

€ 1.2 NET MILLION PROFIT THANKS TO FAVORABLE TURNOVER IN 2nd HALF-YEAR

Key figures:

- Turnover € 51 million (-4%)
- Operating result € 2.7 million (2008/2009: minus € 0.6 million)
- Net result € 1.2 million (2008/2009: minus € 0.6 million)
- Total debt / EBITDA 2.0 (2008/2009: 5.1)
- Net profit per share € 1.34 (2008/2009: minus 0.72)
- Dividend proposal € 0.50 per stock (2008/2009: 0.00)

Lower turnover

Turnover dropped by 4% to € 51.0 million in this financial year, due to the recession (2008/2009: 53.3 million). Excluding currency effects, the decrease amounts to 3%. An important cause of this drop in the first half-year was lack of demand in many of the markets in which Holland Colours operates, among other things due to reduced inventory in production chains. The situation gradually improved over the course of the financial year. In the first and second quarters, turnover dropped compared to the previous year by 26% and 9% respectively, and grew again in the third and fourth quarters, by 5% and 26% respectively. It should be noted however that the basis for comparison was more favorable in these quarters. When compared with two years ago, turnover is still 16% and 7%, respectively, lower in these last two quarters.

Turnover development has varied in the different regions. The recession is still clearly noticeable. In Europe, where the crisis mainly took effect from the second half of the 2008/2009 financial year, turnover dropped by 10% when compared with last year's drop of 13%. America, which had been affected by the economic crisis for longer, showed increased turnover for the first time in years. Turnover there grew by 5%, compared with a 15% drop in the previous financial year. Turnover was also on the rise in Asia this year. A drop in trade turnover was amply compensated by an increase in sales of proprietary products. The effects of the economic crisis on developments in this region have remained limited.

Due to the global crisis, a drop in turnover in the Building & Construction market had already been taken into account. The 5% decline was mainly caused by waning demand in Europe. Contrary to expectations, in America turnover in this focus market actually increased for the first time in years.

Turnover in the market for Packaging unexpectedly decreased by 3% at the beginning of the financial year. Although this market is traditionally less sensitive to economic fluctuations, the crisis had more effect than was forecast last year. As a result of lack of demand in other markets, producers of master batches have become more active in the market for Packaging. The increased competition has put pressure on sales prices in this market. In some segments of the market, this development was at the expense of Holland Colours' market share. Moreover, for cost reasons PET packaging is being colored less or by means of cheaper methods. Demand for cheaper products has therefore increased, while demand for more expensive products has simultaneously declined. Finally, customers have reduced their inventory where possible over the course of the financial year.

Despite the crisis, Silicones & Elastomers enjoyed a sales growth of 1%, mainly from Europe. Although this market is also sensitive to the recession, the decline in turnover remained limited among existing customers. At the same time, efforts made to attract new customers were rewarded with extra turnover.

Increased net result

Net result rose to plus € 1.2 million in 2009/2010 versus a loss of € 0.6 million last year. It should be noted however that last year's results included on the one hand reorganization costs of € 0.9 million (before taxes) and a incidental tax saving of € 0.7 million on the other. The cost saving measures implemented at the end of the previous financial year have brought Holland Colours back to a profitable situation. Despite the drop in turnover, operating results rose from minus € 0.6 million to plus € 2.7 million. The improvement versus last year is entirely due to the second half-year. Despite the somewhat lower turnover in the second half-year compared to that of last year, caused by seasonal fluctuations, this period was concluded with a net profit of € 1.4 million (2008/2009: minus € 2.5 million, including € 0.9 million reorganization costs). Return on investment increased over the year as a whole to 8.8% (2008/2009: minus 1.9%).

Improved gross margin

The ratio between the gross operating result and the net turnover was 47.4% in 2009/2010, which is higher than last year (46.1%). Early in the financial year in particular, raw material prices dropped as a result of the crisis. This trend was reversed in the second half-year with a return to previous price levels and an added problem of availability of raw materials. Due to rigid working capital control among suppliers,

raw materials were not always received on time. A change in the product mix, as a result of a relative increase in sales of proprietary quality products, had a favorable effect on margin development. Finally, improvements in the production process have led to less waste, increased re-use, higher production yields and therefore a better gross margin. These improvements are a consequence of the Lean improvement program initiated a number of years ago.

Lower operating costs thanks to reorganization and cost control

The reduction in the number of jobs announced in March 2009 has resulted in cost savings of € 1.8 million. Depreciation dropped by € 0.5 million versus the previous financial year, mainly because investments have remained well below the level of depreciation in the past two years. Cost control has also resulted in lower travel and accommodation costs, lower communication costs and lower consumption of auxiliary materials. Operating expenses dropped by € 2.8 million in total to € 21.5 million (2008/2009: € 24.3 million, excluding € 0.9 million reorganization costs).

Cash flow and financing

Despite the improved operating result, the cash flow from operational activities decreased to € 2.6 million in 2009/2010 (2008/2009: € 5.7 million). Whereas the working capital decreased by € 2.6 million in the previous financial year, it now increased by € 0.6 million from an exceptionally low level early in the financial year to € 10.4 million. This increase is due to a € 1.7 million increase in trade receivables as the result of a higher level of activities in relation to the final quarter of the previous financial year. On the other hand, inventories declined by € 0.4 million, particularly by reduction of the temporarily high inventory of raw materials at the beginning of the financial year. The remainder is explained by an increase in trade debts of € 1.0 million, a decrease in other debts of € 1.1 million, mainly thanks to settlement of the reorganization at the start of the financial year, and a decrease in other receivables of € 0.8 million.

The positive cash flow of € 2.0 million from operational and investment activities (2008/2009: € 4.5 million) was allocated to reduce the interest-bearing debt to € 10.4 million (2008/2009: 12.5 million).

An agreement was reached with the banks in July 2009 regarding the conditions under which the financing could be continued. Additional collateral was required in the Netherlands, Hungary and the United States. Moreover, a number of new covenants and higher interest rates were applied. The key ratio relates to the relationship between debts to credit providers and earnings before interest, taxes, depreciation and amortization (Total Debt / EBITDA ratio). This ratio was 2.0 at the end of the financial year (2008/2009: 5.1) and therefore remained under the agreed 3.0 limit. The other ratios agreed with the banks were also met.

Despite a rise in interest rates, the financing costs remained the same at about € 0.9 million (2008/2009: € 0.9 million) due to a reduction in the interest-bearing debt burden.

The corporation's solvency ratio has increased to 50.9% compared with 46.1% at the beginning of the financial year. This increase can mainly be explained by the increased equity as a result of the net profit. The positive exchange rate results remained limited to € 0.1 million (2008/2009: € 0.7 million), mainly due to the American dollar rate being roughly the same at the beginning and end of the financial year. The exchange rate results are a consequence of the stockholders' equity at subsidiary corporations reporting in foreign currencies.

Strategy

Over the course of the financial year, it was decided to adapt the corporate strategy to the changed conditions caused by the crisis. Even more emphasis will be put on innovation, based on the existing core competence, whereby the results may well be achieved outside of the three focus markets. Other element of the adapted strategy is that Holland Colours wants to increase its market share in the focus markets without jeopardizing the gross margin. Additionally, the operating expenses and investments will increase less than proportional to the turnover growth. Turnover growth and greater yield from existing means of production will lead to an increase in profitability. The corporate targets have been formulated as follows for the coming three years:

- Turnover growth of 8 to 12 % per annum
- ROI growth to a level of at least 15%
- Growth in earnings per share, greater than proportional to the turnover growth

The turnover growth target has been increased from last year's 5-10% to 8-12%. The main reason for this lies in the fact that the economic recession has pushed turnover down to a relatively low level. In combination with the fruits of innovation, a growth of 8-12% per annum from this level on is believed possible. The realization of the corporate goals remains dependent on the economic recovery in the various regions.

Dividend proposal

The net result per share is plus € 1.34, compared to minus € 0.72 last year. On the basis of the corporation's dividend policy, it will be proposed to the General Meeting of Shareholders that a dividend of € 0.50 per share be distributed in cash (2008/2009: € 0.00). The proposed dividend takes account of the uncertain economic prospects and the cautious attitude taken by banks.

Outlook for 2010/2011

The economic climate is expected to remain uncertain in 2010/2011, especially with regard to developments in the European and American housing markets. Although the order portfolio at the start of the financial year is higher than the relatively low level of a year ago, it is still too early to draw conclusions for the entire financial year.

The housing markets in Europe and the United States are expected to show little or no structural recovery. Nevertheless, Holland Colours anticipates higher sales for Building & Construction when compared with the low level of 2009/2010, thanks to good market positioning.

Holland Colours also expects higher turnover for Packaging and Silicones & Elastomers. This growth is derived from market expansion, improved market positions and increased turnover in new products, including Holcomer UHT and Holcosil HTV.

Activities aimed at more efficient management will be continued unabatedly, with great attention for turnover development.

The number of (full-time) employees as of 1 April 2010 is 376. This number is expected to increase slightly over the course of the financial year, due to the higher activity level.

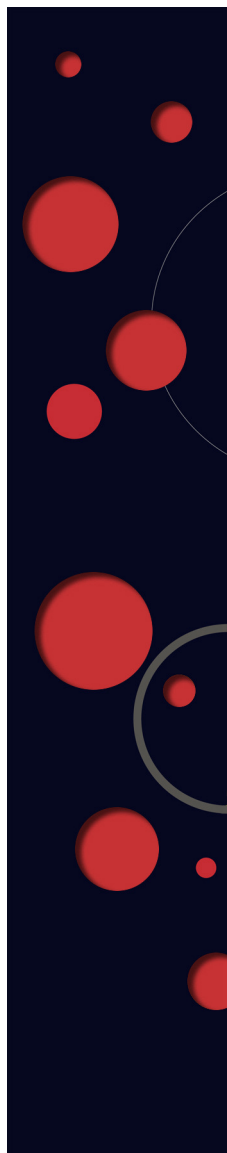
Depreciation is likely to exceed investment once again in 2010/2011, allowing the latter to be fully financed from the cash flow. Corporate policy is aimed at remaining well within the bank covenants in the coming financial year, and improving the conditions of the financing agreements.

Barring unforeseen circumstances, a marked increase in turnover and a more than proportional increase of the net result is foreseen for the first half-year 2010/2011. Due to the uncertain economic developments, however, Holland Colours does not make any statements for the financial year 2010/2011 as a whole.

The annual report will be published on 18 June, 2010.

The General Meeting of Shareholders will be held at the corporation's offices on 5 July at 1:30 p.m.

Apeldoorn, 1 June 2010



Financial statements 2009/2010 **HOLLAND COLOURS NV**

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the financial year ending March 31, 2010

in EUR thousands

	01-04-2009 to 31-03-2010	01-04-2008 to 31-03-2009
Turnover	51,037	53,337
Gross operating profit	24,191	24,591
Operating costs, excluding exceptional costs	21,493	24,301
Exceptional costs	-	920
Operating profit	2,698	(630)
Net finance costs	(912)	(913)
Income tax expense	(632)	922
Net result	1,154	(621)
Attributable to:		
Equity holders of the company	1,156	(623)
Minority interest	(2)	2
	1,154	(621)
Net profit per share in Euro		
Average number of shares issued	860,351	860,351
Total earnings per share attributable to equity holders	1.34	(0.72)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ending March 31, 2010

in EUR thousands

	01-04-2009 to 31-03-2010	01-04-2008 to 31-03-2009
Net result	1,154	(621)
Result hedge accounting, net of tax	80	(229)
Foreign currency translation differences	111	743
Other comprehensive income, net of profit tax	191	514
 Total comprehensive income	 1,345	 (107)
Attributable to:		
Equity holders of the company	1,346	(118)
Minority interest	(1)	11
	1,345	(107)

CONDENSED CONSOLIDATED BALANCE SHEET

in EUR thousands

	March 31, 2010	March 31, 2009
Non-current assets		
Intangible fixed assets	562	751
Tangible fixed assets	17,318	19,365
Deferred tax assets	1,927	1,491 *
Other long-term assets	185	331
Total non-current assets	19,992	21,938
Current assets		
Inventories	7,266	7,661
Trade- and other receivables	10,321	8,092
Current income tax receivables	36	1,014 *
Cash and cash equivalents	1,614	1,757
Total current assets	19,237	18,524
Total assets	39,229	40,462
Equity		
Total equity	19,986	18,641
Non-current liabilities		
Long-term liabilities	3,582	784
Employee benefit obligations	1,254	1,311 *
Other long-term liabilities	228	409
	5,064	2,504
Current liabilities		
Credit institutions	4,899	11,599 *
Repayment obligations	1,904	141 *
Trade- and other payables	7,076	7,272 *
Current income tax payables	300	305 *
	14,179	19,317
Total equity and liabilities	39,229	40,462

*) Certain numbers shown here do not correspond to the 2008/2009 financial statements due to reclassifications.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ending March 31, 2010

in EUR thousands

	Issued capital	Share premium account	Currency translation differences	Other reserves	Retained earnings	Minority interest	Total
As at April 1, 2008	1,953	1,219	(3,016)	175	19,233	44	19,608
Profit for the financial year 2008/2009	-	-	-	-	(623)	2	(621)
Other comprehensive income	-	-	734	(263)	34	9	514
Total comprehensive income	-	-	734	(263)	(589)	11	(107)
Dividend 2007/2008	-	-	-	-	(860)	-	(860)
As at March 31, 2009	1,953	1,219	(2,282)	(88)	17,784	55	18,641
As at April 1, 2009	1,953	1,219	(2,282)	(88)	17,784	55	18,641
Profit for the financial year 2009/2010	-	-	-	-	1,156	(2)	1,154
Other comprehensive income	-	-	110	122	(42)	1	191
Total comprehensive income	-	-	110	122	1.114	(1)	1.345
As at March 31, 2010	1,953	1,219	(2,172)	34	18,898	54	19,986

CONDENSED CASH FLOW STATEMENT

for the financial year ending March 31, 2010

in EUR thousands

	01-04-2009 to 31-03-2010	01-04-2008 to 31-03-2009
Operating profit	2,698	(630)
Depreciation, amortisation and impairments	2,592	3,096
Value change derivative financial instruments	(95)	171
Exchange rate differences	275	553
Changes in working capital	(1,884)	4,164
Cash flow from business activities	3,586	7,354
Paid income tax and interest	(1,093)	(1,599)
Cash flow from operating activities	2,493	5,755
Capital expenditures, net of disposals	(410)	(1,223)
Cash flow from investing activities	2,083	4,532
Dividend paid to shareholders	-	(860)
Proceeds from borrowings	1,127	62
Redemption payments	(3,615)	(2,629)
Cash flow from financing activities	(2,488)	(3,427)
Change in cash and cash equivalents	(405)	1,105
Currency differences in cash	86	(22)
Net cash flow	(319)	1,083
Cash at opening balance date	(2,966)	(4,049)
Cash at ending balance date	(3,285)	(2,966)
Net cash flow	(319)	1,083

SEGMENT REPORTING

Segments 2009/2010

in EUR thousands

	Europe	North-America	Asia	Other	Total
Turnover	29,767	15,700	5,570	-	51,037
Inter segmental transactions	601	81	-	-	682
Turnover including inter segmental transactions	30,368	15,781	5,570	-	51,719
Depreciation, amortisation and impairments	1,215	584	181	612	2,592
Operating profit	(73)	1,342	977	452	2,698
Net finance costs	-	-	-	-	(912)
Income tax expense	-	-	-	-	(632)
Net result	-	-	-	-	1,154
Assets	19,087	12,693	4,352	3,097	39,229
Liabilities	9,086	3,146	1,453	5,558	19,243
Total investments	171	22	120	179	492
Average number of employees in fte's	196	88	90	19	393

Segments 2008/2009

in EUR thousands

	Europa	Noord-Amerika	Azië	Overig	Totaal
Turnover	33,025	15,048	5,264	-	53,337
Inter segmental transactions	512	158	148	-	818
Turnover including inter segmental transactions	33,537	15,206	5,412	-	54,155
Depreciation, amortisation and impairments	1,537	637	127	601	2,902
Operating profit	(1,039)	(212)	779	(158)	(630)
Net finance costs	-	-	-	-	(913)
Income tax expense	-	-	-	-	922
Net result	-	-	-	-	(621)
Assets	20,016	11,742	4,324	4,251	40,333
Liabilities	8,898	2,969	1,063	8,762	21,692
Total investments	718	129	149	227	1,223
Average number of employees in fte's	220	98	94	21	433

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

Notes

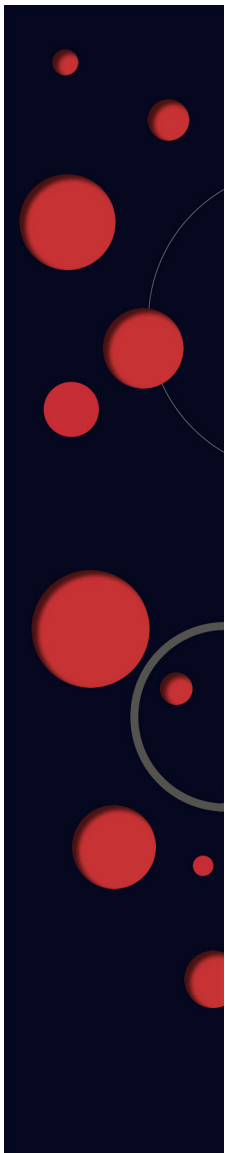
Statement of accounting standards

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 approved by the Supervisory Board in its meeting of June 1, 2010 and contains only a part of these statements. The annual financial statements will be published on June 18, 2010 and will be presented to the General Meeting of Shareholders for adoption on July 5, 2010. The financial statements have therefore not yet been published in accordance with statutory provision. The auditor has issued an auditor's statement of approval for the annual financial statements that have been prepared.



HOLLAND COLOURS

Corporate profile

- Approximately 380 employees
- 2,000 customers in 80 countries
- 10 (production) sites
- Worldwide network of agents
- Each employee is stockholder

Holland Colours was founded in 1979 and has been listed on the NYSE Euronext Amsterdam Stock Exchange since 1989. It is an independent Dutch corporation with offices in North America and Mexico, Europe and Asia. Holland Colours makes products for coloring 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 coloring 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

Around 85% 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 centers in each specific region: Europe (including the Middle East and Africa), Americas and Asia.

The global turnover distribution is Europe 60%, Americas 30% and Asia 10%.

Important dates:

5 July 2010	General Meeting of Shareholders at 1:30 p.m. at the offices of the corporation
7 July 2010	Ex-dividend quotation
9 July 2010	Record date (after stock-exchange close)
16 July 2010	Dividend available for payment
5 August 2010	Trading update (after stock-exchange close)
4 November 2010	Publication of the 2010/2011 half-yearly figures (after stock-exchange close)

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