HOLLAND COLOURS 2013/2014 HALF-YEARLY REPORT

Higher result on nearly unchanged sales and improved margins

- Sales of € 34.9 million (first six months 2012/2013: € 35.0 million)
- Negative currency effect on sales of € 0.7 million
- Higher gross margin due to price-, volume- and mix effects
- Net result of € 2.2 million (first six months 2012/2013: € 2.1 million)

During the first half of the 2013/2014 financial year, Holland Colours realised sales of \leqslant 34.9 million. This is \leqslant 0.1 million (0.4%) lower than in the same period of the 2012/2013 financial year, with currency effects -mainly as a result of the weaker American dollar versus the Euro- having a negative impact of \leqslant 0.7 million (2.2%) on sales versus the same period of the previous financial year. Sales in the second guarter showed an increase of 2.5% versus a decline of 3.0% in the first guarter.

Holland Colours closes the first six months with a net result of € 2.2 million, which is € 0.1 million higher than the net result over the first six months of 2012/2013. Of this improved result, € 0.8 million consists of an increase in gross margin to € 16.5 million, with a rise in average gross margin of 2.4% points to 47.3%.

The increase in gross margin was impacted to the sum of \leq 0.3 million by negative currency effects and to \leq 1.1 million by positive price-, volume- and mix effects.

Total operating expenses relative to the first six months of 2012/2013 rose by \leq 0.5 million (4%). An increase in employee expenses (both structural and one-offs) is the main reason for this rise.

Earnings per share of the first six months rose to €2.57. Over the first six months of 2012/2013 earnings per share was €2.41.



Sales development was volatile over the first six months, with fluctuating monthly sales compared to last year. This volatility is typical for the current market conditions in Holland Colours' main focus markets and divisions.

On aggregate, sales in the Americas division increased, whilst sales in the Europe and Asia divisions were lower than in the first six months of the previous financial year.

Sales development per focus market

On aggregate for the entire first six months, all focus markets with the exception of Building & Construction showed higher sales. Sales development in the focus markets per division however shows a more mixed picture.

The modest decline in sales in the Building & Construction focus market was mainly due to the Europe division. Conversely, in the Americas division, sales in this focus market actually rose, despite the American dollar being weaker on average for the first six months of 2013/2014.

The marginal growth in sales in the Packaging market was primarily realised in the Europe division. Sales in Asia also grew, whilst sales declined in the Americas division.

The Silicones & Elastomers focus market realised a limited increase in the current financial year. An increase to which all divisions positively contributed.

Finally, sales in the Specialties segment showed a marginal increase in sales versus the previous financial year. Growth in Europe and Americas was nearly completely offset by lower sales in Asia.



Sales growth per focus market

Sales growth per focus market	1st half year 2013/2014 versus 1st half year 2012/2013
Focusmarkets:	
Building & Construction	-/-3%
Packaging	+1%
Silicones & Elastomers	+4%
Total focusmarkets	-/-1%
Specialties and other	+0%
Total sales	-/-0%
Total excluding currency effect	+2%



Gross margin

Relative to the same period of last year, gross margin rose by 2.4% points to 47.3%. The increase in gross margin was impacted to the sum of \in 0.3 million by negative currency effects and to \in 1.1 million by positive price-, volume- and mix effects.

Operating expenses

Total operating expenses relative to the first six months of 2012/2013 increased by \leqslant 0.5 million (4%). A positive currency effect of \leqslant 0.2 million was more than offset by an increase in employee expenses, both incidental as well as structural.

Tax

The effective tax rate as a percentage of earnings before tax increased versus the first six months of 2012/2013, partly due to a one-off correction on previous years in Mexico and an increase in relative share of group earnings in the countries with a higher corporate-tax rate.

Sales and result development per division

Europe

In the first six months of this financial year, the Europe division realised sales levels 1% below those of the previous financial year. A limitedly weaker first quarter was followed by modestly higher sales in the second quarter. Due to persistently challenging market conditions, sales in the Building & Construction market over the first six months lagged last year's. Conversely, sales in the other focus markets and the Specialties segment grew. Gross margin over the first six months is higher than last year's margin level, compensating the limited rise in operating expenses. The operating result increased by 20% to € 1.2 million.

Americas

Compared to the first six months of 2012/2013, sales – in American dollars – increased by 8% in the first half of this financial year, with growth in both the first and second quarter. Owing to the weaker American dollar versus the Euro, the increase expressed in Euros was lower, namely 4%. The rise was mainly realised in the Building & Construction focus market, with the Silicones & Elastomers focus markets and Specialties segment also showing growth relative to last year.

The higher sales in the division were realised in both America and Canada. Sales in Mexico were lower inthe first six months versus the same period last year.

Gross margin rose over the first six months by 0.5% points relative to last year, while the increase in operating expenses was modest. On aggregate, the operating result increased by 12% to € 1.4 million on balance.

Asia

While the Asia division –in American dollars- realised an increase in sales of 1% in the first quarter of the financial year, sales in the second was 6% lower than in the same period last year. Over the first half year, sales on aggregate were 2% lower versus the same period of 2012/2013. Indonesia and China both had lower sales.

While sales in the Building & Construction and Packaging focus markets were higher compared to last year, sales were lower in Silicones & Elastomers and Specialties markets.

PT Holco Indo Jaya in Indonesia, the collaboration started with Italian partner Gaypa last year, ran its first test charge in July.

The operating result of the Asia division decreased to € 0.7 million. This is based on modest lower sales, with a slightly lower gross margin, as well as increased operating expenses.

Cash flow and financing

Net cash flow over the first six months was a positive € 0.1 million, versus a positive € 1.9 million over the first half year of the 2012/2013 financial year.

Cash flow from operating activities was a positive € 3.2 million, versus a positive € 3.5 million over the same period last year.

The higher level of investments relative to the 2012/2013 financial year resulted in a higher negative cash flow from investing activities (\in 1.1 million versus \in 0.3 million last year).

The negative cash flow from financing activities was also higher than the last financial year, mainly due to the higher dividend paid to shareholders.

During the first six months, the negative balance of the cash, cash equivalents and interest-bearing liabilities declined to € 3.6 million, compared to € 4.2 million at the end of March 2013, and € 6.2 million at the end of September 2012. The main banking ratio – the 12-month running Total debt / EBITDA – improved to just below 1.0 (as at 3 September 2012: 1.3).

In the first half year, Holland Colours continued to meet all covenants agreed with its bank.

End of September 2013, working capital, excluding cash and interest-bearing short-term debts, was € 13.5 million, being marginally lower than at the start of this financial year (€ 13.6 million). The decline in trade- and other payables – partly due to a lower accrual for profit sharing – was compensated by a decrease in trade receivables.

Relative to September last year (€ 14.9 million), working capital fell by € 1.4 million, with lower inventory levels being the main reason.

The exchange-rate results on equity over the first half year of 2013/2014 amounted to a negative € 0.9 million, owing to a weaker American dollar versus the Euro end of September relative to the end of the previous financial year. Partly because of this, the company's solvency ratio rose in the first six months of the financial year from 61.3% to 61.5% versus March 2013.

As stated, investments over the first six months (€1.1 million) were higher than in the first half year of 2012/2013. These investments related mainly to regular expansion and replacement investments in Europe and the United States, as well as investments relating to the start-up of the new subsidiary in Indonesia, PT Holco Indo Jaya. This company has been operational since 1 July, 2013.

The return on the average invested capital (ROI) increased in the first half of the financial year to 17.3%. Over the first six months of the 2012/2013 financial year, this was 11.8%. At the end of March 2013, a return of 15.6% was realised.

Risk management

Geared as it is to the company's size and business character, risk management is an integral management task and aims to recognize significant risks to which the company is exposed and manage them with a reasonable degree of certainty. Such a system cannot provide absolute certainty that objectives will be realised. And neither can it definitely prevent all potential cases of material mistakes, damage, fraud or breaches of statutory laws.

The 2012/2013 annual report describes the primary strategic, operational and financial risks. In terms of the risks and uncertainties described in the annual report, there have been no notable changes over the first half of this financial year. And neither were any material damage, cases of fraud or breaches detected in the first half year.

Management Board statement

The Management hereby declares that, to the best of its knowledge, the summarized interim consolidated half-yearly report as of 30 September 2013, drawn up in accordance with IAS 34 "Interim financial reporting", represents a faithful rendering of the assets, liabilities, financial position and profit of Holland Colours NV and the joint companies as stated in the consolidated financial report, and that the management board report as included on pages 1 to 4 of this half-yearly report represents a faithful rendering of the information required in relation to item 5:25d subs 8 and 9 of the Dutch Financial Supervision Act.



Outlook for the second half year of 2013/2014

Due to the mentioned volatility in sales development and the persistent economic uncertainty in markets Holland Colours operates in, Holland Colours will not issue a forecast regarding the 2013/2014 financial year.

Traditionally, in the second half of the financial year, sales and results are lower than in the first half of the year, owing specifically to the seasonal trend in the Building & Construction market.

Apeldoorn, October 31, 2013

Rob Harmsen Tineke Veldhuis – Hagedoorn Marco Kok

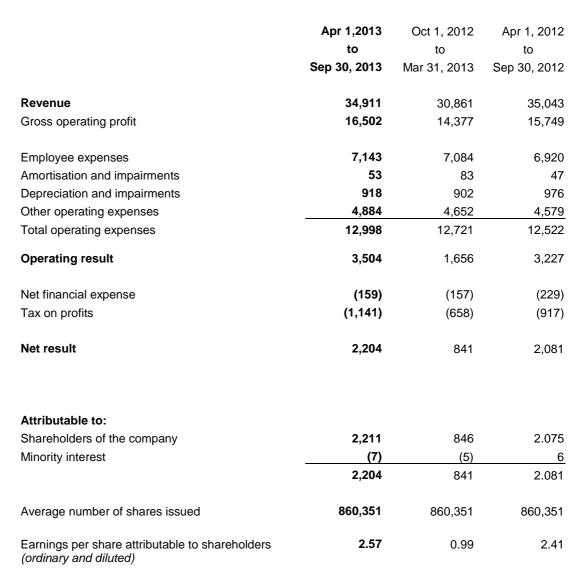
For further information:

Holland Colours NV Rob Harmsen CEO Holland Colours Tel: +31 (0)55 368 0700



CONDENSED INTERIM CONSOLIDATED HALF-YEAR REPORT PER SEPTEMBER 30, 2013

Condensed interim consolidated income statement





Condensed consolidated statement of comprehensive income

	Apr 1,2013	Oct 1, 2012	Apr 1, 2012
	to	to	to
	Sep 30, 2013	Mar 31, 2013	Sep 30, 2012
Net result	2,204	841	2,081
Net value adjustment financial instruments	146	36	(89)
Foreign currency translation differences	(885)	74	494
Effect of deferred tax on profits	(8)	(26)	16
Other comprehensive income	(747)	84	421
Total comprehensive income	1,457	925	2,502
Attributable to:			
Shareholders of the company	1,473	938	2,492
Minority interest	(16)	(13)	10
	1,457	925	2,502

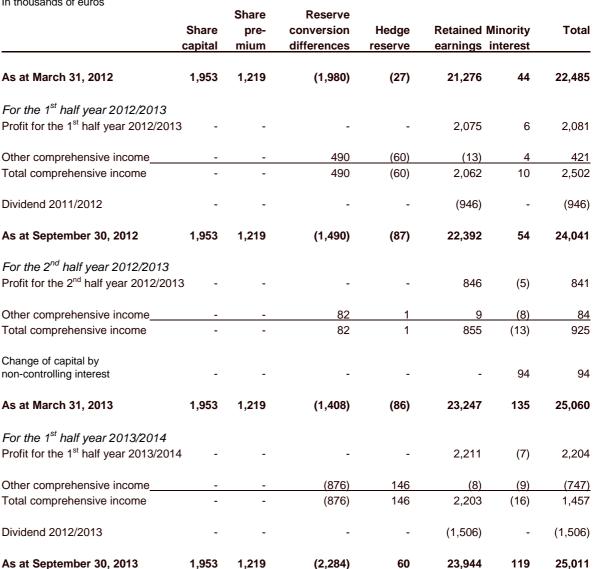


Condensed interim consolidated balance sheet

	Sep 30, 2013	Mar 31, 2013	Sep 30, 2012
Non-current assets			
Intangible fixed assets	315	327	350
Tangible fixed assets	14,103	14,292	14,063
Deferred tax assets	1,945	2,303	2,154
Other long-term receivables	185	196	195
Total non-current assets	16,548	17,118	16,762
Current assets			
Inventory	8,379	8,189	9,361
Trade and other receivables	12,336	13,721	12,372
Income tax receivables	179	288	331
Cash and cash equivalents	3,258	1,580	1,606
Total current assets	24,152	23,778	23,670
Total assets	40,700	40,896	40,432
Equity			
Total equity	25,011	25,060	24,041
Provisions			
Employee benefit obligations	1,154	1,127	1,087
Non-current liabilities			
Long-term debt	3,353	3,585	3,825
Deferred tax liabilities	45	18	11
Derivative financial instruments	237	313	361
Total non-current liabilities	3,635	3,916	4,197
Current liabilities			
Credit institutions	3,224	1,686	3,392
Repayment obligations for long-term debt	309	503	555
Trade and other payables	7,058	8,204	6,836
Income tax liabilities	96	74	93
Employee benefit obligations	213	326	231
Total current liabilities	10,900	10,793	11,107
Total equity and liabilities	40,700	40,896	40,432

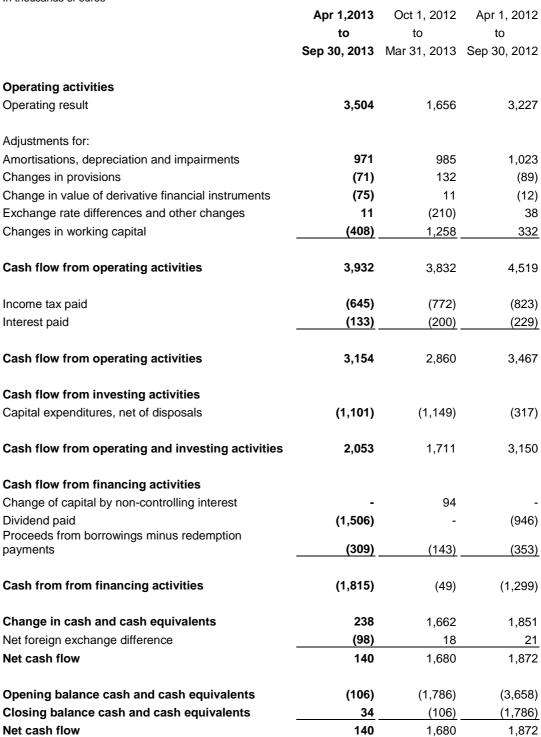


Condensed interim consolidated statement of changes in equity





Condensed interim consolidated statement of cash flows





Segment reporting

Segment information for the first half year 2013/2014

In thousands of euros

			Adjustments and			
	Europe	Americas	Asia	Other	eliminations	Total
Revenue	18,514	11,515	4,882	-	-	34,911
Inter segmental transactions	308	42	8	-	(358)	-
Revenue including inter segmental transactions	18,822	11,557	4,890	-	(358)	34,911
Depreciation, amortisation and impairments	454	255	81	181	-	971
Operating result	1,179	1,393	690	242	-	3,504
Net financing expense	-	-	-	-	(159)	(159)
Tax	-	-	-	-	(1,141)	(1,141)
Net result	-	-	-	-	-	2,204
Assets	17,904	12,012	7,290	32,973	(29,479)	40,700
Liabilities	10,873	2,103	1,465	6,652	(5,404)	15,689
Total investments Average number of employees	238	234	457	172	-	1,101
(in FTE)	188	89	101	17	-	395



Segment information for the first half year 2012/2013

In thousands of euros

					Adjustments and	
	Europe	Americas	Asia	Other	eliminations	Total
Revenue	18,698	11,153	5,192	-	-	35,043
Inter segmental transactions	361	1	-	-	(362)	-
Revenue including inter	19,059	11,154	5,192	-	(362)	35,043
segmental transactions						
Depreciation, amortisation and						
impairments	511	255	85	172	-	1,023
Operating result	979	1,246	956	46	-	3,227
Net financing expense	-	-	-	-	(229)	(229)
Tax	-	-	-	-	(917)	(917)
Net result	-	-	-	-	-	2.081
Assets	18,353	12,219	6,983	29,889	(27,012)	40,432
Liabilities	11,449	2,290	1,527	6,358	(5,233)	16,391
Total investments	92	84	81	66	-	323
Average number of employees (in FTE)	184	87	100	15	-	386

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



General

Holland Colours NV is a public limited liability company having its registered office in Apeldoorn, the Netherlands. The Company's consolidated financial statements comprise the financial statements of the Company and of its subsidiary companies, also named the Holland Colours Group.

The condensed consolidated interim report comprises the period April 1, 2013 up to and including September 30, 2013 of the Company and its subsidiary companies.

All amounts listed are in thousands of Euros, unless specified otherwise.

The condensed interim financial statements are compiled by the Board of Management of Holland Colours NV and released for publication by the Supervisory Board on October 31, 2013.

The original condensed interim 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 shall prevail.

Statement of compliance

The half-year report has been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union and in accordance with the IAS 34 "Interim Financial Reporting" guideline. The half year report does not contain all information required for a complete annual report, and should be read in combination with the 2012/2013 consolidated annual report of the Holland Colours Group.

Audit

No audit was performed on the information presented in this half-year report.

Accounting policies

The interim financial information regarding the period ending September 30, 2013 has been compiled in accordance with the principles for consolidation and financial reporting, as described in the annual report of Holland Colours NV for the fiscal year 2012/2013.

Seasonal influences

The operations of the Holland Colours Group are subject to seasonal influences. In general, more revenues are generated in the first half of the financial year than in the second half of the financial year. The seasonal pattern is a result of the influence of weather on the sale of the products delivered by Holland Colours.

Taxes

In the interim financial information, taxes have been included in the profit and loss account on the basis of the estimated weighted average applicable nominal rate of corporate tax.

Outstanding shares

The number of outstanding shares as of September 30, 2013 amounted to 860,351 shares. This number did not change in comparison with March 31, 2013.

Dividend

The dividend was set at € 1.75 per share during the general meeting of shareholders of July 11, 2013. As of July 19, 2013, € 1.5 million in cash dividend has been paid out and withdrawn from the other reserves.

Named reserves

The named reserves compose of currency translation differences, cash flow hedge reserve and the reserve for intangible assets.

Obligations not reflected in the balance sheet

The other liabilities not reflected in the balance sheet as included in the annual report 2012/2013 have not changed substantially in the first half-year of 2013/2014.

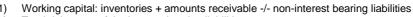
Events after the reporting period

There have been no events after balance sheet date.



Key figures

	Apr 1,2013 to	Oct 1, 2012 to	Apr 1, 2012 to
	Sep 30, 2013		Sep 30, 2012
RESULTS (in millions of euros)	33p 33, 23.3	,	сор со, <u>_</u>
Revenue	34.9	30.9	35.0
Operating result	3.5	1.7	3.2
Net result	2.2	0.8	2.1
CASH FLOW (in millions of euros)			
- from operating activities	3.2	2.9	3.5
- Capital expenditures, net of disposals	(1.1)	(1.1)	(0.3)
- from financing activities	(1.8)	(0.0)	(1.3)
Net cash flow	0.1	1.7	1.9
GROWTH (in %)			
Revenue versus comparable period	(0.4)	5.4	9.6
Operating profit versus comparable period	8.6	153.0	29.0
Net result versus comparable period	5.9	296.5	39.5
BALANCE SHEET (in millions of euros)			
Working capital ¹	13.5	13.6	14.9
Invested capital	29.8	30.4	31.3
Shareholders' equity (excl. Minority interest)	24.9	24.9	24.0
Balance-sheet total	40.7	40.9	40.4
RATIOS			
Total debt ² / EBITDA ³	1.0	0.8	1.3
Operating result / revenue (%)	10.0	5.4	9.2
Solvency ⁴ (%)	61.5	61.3	59.5
Return on average shareholders' equity (%)	12.4	15.6	10.1
Interest coverage ratio ⁵	22.0	10.6	14.1
Return on average invested capital ⁶ (ROI) (%)	17.3	12.2	11.8
Current assets / current liabilities (current ratio)	2.2	2.2	2.1
FIGURES PER SHARE (in euros)			
Total net result	2.57	0.99	2.41
Cash flow	3.69	2.13	3.60
Equity (excl. minority interest)	28.93	29.13	27.89
Closing price	27.30	22.15	18.85
OTHER DATA			
Number of outstanding shares	860,351	860,351	860,351
Average number of employees (FTE)	395	384	386





Total debt: sum of the interest-bearing liabilities
EBITDA: 12 months moving forward total EBITDA
Solvency: shareholders' equity / balance-sheet total
Interest coverage ratio: operating result / net finance costs

Return on invested capital: operating profit / (equity + provisions + interest-bearing liabilities -/- cash) x 100%

HOLLAND COLOURS

Profile

- Approximately 400 employees;
- 2000 customers in 80 countries;
- 10 locations:
- · Worldwide network of agents;
- · Every employee is a shareholder.

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 the United States, Mexico, Europe and Asia.

Holland Colours makes products for colouring synthetic materials, the main products being Holcobatch and Holcoprill. Both these products have the advantage of being free-flowing, dust-free and very easy to dose, Furthermore, Holland Colours makes pastes for colouring Silicones & Elastomers, PET packaging and other applications.

Holland Colours concentrates worldwide on three focus markets:

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

Roughly 80% of sales are realised in these three markets.

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

Holland Colours is organised 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 worldwide distribution of sales is as follows: Europe 53%, Americas 32% and Asia 15%.

Important dates:

6 February 2014 Interim statement

27 May 2014 Publication of annual figures for 2013/2014

10 July 2014 General Meeting of Shareholders

HOLLAND COLOURS NV

PO Box 720 | 7300 AS Apeldoorn | The Netherlands T +31 (0)55 368 0700 | F +31 (0)55 366 29 81 ir@hollandcolours.com www.hollandcolours.com

