

HOLLAND COLOURS PRESS RELEASE

Lower result in 2011/2012 due to margin pressure

- Sales of €61.2 million (+1%)
- Operating result of €3.2 million (2010/2011: €5.4 million)
- Net result €1.7 million (2010/2011: €3.2 million)
- Net profit per share €1.97 (2010/2011: €3.65)
- Dividend proposal €1.10 per share (2010/2011: €2.30)

2011/2012 was a difficult year, as a result of the weakening economy and rising prices for raw materials. Sales rose by 1% to €61.2 million (2010/2011: €60.5 million). Volume growth was 2%. Currency effects had a negative impact of approximately 2%, mainly due to the lower US dollar in the first six months. After remaining steady during the first half of the year, sales rose in the second half to a higher level than in the same period a year previously due to positive developments in the last quarter. After falling 3% in the third quarter, sales rose 7% in the fourth quarter in comparison to the fourth quarter of 2010/2011.

The development of the business varied in each region. Sales increased in Europe in the first months of the financial year, but declined after the summer due to the deteriorating economy. Sales also fell in the Americas (by 2%), but this was due to a difficult start to the year and also to currency effects. Excluding currency effects, sales rose in this region by 2%. Asia was the only region to generate an increase in sales in euro terms compared to the previous financial year. The proportion of the sales of Holland Colours realised in Asia increased further to 15%. The increase in sales in this region this year amounted to 18% after currency effects. Without currency effects the increase was actually 24%.

Sales in the Building & Construction market fell 3% as a result of the decline in demand in Europe since the summer of 2011. This was partly offset by positive developments in North America, where sales managed to rise slightly despite the lower US dollar. The fall in sales was less than the fall in volume due to higher sale prices.

In the Packaging market, Holland Colours achieved a lower sales on higher volume compared to the previous year. Although this market is less exposed to cyclical changes, it has become more competitive as a result of lower demand in other markets. Growth in the Europe and Asia divisions was cancelled out by a fall in sales in the Americas division.

Sales in Silicones & Elastomers were up 12% compared to last year. Sales rose in all Divisions, with the highest growth being realised in the Americas.

Sales in Specialties increased by 10%. This was achieved mainly in Asia, and in Europe to a lesser extent. In Europe the increase was partly due to innovative products sold outside our focus markets. In Asia, this mostly concerned sales of Holland Colours' new master-batch product Holcomaster and additional realised trade sales.

Sharp decline in net profit

Net profit fell from €3.2 million to €1.7 million in 2011/2012, despite a 1% rise in sales. The operating result declined from €5.4 million to €3.2 million. Higher raw material prices were the main cause of the lower result. As a result of the difficult economic climate, especially in Europe, higher raw material prices could in many cases only be passed on to customers partly and with a delay. This led to a fall in the gross margin, in both absolute and relative terms. Operating expenses remained below the level in the previous financial year.

As usual, sales in the second six months were lower than in the first, due to seasonal fluctuations. After a net profit of €1.5 million in the first half (2010/2011: €2.3 million), the second half of the year closed with a net profit of €0.2 million (2010/2011: €0.9 million). Return on investment declined over the year as a whole to 10.0% (2010/2011: 17.7%).

Lower gross margin due to higher raw materials prices and product mix changes

The ratio between the gross operating result and net sales was 44.0% in 2011/2012, much lower than in the previous year (48.8%). The gross margin was pressured by higher raw materials prices throughout the financial year. In the first six months, a relative gross margin of 44.6% (2010/2011: 49.1%) was achieved. In the second half year, this was 43.3% (2010/2011: 48.5%). As far as possible, higher raw materials prices were reflected in the end product sale prices, albeit with a delay. Especially in the Building & Construction market in Europe, which is suffering from continuing weak economic conditions, it will take a long time to realise higher sale prices.

Changes in the product mix are another important constituent of the lower relative gross margin, in particular the increase in Specialties sales in Asia and the decline of the share of Packaging in overall sales.

Operating expenses under control

The total operating expenses fell from €24.1 million to €23.8 million. Currency effects had a positive effect of approximately €0.2 million compared to the previous year. Contrary to the previous financial year, personnel costs do not include a payment under the profit-sharing plan that applies to all Holland Colours staff (2010/2011: €1.0 million). Despite a slightly higher level of activity, the average number of employees remained more or less unchanged at 382 (FTE) compared to the previous year (2010/2011: 383). Depreciation fell by €0.1 million compared to the previous financial year, mainly because investment remained below the level of depreciation in recent years. Other operating expenses rose €0.3 million. Lower expenses for external consultants and energy were offset by an increase in other employee expenses, higher local taxation and additions to the provision for defaulting debtors. The principles for determining the provision for defaulting debtors were tightened in the light of the euro crisis as a precaution. The change of management led to additional expenses of approximately €0.4 million.

Cash flow and financing

Operating cash flow fell from €3.0 million in 2010/2011 to €1.6 million in 2011/2012. The decline in the net result is the main reason for this.

At the end of March 2012 the working capital amounted to € 14.8 million, considerably higher than at the end of March 2011 (€12.6 million). The increase in working capital was due to an increase in the operational working capital of €1.2 million (inventory was up €0.9 million, and trade receivables rose €0.3 million, while trade payables were unchanged), an increase in other receivables of €0.4 million and a decline in other liabilities of €0.8 million (unlike the previous year, there was no reserve for profit-sharing this year). The increase in inventory was due to the increase in inventory of raw materials in an amount of €1.2 million. This mainly concerned an increase in value as a result of the rise in raw materials prices. Additional inventory was also acquired, partly due to the announcement of a price increase for titanium dioxide. The inventory of finished product declined by €0.3 million. The increase in trade receivables was due to the higher activity level in the last quarter. Compared to sales, there was a small rise in trade receivables in days from 61.3 to 62.4 which was mostly due to the higher sales in Asia, where payment terms usually are longer.

The positive cash flow from operational and investment activities of €0.9 million (2010/2011: €2.1 million) was not sufficient to compensate for repayments and dividend payments, and therefore the net cash flow was a negative €2.2 million (2010/2011: €1.8 million positive). The total interest-bearing debt rose from €9.1 million at the end of March 2011 to €9.6 million at the end of March 2012. The most important banking ratio (Total Debt / EBITDA) rose from 1.2 to 1.8, but remains comfortably below the level agreed with the bank of 3.0.

The existing financing agreements were not changed in 2011/2012. The bank covenants and the collateral provided to secure the loans also remained the same. During the financial year, Holland Colours met all covenants agreed with the bank.

The financial lease agreement regarding the head office came to an end in November 2011, and Holland Colours exercised the purchase option in the agreement for a sum of €0.5 million. No refinancing will be required during the forthcoming year.

The company's solvency ratio increased to 55.3% compared to 54.9% at the beginning of the financial year. The increase in equity as a result of the positive net result and positive translation results was offset by a decline due to the dividend payment in July 2011. The positive translation results of €0.8 million (2010/2011: €0.6 million negative) were mainly due to the higher level of the US dollar at the end of the financial year compared to its level at the end of March 2011. The translation results are a result of equity holdings in subsidiary companies which report in foreign currencies.

Company targets were not achieved

The company targets are formulated as follows:

- Sales growth of 8% to 12 % per year;
- ROI growth to a level of at least 15%;
- Growth in earnings per share, greater than proportional to the growth in sales.

None of these targets were achieved in 2011/2012.

Dividend proposal

The net result per share amounts to €1.97, compared to €3.65 in the previous year. It will be proposed to the General Meeting of Shareholders that a dividend of €1.10 per share be distributed in cash (2010/2011: €2.30). In formulating this dividend proposal, the following factors were taken into consideration:

- Due to the uncertain prospects for the economy, Holland Colours strives to achieve a solvency ratio around the upper end of its target bandwidth of 45%-50%.
- The existing financing agreements and the expected cash flow are expected to be sufficient to meet the financing requirements.
- Regarding the Total Debt / EBITDA ratio, the ambition is to achieve a level that is comfortably below the level of 3 agreed with the bank.

Outlook for 2012/2013

The economic climate is expected to remain uncertain in 2012/2013, particularly in Europe and in the United States. The Asian economies are generally developing positively. At the start of the financial year, the order book is up compared to a year ago, although order intake is volatile.

The housing markets in the regions of Europe and the United States important to Holland Colours are expected to show little or no structural recovery in 2012/2013. In Packaging and Silicones & Elastomers, Holland Colours expects organic market growth. Increased sales of new products such as Holcomer UHT and Holcosil HTV are expected to contribute to the sales development.

A recovery of the gross margin will continue to be a key item of attention. Higher raw material prices will be passed on to customers with continued effort.

Efforts designed to increase operational efficiency will continue unabated.

As of 1 April 2012, the number of employees was 383 (FTE). This number is expected to increase slightly over the course of the financial year, due to a higher activity level.

Investments will be more or less equal to the level of depreciation in 2012/2013, and are expected to be fully financed from operating cash flow.

The company's policy is aimed at remaining well within the bank covenants in the coming financial year.

Due to the uncertain economic outlook and the cyclical nature of the markets in which Holland Colours operates, Holland Colours will not issue any forecasts regarding the 2012/2013 financial year.

The 2011/2012 annual report and the agenda for the General Meeting of Shareholders of July 10 will be published on our website www.hollandcolours.com on May 29.

Apeldoorn, May 25, 2012

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Financial statements 2011/2012 **HOLLAND COLOURS NV**

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the financial year ending March 31, 2012

In EUR thousands

	01-04-2011 to 31-03-2012	01-04-2010 To 31-03-2011
Turnover	61,241	60,506
Gross operating profit	26,939	29,552
Personnel costs	12,509	12,946
Amortisation and impairments	202	259
Depreciation and impairments	2,011	2,109
Other operating costs	9,060	8,792
	23,782	24,106
Operating profit	3,157	5,446
Net finance costs	(549)	(723)
Income tax expense	(903)	(1,569)
Net result	1,705	3,154
Attributable to:		
Equity holders of the company	1,697	3,144
Minority interest	8	10
	1,705	3,154
Average number of shares issued	860,351	860,351
Total earnings per share attributable to equity holders	1.97	3.65

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ending March 31, 2012

In EUR thousands

	01-04-2011 to 31-03-2012	01-04-2010 to 31-03-2011
Net result	1,705	3,154
Result hedge accounting, net of tax	(225)	110
Foreign currency translation differences	794	(595)
Other comprehensive income, net of profit tax	569	(485)
Total comprehensive income	2,274	2,669
Attributable to:		
Equity holders of the company	2,264	2,654
Minority interest	10	15
	2,274	2,669

CONDENSED CONSOLIDATED BALANCE SHEET

In EUR thousands

	March 31, 2012	March 31, 2011
<i>Non-current assets</i>		
Intangible fixed assets	337	424
Tangible fixed assets	14,567	15,742
Deferred tax assets	2,321	1,838
Other long-term assets	188	178
	<hr/>	<hr/>
Total non-current assets	17,413	18,182
<i>Current assets</i>		
Inventories	9,488	8,546
Trade- and other receivables	12,167	11,458
Current income tax receivables	293	286
Cash and cash equivalents	1,313	1,934
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Total current assets	23,261	22,224
	<hr/>	<hr/>
Total assets	40,674	40,406
<i>Equity</i>		
Total equity	22,485	22,190
<i>Non-current liabilities</i>		
Long-term liabilities	3,995	4,461
Other long-term liabilities	389	195
Employee benefit obligations	1,064	1,220
	<hr/>	<hr/>
Total non-current liabilities	5,448	5,876
<i>Current liabilities</i>		
Credit institutions	4,971	3,440
Repayment obligations	598	1,195
Trade- and other payables	6,703	7,504
Current income tax payables	132	91
Employee benefit obligations	337	110
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Total current liabilities	12,741	12,340
	<hr/>	<hr/>
Total equity and liabilities	40,674	40,406

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ending March 31, 2012

In EUR thousands

	Issued capital	Share premium account	Currency translation differences	Other reserves	Retained earnings	Minority interest	Total equity
As at April 1, 2010	1,953	1,219	(2,172)	34	18,898	54	19,986
Net result for the year 2010/2011	-	-	-	-	3,144	10	3,154
Other comprehensive income	-	-	(600)	185	(75)	5	(485)
Total comprehensive income	-	-	(600)	185	3,069	15	2,669
Change of capital	-	-	-	-	-	(35)	(35)
Dividend for 2009/2010	-	-	-	-	(430)	-	(430)
As at March 31, 2011	1,953	1,219	(2,772)	219	21,537	34	22,190
Net result for the year 2011/2012	-	-	-	-	1,697	8	1,705
Other comprehensive income	-	-	792	(246)	21	2	569
Total comprehensive income	-	-	792	(246)	1,718	10	2,274
Dividend for 2010/2011	-	-	-	-	(1,979)	-	(1,979)
As at March 31, 2012	1,953	1,219	(1,980)	(27)	21,276	44	22,485

CONDENSED CASH FLOW STATEMENT

for the financial year ending March 31, 2012

In EUR thousands

	01-04-2011 to 31-03-2012	01-04-2010 to 31-03-2011
Operating activities		
Operating profit	3,157	5,446
Depreciation, amortisation and impairments	2,213	2,368
Exchange rate differences	548	(244)
Changes in working capital	(2,452)	(1,861)
Cash flow from business activities	3,466	5,709
Paid income tax	(1,345)	(1,980)
Paid interest	(549)	(723)
Cash flow from operating activities	1,572	3,006
Cash flow from investing activities	(624)	(901)
Cash flow from operating and investing activities	948	2,105
Cash flow from financing activities		
Dividend paid to shareholders	(1,979)	(430)
Proceeds from borrowings, net of redemption payments	(1,202)	139
Cash flow from financing activities	(3,181)	(291)
Change in cash and cash equivalents	(2,233)	1,814
Currency differences in cash	81	(35)
Net cash flow	(2,152)	1,779
Cash at opening balance date	(1,506)	(3,285)
Cash at ending balance date	(3,658)	(1,506)
Net cash flow	(2,152)	1,779

SEGMENT REPORTING

for the financial year ending March 31, 2012

Segments 2011/2012

In EUR thousands

	Europe	North- America	Asia	Other	Adjustments and eliminations	Total
Turnover	33,436	18,660	9,130	15	-	61,241
Inter segmental transactions	626	152	4	-	-	782
Sales including inter segmental transactions	34,062	18,812	9,134	15	-	62,023
Depreciation, amortisation and impairments	1,077	506	156	474	-	2,213
Operating profit	(229)	1,575	1,803	(103)	111	3,157
Net finance costs	-	-	-	-	(549)	(549)
Income tax expense	-	-	-	-	(903)	(903)
Net result	-	-	-	-	-	1,705
Assets	18,520	11,435	6,540	25,066	(20,887)	40,674
Liabilities	11,534	2,530	1,816	3,420	(1,111)	18,189
Total investments	275	149	103	147	-	674
Average number of employees in fte's	184	84	98	16	-	382

Segments 2010/2011

In EUR thousands

	Europe	North- America	Asia	Other	Adjustments and eliminations	Total
Turnover	33,743	19,071	7,704	(12)	-	60,506
Inter segmental transactions	613	497	-	-	-	1,110
Sales including inter segmental transactions	34,356	19,568	7,704	(12)	-	61,616
Depreciation, amortisation and impairments	1,129	572	163	503	-	2,368
Operating profit	1,169	2,474	1,722	81	-	5,446
Net finance costs	-	-	-	-	(723)	(723)
Income tax expense	-	-	-	-	(1,569)	(1,569)
Net result	-	-	-	-	3,154	3,154
Assets	20,010	11,423	5,117	23,927	(20,071)	40,406
Liabilities	10,330	2,891	1,331	4,611	(947)	18,216
Total investments	384	166	233	206	-	989
Average number of employees in fte's	188	85	94	16	-	383

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

Notes

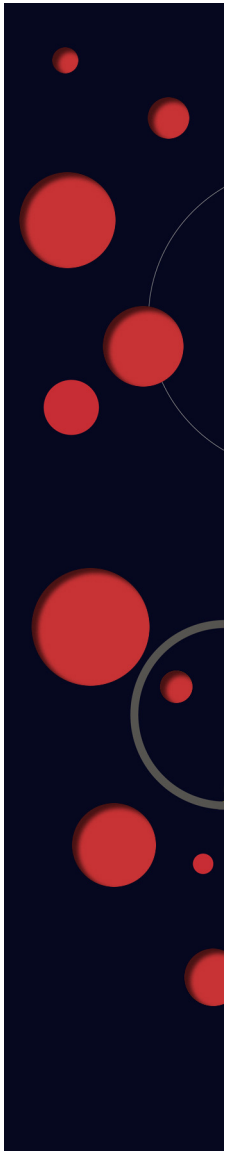
General

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 approved by the Supervisory Board in its meeting of May 25, 2012 and contains only a part of these statements. The annual financial statements are published on May 29, 2012 and will be presented to the General Meeting of Shareholders for adoption on July 10, 2012. The auditor has issued an auditor's statement of approval for the annual financial statements that have been prepared.

The original press release was 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.



Key figures

Financial year at March 31

2011/2012 2010/2011 2009/2010

KEY FIGURES IN RELATION WITH CORPORATE OBJECTIVES

Turnover growth (%)	1.2	18.6	(4.3)
Return on average invested capital ⁵ (ROI) (%)	10.0	17.7	8.8
Growth in earnings per share (%)	(46.0)	172	286

RESULTS (in € million)

Turnover	61.2	60.5	51.0
Operating result	3.2	5.4	2.7
Net result	1.7	3.2	1.2

CASHFLOW (in € million)

Cash flow ¹	3.9	5.5	3.7
Investments	0.7	1.0	0.5
Depreciations	2.2	2.4	2.6

BALANCE SHEET (in € million)

Working capital ²	14.8	12.6	10.4
Invested capital	31.8	30.6	30.1
Shareholders' equity (excl. minority interest)	22.4	22.2	19.9
Balance sheet total	40.7	40.4	39.2

RATIOS

Total debt ³ / EBITDA	1.8	1.2	2.0
Operating result / turnover (%)	5.2	9.0	5.3
Solvency ⁴ (%)	55.3	54.9	50.9
Return on average invested capital ⁵ (ROI) (%)	10.0	17.7	8.8
Return on average shareholders' equity (%)	7.7	14.6	6.1
Interest coverage ratio	5.8	7.5	3.0
Current assets / current liabilities (current ratio)	1.8	1.8	1.4

FIGURES PER SHARE (€)

Net result	1.97	3.65	1.34
Cash flow ¹	4.55	6.42	4.35
Shareholders' equity (excl. minority interest)	26.08	25.75	23.17
Closing price	17.00	26.01	20.50

OTHER DATA

Number of outstanding shares	860,351	860,351	860,351
Average number of employees (fte's)	382	383	393

- 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)

HOLLAND COLOURS

Profile

- Approximately 385 employees;
- 2,000 customers in 80 countries;
- 10 (production) sites;
- Worldwide network of agents;
- Each employee is shareholder.

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

The global turnover distribution is Europe 55%, Americas 30% and Asia 15%.

Important dates:

10 July 2012	General meeting of Shareholders
17 August 2012	Trading update (after stock-exchange close)
1 November 2012	Publication of the 2012/2013 half-yearly figures (after stock-exchange close)