

HOLLAND COLOURS PRESS RELEASE

(this is a translation of the Dutch press release issued by the company on the same date)

MARGINAL INCREASE IN SALES, NEGATIVE CURRENCY EFFECTS, STRONGLY HIGHER NET RESULT.

- Sales of € 66.0 million (2012/2013: € 65.9 million)
- Operating result € 5.4 million (2012/2013: € 4.9 million)
- Net result € 3.5 million (2012/2013: € 2.9 million)
- Net profit per share € 4.12 (2012/2013: € 3.40)
- Dividend proposal € 2.12 per share (2012/2013: € 1.75)

Under persistently challenging economic conditions, sales in 2013/2014 rose marginally versus 2012/2013 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 lower US dollar 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.

Versus 2012/2013, sales developed differently across the regions. In Europe, sales grew by 3%. Sales in Americas ended at more or less the same level as for the 2012/2013 financial year. Excluding currency effects, growth in this region was 4%. In Asia, sales in euros lagged versus last year. Excluding currency effects, sales in Asia decreased by 4%.

Without currency effects, 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 clearly higher volumes compared to the previous year. 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 were up 6% compared to last year (excluding currency effects). Here a drop in sales in the Asia division was 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 we saw a decline in Americas.

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%). This increase was mainly realized in the first half year. Changes in the product mix are a key reason for this. Raw material prices were in general stable throughout the financial year.

HIGHER OPERATING EXPENSES

Total operating expenses rose from € 25.2 million to € 25.8 million (+2%). Furthermore, currency effects in particular, as well as a decrease in reserves, had a reducing effect of about € 0.9 million.

The primary increase was in personnel costs, due to collective and individual salary changes, 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 a decrease in reserves for employee benefits.

The average number of employees this financial year was 397 (FTE), thus 13 higher than the previous year (2012/2013: 384 (FTE)). At 31 March 2014, the number of employees was 402 (FTE).

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. As usual, sales and the result in the second half year were lower than in the first. 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%).

LOWER EFFECTIVE TAX RATE

The effective tax rate decreased from 35.0% in 2012/2013 to 31.4% in 2013/2014, mainly as a result of 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 slightly decreased over the financial year).

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 due to investing activities in 2013/2014 related to PT Holco Indo Jaya in Surabaya, Indonesia, a participation initiated in 2012 with Italian company Gaypa Srl.

CASH FLOW AND FINANCING

Operating cash flow rose from € 6.3 million in 2012/2013 to € 6.6 million in 2013/2014. Net cash flow was a positive € 2.3 million (2012/2013: € 3.6 million).

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 € 1.9 million decrease can be attributed to operational working capital (inventories and trade receivables are lower by € 0.9 million and € 0.8 million respectively, while trade payables rose by € 0.4 million), with a more or less unchanged balance for other receivables and other payables.

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 financial year, Holland Colours met all covenants agreed with the bank.

The company's solvency ratio increased to 64.5% compared to 61.3% at the beginning of the financial year.

DIVIDEND PROPOSAL

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 light 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.

Due to the 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.

The 2013/2014 financial statements and the agenda for the General Meeting of Shareholders of July 10, 2014, will be available May 28, 2014 on our website at www.hollandcolours.com.

Holland Colours NV, May 27, 2014

The Management Board

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Financial statements 2013/2014 **HOLLAND COLOURS NV**

CONDENSED CONSOLIDATED INCOME STATEMENT

for the financial year ending March 31, 2014

In EUR thousands

	01-04-2013	01-04-2012
	to	to
	31-03-2014	31-03-2013
Turnover	65,950	65,904
Gross operating profit	31,159	30,126
Personnel costs	14,554	14,004
Amortisation and impairments	113	130
Depreciation and impairments	1,806	1,878
Other operating costs	9,293	9,231
	25,766	25,243
Operating profit	5,393	4,883
Net finance costs	(242)	(386)
Income tax expense	(1,615)	(1,575)
Net result	3,536	2,922
Attributable to:		
Equity holders of the company	3,541	2,921
Minority interests	5	1
	3,536	2,922
Average number of shares issued	860,351	860,351
Total earnings per share attributable to equity holders	4.12	3.40

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ending March 31, 2014

In EUR thousands

	01-04-2013 to 31-03-2014	01-04-2012 to 31-03-2013
Net result	3,536	2,922
Items that may be subsequently reclassified to profit or loss		
Foreign currency translation differences	(1,279)	568
Fair value changes derivative financial instruments	255	(53)
Tax effect	(64)	(10)
Other comprehensive income	(1,088)	505
Total comprehensive income	2,448	3,427
Attributable to:		
Equity holders of the company	2,472	3,430
Minority interests	(24)	(3)
	2,448	3,427

CONDENSED CONSOLIDATED BALANCE SHEET

In EUR thousands

	31-03-2014	31-03-2013
<i>Non-current assets</i>		
Intangible fixed assets	303	327
Tangible fixed assets	14,345	14,292
Deferred tax assets	1,983	2,303
Other long-term assets	182	196
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Total non-current assets	16,813	17,118
<i>Current assets</i>		
Inventories	7,425	8,189
Trade- and other receivables	12,620	13,721
Current income tax receivables	244	288
Cash and cash equivalents	3,183	1,580
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Total current assets	23,472	23,778
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Total assets	40,285	40,896
<i>Equity</i>		
Total equity	25,987	25,060
<i>Non-current liabilities</i>		
Long-term liabilities	3,192	3,585
Other long-term liabilities	254	331
Employee benefit obligations	966	1,127
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Total non-current liabilities	4,412	5,043
<i>Current liabilities</i>		
Credit institutions	1,020	1,686
Repayment obligations	250	503
Trade- and other payables	8,195	8,204
Current income tax payables	125	74
Employee benefit obligations	296	326
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Total current liabilities	9,886	10,793
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Total equity and liabilities	40,285	40,896

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ending March 31, 2014

In EUR thousands

	Issued capital	Share premium account	Currency translation differences	Other reserves	Retained earnings	Minority interest	Total equity
As at April 1, 2012	1,953	1,219	(1,980)	(27)	21,276	44	22,485
Net result for the year 2012/2013	-	-	-	-	2,921	1	2,922
Other comprehensive income	-	-	572	(63)		(4)	505
Total comprehensive income	-	-	572	(63)	2,921	(3)	3,427
Change in reserve for intangible fixed assets	-	-	-	4	(4)	-	-
Change of capital	-	-	-	-	-	94	94
Dividend for 2011/2012	-	-	-	-	(946)	-	(946)
As at March 31, 2013	1,953	1,219	(1,408)	(86)	23,247	135	25,060
Net result for the year 2013/2014	-	-	-	-	3,541	(5)	3,536
Other comprehensive income	-	-	(1,260)	191		(19)	(1,088)
Total comprehensive income	-	-	(1,260)	191	3,541	(24)	2,448
Change in reserve for intangible fixed assets	-	-	-	(11)	11	-	-
Dividend for 2012/2013	-	-	-	-	(1,506)	(15)	(1,521)
As at March 31, 2014	1,953	1,219	(2,668)	94	25,293	96	25,987

CONDENSED CASH FLOW STATEMENT

for the financial year ending March 31, 2014

In EUR thousands

	01-04-2013 to 31-03-2014	01-04-2012 to 31-03-2013
Operating activities		
Operating profit	5,393	4,883
Depreciation, amortisation and impairments	1,919	2,008
Exchange rate differences	(287)	(130)
Changes in working capital	1,258	1,590
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Cash flow from business activities	8,283	8,351
Paid income tax	(1,184)	(1,595)
Paid interest	(256)	(429)
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Cash flow from operating activities	6,843	6,327
Cash flow from investing activities	2,397	(1,466)
Cash flow from operating and investing activities	4,446	4,861
Cash flow from financing activities		
Changes of capital by non controlling interests	(15)	94
Dividend paid to shareholders	(1,506)	(946)
Proceeds from borrowings, net of redemption payments	(493)	(496)
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Cash flow from financing activities	(2,014)	(1,348)
Change in cash and cash equivalents	2,432	3,513
Currency differences in cash	(163)	38
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Net cash flow	2,269	3,551
Cash at opening balance date	(106)	(3,658)
Cash at ending balance date	2,163	(106)
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Net cash flow	2,269	3,551

SEGMENT REPORTING

for the financial year ending March 31, 2014

Segments 2013/2014

In EUR thousands

	Europe	North- America	Asia	Other	Adjustments and eliminations	Total
Turnover	35,467	21,085	9,398		-	65,950
Inter segmental transactions	601	82	9	-	(692)	-
Sales including inter segmental transactions	36,068	21,167	9,407	-	(692)	65,950
Depreciation, amortisation and impairments	877	493	184	365	-	1,919
Operating profit	1,456	2,094	1,261	582	-	5,393
Net finance costs	-	-	-	-	(242)	(242)
Income tax expense	-	-	-	-	(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's	187	89	104	17	-	397

Segments 2012/2013

In EUR thousands

	Europe	North- America	Asia	Other	Adjustments and eliminations	Total
Turnover	34,638	21,058	10,212	(4)	-	65,904
Inter segmental transactions	701	14	-	-	(715)	-
Sales including inter segmental transactions	35,339	21,072	10,212	(4)	(715)	65,904
Depreciation, amortisation and impairments	961	507	161	379	-	2,008
Operating profit	997	2,378	1,559	(51)	-	4,883
Net finance costs	-	-	-	-	(386)	(386)
Income tax expense	-	-	-	-	(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	(5,832)	15,836
Total investments	622	357	348	187	-	1,514
Average number of employees in fte's	181	88	100	15	-	384

Terms of transactions between companies forming part of different segments are determined on arm's length basis,

Notes

General

Holland Colours NV publishes its figures on basis of the International Financial Reporting Standards (IFRS).

Disclaimer

This press release is based on the annual financial statements prepared by the Board of Management and discussed and released by the Supervisory Board in its meeting of May 27, 2014 and contains only a part of these statements, The annual financial statements are published on May 28, 2014 and will be presented to the General Meeting of Shareholders for adoption on July 10, 2014, The auditor has issued an auditor's statement of approval for the annual financial statements that have been prepared.

Key figures

Financial year at March 31	2013/2014	2012/2013	2011/2012
RESULTS (in € million)			
Turnover	66.0	65.9	61.2
Turnover growth (%)	0.1	7.6	1.2
Operating result	5.4	4.9	3.2
Net result	3.5	2.9	1.7
CASHFLOW (in € million)			
Cash flow ¹	5.5	4.9	3.9
Investments	2.4	1.5	0.7
Depreciations	1.9	2.0	2.2
BALANCE SHEET (in € million)			
Working capital ²	11.7	13.6	14.8
Invested capital	28.2	30.4	31.8
Shareholders' equity (excl. minority interest)	25.9	24.9	22.4
Balance sheet total	40.3	40.9	40.7
RATIOS			
Total debt ³ / EBITDA	0.6	0.8	1.8
Operating result / turnover (%)	8.2	7.4	5.2
Solvency ⁴ (%)	64.5	61.3	55.3
Return on average invested capital ⁵ (ROI) (%)	18.4	15.6	10.0
Return on average shareholders' equity (%)	13.9	12.2	7.7
Interest coverage ratio	22.2	12.7	5.8
Current assets / current liabilities (current ratio)	2.4	2.2	1.8
FIGURES PER SHARE (€)			
Net result	4.12	3.40	1.97
Growth in earnings per share (%)	21.2	72.6	(46.0)
Cash flow ¹	6.34	5.73	4.55
Shareholders' equity (excl. minority interest)	30.09	29.13	26.08
Dividend	2.12⁶	1.75	1.10
Closing price	28.50	22.15	17.00
OTHER DATA			
Number of outstanding shares	860,351	860,351	860,351
Average number of employees (fte's)	397	384	382

1) Cash flow: net result + depreciations

2) Working capital: inventories + amounts receivable -/- non-interest bearing liabilities

3) Total debt: sum of the interest-bearing liabilities

4) Solvency: total shareholders' equity / balance-sheet total

5) Return on invested capital: operating profit / (equity + provisions + interest bearing liabilities -/- cash)

6) Dividend proposal

HOLLAND COLOURS

Corporate profile

- Approximately 400 employees;
- 2,000 customers in 80 countries;
- 10 (production) sites;
- Worldwide network of agents;
- Each employee is stockholder.

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. Holland Colours makes products for colouring synthetic materials. These so-called colour concentrates are available as both solid and liquid. The key products in solid form are Holcobatch and Holcoprill. The liquid products Holland Colours makes are pastes for colouring Silicones & Elastomers, PET packaging and various other applications.

Holland Colours concentrates worldwide on three focus markets:

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

Around 80% of turnover is realized in these three markets.

Virtually the entire production is generated by our four principal plants in the Netherlands, Hungary, the United States and Indonesia.

Holland Colours is organized in three regional divisions that operate as profit centres in each specific region: Europe (including the Middle East, India and Africa), the Americas and Asia.

The global distribution of sales is: Europe 54%, Americas 32% and Asia 14%.

Important dates:

10 July 2014	General Meeting of Shareholders
14 August 2014	Interim statement
30 October 2014	Publication of semi-annual figures for 2014/2015
5 February 2015	Interim statement
28 May 2015	Publication of annual figures for 2014/2015
09 July 2015	General Meeting of Shareholders

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