIATION

In thousands of euros	note	31 March 2014	31 March 2013
Non-current assets			
Intangible fixed assets	31	294	311
Property, plant and equipment	32	1,849	1,835
Financial fixed assets	33	22,208	23,981
		24,351	26,127
Current assets			
Receivables from group companies		6,360	461
Other receivables and prepayments		235	248
Income tax receivables		-	-
Cash and cash equivalents		226	4,271
		6,821	4,980
Total assets		31,172	31,107
Equity			
Share capital	34	1,953	1,953
Share premium reserve	34	1,219	1,219
Statutory reserves	34	(2,574)	(1,494)
Retained earnings		3,541	2,921
Other reserves	34	21,752	20,326
		25,891	24,925
Provisions			
Employee benefit obligations	36	140	176
Long-term debt			
Long-term debt	35	3,192	3,585
Deferred tax liabilities		41	5
Derivative financial instruments	37	196	313
		3,429	3,903
Current liabilities			
Credit institutions		-	-
Repayment obligations for long-term debt		250	250
Payables to group companies		405	559
Other liabilities and accrued income		1,057	1,294
		1,712	2,103
Total equity and liabilities		31,172	31,107

NOTES TO THE COMPANY **FINANCIAL STATEMENTS**

28. GENERAL INFORMATION

The company financial statements are part of the financial statements of Holland Colours NV and are prepared in accordance with the legal requirements of Title 9, Book 2 of the Dutch Civil Code. Use is thereby made of the possibility given in article 2:362 paragraph 8 of the Dutch Civil Code to apply the same standards of valuation and determination of the result to the company financial statements as those used in the consolidated financial statements, with the exception of accounting standards relating to participation in group companies. Participating interests in group companies are recognized at net asset value.

The 2013/2014 consolidated financial statements were discussed in the Supervisory Board meeting on 27 May 2014, and released for publication. The financial statements will be presented to the General Meeting of Shareholders for adoption on 10 July 2014.

Under article 402 of Title 2, Book 2 of the Dutch Civil Code, it suffices for the company income statement to state the 'net result from participations', and the 'other income and expenses after taxation'. The latter item represents the balance of income and expenses of Holland Colours NV.

29. SUMMARY OF THE SIGNIFICANT ACCOUNTING PRINCIPLES

The standards of valuation and determination of the result used for the company financial statements are the same as those used for the consolidated financial statements. Unless other standards are stated, the reader is referred to the standards stated in the consolidated financial statements.

30. PARTICIPATING INTERESTS

Participating interests in group companies

Participating interests in group companies and other companies over which the Company has dominant control or exercises central management, are measured at net asset value. The net asset value is measured by valuing the assets, provisions and liabilities and calculating the net profit in accordance with the accounting policies used in the consolidated financial statements.

31. INTANGIBLE FIXED ASSETS

	Development costs	Other	Total
As at 1 April 2012			
Initial cost	1,105	1,291	2,396
Cumulative amortization	(813)	(1,254)	(2,067)
Carrying amount	292	37	329
Movements in balance sheet value			
Investments	101	-	101
Carrying amount of disposals	-	-	-
Impairments	(6)	-	(6)
Amortization	(91)	(22)	(113)
Exchange-rate differences	-	-	-
Balance	4	(22)	(18)
As at 31 March 2013 / 01 April 2013			
Initial cost	1,206	1,291	2,497
Cumulative amortization	(910)	(1,276)	(2,186)
Carrying amount	296	15	311
Movements in balance sheet value			
Investments	87	-	87
Carrying amount of disposals	-	-	-
Impairments	-	-	-
Amortization	(98)	(6)	(104)
Exchange-rate differences	-	-	-
Balance	(11)	(6)	(17)
As at 31 March 2014			
Initial cost	**1,293**	**1,291**	**2,584**
Cumulative amortization	**(1,008)**	**(1,282)**	**(2,290)**
Carrying amount	**285**	**9**	**294**

The Company's total expenses for research and development amounted to € 863 in the financial year (2012/2013: € 947). Of this amount € 87 (2012/2013: € 101) is capitalized, whereas the remainder is included in the other income and expenses after tax in the company financial statements.

The amortization cost and impairments of € 104 (2012/2013: € 119) is included in the other income and expenses after tax in the company financial statements.

No write-downs were made in the 2013/2014 financial year in relation to impairment of capitalized development costs (2012/2013: € 6).

The other intangible fixed assets consist of the costs of computer software and licenses, as well as the external costs related to their implementation and use. The costs are amortized over the estimated useful life of the assets, which is five years.

32. PROPERTY, PLANT AND EQUIPMENT

	Buildings and land	Machinery and equipment	Other capital assets	Assets under construction	Total
As at 1 April 2012					
Initial cost	3,712	1,227	331	-	5,270
Cumulative depreciation	(2,122)	(842)	(296)	-	(3,260)
Carrying amount	1,590	385	35	-	2,010
Movements in balance sheet value					
Investments	-	21	15	49	85
Carrying amount of disposals	-	-	-	-	-
Impairments	-	-	-	-	-
Depreciation	(150)	(98)	(12)	-	(260)
Exchange-rate differences	-	-	-	-	-
Balance	(150)	(77)	3	49	(175)
As at 31 March 2013 / 01 April 2013					
Initial cost	3,712	1,248	346	49	5,355
Cumulative depreciation	(2,272)	(940)	(308)	-	(3,520)
Carrying amount	1,440	308	38	49	1,835
Movements in balance sheet value					
Investments	56	244	-	(18)	282
Carrying amount of disposals	-	-	-	-	-
Impairments	-	-	-	-	-
Depreciation	(137)	(119)	(12)	-	(268)
Exchange-rate differences	-	-	-	-	-
Balance	(81)	125	(12)	(18)	14
As at 31 March 2014					
Initial cost	**3,768**	**1,492**	**346**	**31**	**5,637**
Cumulative depreciation	**(2,409)**	**(1,059)**	**(320)**	**-**	**(3,788)**
Carrying amount	**1,359**	**433**	**26**	**31**	**1,849**

Depreciation is applied to buildings on a straight-line basis over a period of 33 years; plant and equipment and other assets over 10 years; and fixtures, computers and office furniture and equipment over a maximum of 5 years. Depreciation of € 261 (2012/2013: € 260) is applied to the other income and expenses after tax in the company financial statements.

As in the 2012/2013 financial year, no impairments occurred in the 2013/2014 financial year.

33. FINANCIAL FIXED ASSETS

The financial non-current assets can be specified as follows:

	31 March 2014	31 March 2013
Value of participating interests	**20,432**	21,769
Loans to other group companies	**-**	132
Other financial assets and deferred tax assets	**1,776**	2,080
Total	**22,208**	23,981

Movements in the value of the group companies were as follows:

	31 March 2014	31 March 2013
Opening balance	**21,769**	20,481
Movements:		
- capital payments to group companies	**-**	313
- result from participating interests	**3,223**	3,247
- dividends declared	**(3,300)**	(2,844)
- exchange-rate differences	**(1,260)**	572
Closing balance	**20,432**	21,769

The capital deposit in 2012/2013 relates to the establishment of a company during the financial year in Indonesia, PT Holco Indo Jaya.

Movements in the loans to group companies were as follows:

	31 March 2014	31 March 2013
Opening balance	**132**	82
Movements:		
- loans granted this year	**-**	373
- repayments during the year	**(132)**	(325)
- exchange-rate differences	**-**	2
Closing balance	**-**	132

On 31 March 2014, there was no group loan with a term longer than one year (31 March 2013: € 132).

The movements in the other financial assets and deferred tax assets receivables can be specified as follows:

	Deferred tax assets	Other financial assets	Total
As at 1 April 2012	**1,680**	**188**	**1,868**
Additions	255	-	255
Withdrawals	(51)	-	(51)
Currency translation differences	-	8	8
As at 31 March 2013 / 01 April 2013	**1,884**	**196**	**2,080**
Additions	134	-	134
Withdrawals	(424)	-	(424)
Currency translation differences	-	(14)	(14)
As at 31 March 2014	**1,594**	**182**	**1,776**

34. EQUITY

For notes on the share capital and share premium, as well as on the movement of the currency conversion reserve, hedge reserve and other reserves, see the consolidated statement of changes in equity and notes 17 and 18 of the consolidated balance sheet, as there are no differences between company equity and consolidated equity.

35. LONG-TERM DEBT

The total of the Company's long-term debt from credit institutions can be divided as follows:

	31 March 2014	31 March 2013
Non-current		
Bank loans	**3,192**	3,585
Current		
Repayment obligations on bank loans	**250**	250
Total current	**250**	250
Total borrowings and long-term liabilities	**3,442**	3,835

In addition to the various interest-bearing loans, the Company has a credit facility in the Netherlands of € 7,000 (31 March 13: € 7,000) for which collateral has been provided. See also notes 11, 14 and 15.

The bank agreements and collateral provided in relation to the Company's financing agreement have not changed since 31 March 2013.

An important ratio in the bank covenants is the ratio between debts to credit providers and the 12-month rolling earnings before interest, tax, depreciation and amortization, known as the Total Debt / EBITDA ratio. This ratio may not exceed 3.0 at any time. Holland Colours complied with this agreement at all times during the 2013/2014 financial year. This ratio stood at 0.6 (31 March 2013: 0.8) at the end of the 2013/2014 financial year, meaning that a key condition agreed with the banks was met.

The other agreements with the banks concern the Tangible Net Worth ratio, which must be at least 40%, and the Debt Service Cover ratio, which must be higher than or equal to 1.0. Holland Colours also complied with these financial covenants in the 2013/2014 financial year. On 31 March 2014 these ratios stood at 62.2% and 6.7, respectively (31 March 2013: 58.6% and 6.0).

The interest margin depends on the Total Debt / EBITDA ratio.

The maturities of the interest-bearing loans and borrowings can be specified as follows:

	31 March 2014	31 March 2013
Less than 1 year	**250**	250
Between 1 and 2 years	**250**	250
Between 2 and 5 years	**2,567**	2,710
Longer than 5 years	**375**	625
Total	**3,442**	3,835

The carrying amounts and fair values of the non-current liabilities are as follows:

	31 March 2014		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Bank loans	**3,442**	**3,669**	3,835	4,286
Total	**3,442**	**3,669**	3,835	4,286

The carrying amounts of the non-current liabilities are in the following currencies:

	31 March 2014	31 March 2013
Euro	**1,625**	1,875
US dollar	**1,817**	1,960
Total	**3,442**	3,835

The fair values are based on cash flows, discounted at a loan interest rate of 2.6% (31 March 2013: 2.0%). The carrying amounts of the short-term loans do not differ materially from the fair values.

36. EMPLOYEE BENEFIT OBLIGATIONS

As explained in note 22, the originally agreed conditional financing of past service years in the early retirement plan has been converted into an equivalent annual payment, which is also conditional. At 31 March 2014, the resulting liability amounted to € 131 (31 March 2013: € 172).

This employee benefits provision relates to the obligation to issue a conditional annual payment.

The liabilities regarding employee benefits also include an item Other employee benefits, which concerns a provision for future jubilee payments of € 30 (31 March 2013: € 38) and other future payments of € 208 (31 March 2013: € 213).

During the 2011/2012 financial year it was decided to place a large proportion (€ 208) of the other employee benefits for employees in the Netherlands with an insurer. Settlement is expected to be completed in the 2014/2015 financial year. This provision is therefore presented as current.

Movements in the employee benefit obligations were as follows:

	Employee benefit	Other employee benefits	Total
As at 1 April 2012	**194**	**246**	**440**
Additions	11	7	18
Withdrawals	(33)	(2)	(35)
As at 31 March 2013 / 01 April 2013	**172**	**251**	**423**
Additions	-	14	14
Withdrawals	(41)	(27)	(68)
As at 31 March 2014	**131**	**238**	**369**

The following amounts have been accounted for under other liabilities and deferred charges:

	Employee benefits	Other employee benefits	Total
as at 31 March 2014	**21**	**208**	**229**
as at 31 March 2013	23	224	247

37. DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2014		31 March 2013	
	Assets	Liabilities	Assets	Liabilities
Interest-rate swaps - cash-flow hedges	-	196	-	313
Total financial instruments	-	196	-	313

The total fair value of derivative financial instruments used for hedging is included under non-current liabilities.

The notional principal amount of the outstanding interest-rate swap contracts at 31 March 2014 are € 3,442 (31 March 2013: € 3,835). At 31 March 2014, the fixed interest rates ranged between 4.6% and 5.3% (31 March 2013: 5.1% to 5.8%); the main variable rates are Euribor and LIBOR.

38. EMPLOYEES

The average number of employees in the Company in the 2013/2014 financial year was 17 FTE (2012/2013: 15 FTE). For an explanation of the remuneration of management, please refer to note 26 Affiliated Parties of the consolidated financial statements.

39. AUDITOR'S FEES

In the 2013/2014 financial year, the following auditor's fees were charged to the results in accordance with article 382a Title 9 Book 2 of the Dutch Civil Code.

2013/2014	Ernst & Young Accountants LLP
Auditing of the financial statements	182
Other non-auditing services	30
Total	212
2012/2013	Ernst & Young Accountants LLP
Auditing of the financial statements	154
Other non-auditing services	86
Total	240

40. OTHER DISCLOSURES

Rent and operating lease obligations
At balance sheet date the Company had outstanding commitments regarding rents and operating leases, which can be classified as follows:

	31 March 2014	31 March 2013
Less than 1 year	88	63
Between 1 and 5 years	127	112
Longer than 5 years	2	-
Total	217	175

The Group rents vehicles and office equipment which can be classified as operational leases. The terms of the lease contracts are generally up to five years.

The total recognized costs of lease agreements in the income statement is € 87 (2012/2013: € 43).

Events after the reporting period
No events took place after the reporting period that could affect the financial statements significantly.

Guarantee declarations
Holland Colours NV has given a guarantee for its subsidiary Holland Colours Europe BV in accordance with article 403, Title 9, Book 2 of the Dutch Civil Code.

Holland Colours NV has not issued any guarantee declarations as security for the payment obligations of foreign companies.

Other Information
The Company forms a tax group together with Holland Colours Europe BV with regard to income tax and sales tax. Both the Company and its subsidiary are jointly and severally liable for tax payable by all companies that are part of the tax group.

Apeldoorn, 27 May 2014

Supervisory Board
C.G. van Luijk, Chairman
J.W. de Heer
M.G.R. Kemper
J.D. Kleyn

Statutory Management
R. Harmsen
A.J. Veldhuis-Hagedoorn

OTHER
INFORMATION

STATUTORY PROVISIONS REGARDING THE APPROPRIATION OF PROFITS

Regarding the appropriation of profits, the following is determined in the Articles of Association:

Article 21:

1. From the profit established in the approved financial statements, reserves are formed as determined by the Statutory Management with the approval of the Supervisory Board.

2. The profit remaining after the transfer to the reserves and distribution as stated in paragraph 1 is at the disposal of the General Meeting of Shareholders, with due regard to the provisions of Article 105, Book 2 of the Dutch Civil Code.

3. The Statutory Management, with the approval of the Supervisory Board, is authorized to resolve to distribute an interim dividend with due regard to the provisions of Article 105 Book 2 of the Dutch Civil Code.

4. The dividend will be made payable within one month after it has been set, in the manner and at the place determined by the Statutory Management.

5. Claims for profit distribution expire after a period of five years from the date on which the dividend was made payable has elapsed.

6. A decision regarding the disposal of any reserve may be taken by the General Meeting of Shareholders with due regard to the statutory provisions.

Proposal for the appropriation of profit

With due regard to Article 21 of the Articles of Association, it is proposed to distribute the profit as follows:

- A cash dividend of € 2.12 per share of € 2.27, which amounts to € 1,824.
- Transfer to the other reserves: € 1,717.

The proposal for appropriation of profit has not been included in the balance sheet.

INDEPENDENT
AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF HOLLAND COLOURS N.V.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements for the year ended 31 March 2014 of Holland Colours N.V., Apeldoorn. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 March 2014 the consolidate income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the period 1 April 2013 till 31 March 2014 and notes to the consolidated financial statements, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 March 2014, the company profit and loss account for the period 1 April 2013 till 31 March 2014 and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the annual report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Holland Colours N.V. as at 31 March 2014 and of its result and its cash flows for the period 1 April 2013 till 31 March 2014 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Holland Colours N.V. as at 31 March 2014 and of its result for the period 1 April 2013 till 31 March 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the annual report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the annual report to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Zwolle, 27 May 2014

Ernst & Young Accountants LLP

Signed by J. Hetebrij

ORGANIZATION CHART
AS AT 1 APRIL 2014

STATUTORY MANAGEMENT

R. Harmsen*
President

A.J. Veldhuis-Hagedoorn*
Director Division Americas

INNOVATION & TECHNOLOGY

FINANCE & ICT

M.M. Kok*
CFO

BUSINESS PROCESSES & ICT

G.J. Luiten
Manager Business Processes & ICT

GLOBAL OPERATIONS

R.P. Karrenbeld*
Director Global Operations

LEGAL AFFAIRS

M. J. Bos-Westenenk
Manager Legal affairs

FINANCE

H.M. Jacobs
Corporate Controller

GLOBAL PURCHASING

H. van Vliet
Global Purchase Manager

NEW MARKET DEVELOPMENT

M. Albers
Technical New Market Developer
S. Bosman
Commercial New Market Developer

DIVISION EUROPE

R. Harmsen*
Division Director
R.P. Karrenbeld*
Operations Manager
M.M. Kok*
Division Controller
W.A. Grob
Sales & Marketing Manager
T. Chiang
Technical Manager
R. van Aartrijk-Strootman
Human Resources Manager

DIVISION AMERICAS

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Division Director
R. Hetisimer
Plant Manager
D.L. Marshall
Sales & Marketing Manager
J.K. Gleeson
Manager Business Processes & Compliance
J. Bitner
Human Resources Manager
A. Wagner
Office Manager Canada
A. Wesseldine
Office Manager Mexico

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Division Director
T.L. Kho
Technical Manager
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