

HOLLAND COLOURS 2012/2013 half-yearly report

Higher result due to increased sales and improved margins

- Sales increased to € 35 million (first six months 2011/2012: € 32 million)
- Higher gross margin due to price-, mix- and currency effects
- Net result € 2.1 million (first six months 2011/2012: € 1.5 million)

During the first half of the 2012/2013 financial year, Holland Colours realised sales of € 35 million. This is € 3 million (or 10%) higher than over the same period of the 2011/2012 financial year, to which is noted that the first quarter showed an increase of 12%, and the second quarter 7%. Order intake reduced towards the end of the 2nd quarter.

Currency effects, particularly related to the stronger American dollar, had a positive effect of around 5% (or € 1.7 million) on sales versus the same period in the previous financial year.

Holland Colours closes the first six months with a net result of € 2.1 million, which is € 0.6 million higher than the net result over the first six months of 2011/2012. Of this improved result, € 1.5 million comes from an increase in gross margin to € 15.8 million, with a rise in average gross margin of 0.3% points to 44.9% versus the same period of the previous financial year.

The rise in gross margin was impacted to the sum of € 0.8 million by positive currency effects and to € 0.7 million by price and mix effects. Total operating expenses relative to the first six months of 2011/2012 rose by € 0.8 million. An increase in employee expenses of € 0.5 million – particularly due to currency effects – is the main reason for the rise in operating expenses.

Earnings per share of the first six months rose to € 2.41. Over the first six months of 2011/2012 earnings per share was € 1.74.

Sales

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

Taken over the entire first six months all division and focus markets showed higher sales. However, sales development in the focus markets per division shows a more mixed picture.

Sales in the Building & Construction and Packaging focus markets rose slightly, especially in Europe and the Americas. In the latter case, supported by a stronger American dollar.

The rise in these two divisions in Packaging was partly offset by a decline in Asia.

In the first six months of the current financial year, the Silicones & Elastomers focus markets realised a clear increase, with all divisions contributing positively.

Finally, sales in the Specialities segment versus the previous financial year showed the largest increase (17%). More than half of the absolute increase was realised in the Asia division.

Sales growth per focus market

Sales growth per focus market	1 st six months 2012/2013 versus 1 st six months 2011/2012
Focus markets	
Building & Construction	+5%
Packaging	+6%
Silicones & Elastomers	+9%
Total focus markets	+6%
Specialties	+17%
Total sales	+10%
Total excluding exchange-rate effect	+5%

Gross margin

Relative to the same period last year, gross margin rose by 0.3% points to 44.9%. The rise in gross margin was impacted to the sum of € 0.8 million by positive currency effects and to € 0.7 million by price and mix effects.

The company benefits from the effects of higher sales prices implemented in the previous financial year in response to persistent increases in raw materials prices prevailing at that time.

Operating expenses

Total operating expenses relative to the first six months of 2011/2012 rose by € 0.8 million (or 7%). In addition to a negative currency effect of € 0.6 million, the autonomous increase in employee expenses was the main reason for the rise in operating expenses.

Sales and earnings development per division

Europe

In the first six months of the financial year, the Europe division realised sales levels 4% above those of the previous financial year. A strong first quarter was then followed by a second quarter that was weaker than last year. For the greater part owing to the positive effects of the implemented sales price increases, gross margin over the first six months was higher than for the same period last year. The lower order intake in the months of August and September is a clear indication of the still difficult market conditions in this segment.

Americas

Compared to the first six months of 2011/2012, sales - in American dollars - increased by 5% in the first half of this financial year. Owing to the stronger dollar versus the euro, the rise expressed in euros is as much as 18%. This rise was mainly realised in the Building & Construction focus market. However, a small growth in sales was also realised in the remaining segments relative to last year, as denominated in American dollars. It is gratifying to observe that sales in Mexico have also grown strongly. In contrast to higher sales, gross margin declined by 1.0% point. Nevertheless, the operating result rose by 14% to € 1.2 million.

Asia

The strong growth in the Asia division in the second half year of the 2011/2012 financial year relative to the same period in the 2010/2011 financial year continued to some degree in the first half year of this financial year. Adjusted for the strong American dollar, growth is 3%. With lower sales in the Building & Construction and Packaging focus markets compared to last year, the segments Silicones & Elastomers, and in particular Specialties, contributed positively to sales in the Asia division. Sales growth at our Chinese subsidiary stagnated and even showed a slight decline versus the first six months of last year.

The operating result of the Asia division increased fractionally to € 1.0 million. This is based on sales growth, with a slightly lower gross margin due to a changed product mix relative to last year, and increased operating expenses.

Cash flow and financing

In the first half of the financial year, cash flow from operational activities was in the plus at € 3.5 million relative to minus € 0.2 million over the same period last year. This was mainly caused by the decline in working capital.

The positive cash flow from operational and investing activities minus the cash flow from financing activities (€ -1.3 million), led to a decline in interest-bearing liabilities to € 7.8 million versus € 9.6 at the end of March 2012. As a result of this, the key banking ratio (the 12-month running *Total debt / EBITDA*) improved to 1.3.

In the first six months, Holland Colours continued to meet all covenants agreed with the bank.

In late September 2012, working capital, excluding cash and interest-bearing short-term debts, was € 14.9 million, rising fractionally relative to the start of the financial year (€ 14.8 million). The main reason for this increase is higher American dollar exchange rates at balance sheet date. Working capital decreased by € 0.5 million versus September last year (€ 15.4 million), with increased trade and other receivables – resulting from higher activity levels – being compensated by a significant decline in inventories.

In the first six months of the financial year, the company's solvency ratio rose from 55.3% March last year to 59.5%. The exchange-rate results of the first half year of 2012/2013 were € 0.5 million. The primary reason for this was that, at the end of September, the American dollar was stronger than at the start of this financial year.

Investments over the first six months were limited to € 0.3 million (2011/2012: € 0.2 million). These investments mainly related to simple replacements and investments to improve safety in the factories. In the second half year, investments will be at a higher level, mainly as a result of the launch of the previously announced new subsidiary in Indonesia, PT. Holco Indo Jaya.

The return on average invested capital (ROI) increased in the first half of the financial year to 11.8%. Over the first six months of the 2011/2012 financial year, this was 13.0%. At the end of March 2012, a return of 10.0% 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 2011/2012 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 September 30, 2012, 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 2012/2013

Despite the good results in the first half year, Holland Colours will not issue a forecast regarding the 2012/2013 financial year. This due to the uncertain economic situation and the cyclical nature of the markets in which Holland Colours operates.

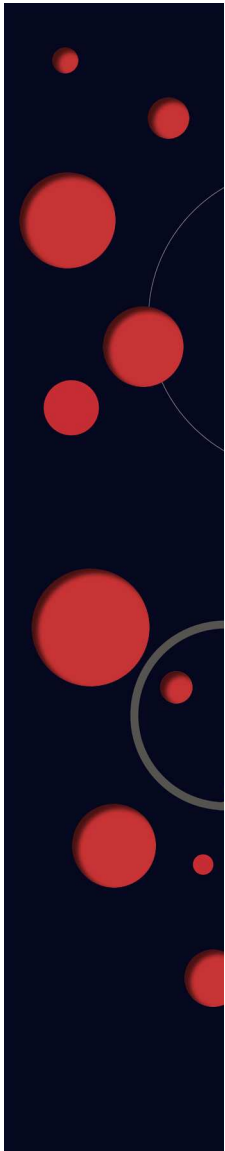
Furthermore, in the second half of the financial year, sales and results will likely be lower than in the first half of the year, owing specifically to the seasonal trend in the Building & Construction market.

Apeldoorn, November 1, 2012

Rob Harmsen
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CONDENSED INTERIM CONSOLIDATED HALF-YEAR REPORT PER SEPTEMBER 30, 2012

Condensed interim consolidated income statement

In thousands of euros

	Apr 1, 2012 up till Sep 30, 2012	Oct 1, 2011 up till Mar 31, 2011	Apr 1, 2011 up till Sep 30, 2011
Revenue	35,043	29,275	31,966
Gross operating profit	15,749	12,683	14,256
Employee expenses	6,920	6,065	6,444
Amortisation and impairments	47	120	82
Depreciation and impairments	976	1,031	980
Other operating expenses	4,579	4,812	4,248
Total operating expenses	12,522	12,028	11,754
Operating result	3,227	655	2,502
Net financial expense	(229)	(243)	(306)
Tax on profits	(917)	(199)	(704)
Net result	2,081	213	1,492
Attributable to:			
Shareholders of the company	2,075	204	1,493
Minority interest	6	9	(1)
	2,081	213	1,492
Average number of shares issued	860,351	860,351	860,351
Earnings per share attributable to shareholders (ordinary and diluted)	2.41	0.23	1.74

Condensed consolidated statement of comprehensive income

In thousands of euros

	Apr 1, 2012 up till Sep 30, 2012	Oct 1, 2011 up till Mar 31, 2011	Apr 1, 2011 up till Sep 30, 2011
Net result	2,081	213	1,492
Net value adjustment financial instruments	(89)	(23)	(238)
Foreign currency translation differences	494	389	405
Effect of deferred tax on profits	16	(7)	43
Other comprehensive income	421	359	210
Total comprehensive income	2,502	572	1,702
Attributable to:			
Shareholders of the company	2,492	567	1,697
Minority interest	10	5	5
	2,502	572	1,702

Condensed interim consolidated balance sheet

In thousands of euros

	Sep 30, 2012	Mar 31, 2012	Sep 30, 2011
<i>Non-current assets</i>			
Intangible fixed assets	350	337	382
Tangible fixed assets	14,063	14,567	15,162
Deferred tax assets	2,154	2,321	1,965
Other long-term receivables	195	188	184
Total non-current assets	16,762	17,413	17,693
<i>Current assets</i>			
Inventory	9,361	9,488	11,123
Trade and other receivables	12,372	12,167	11,152
Income tax receivables	331	293	136
Cash and cash equivalents	1,606	1,313	1,889
Total current assets	23,670	23,261	24,300
Total assets	40,432	40,674	41,993
<i>Equity</i>			
Total equity	24,041	22,485	21,913
<i>Provisions</i>			
Employee benefit obligations	1,087	1,064	1,247
<i>Non-current liabilities</i>			
Long-term debt	3,825	3,995	4,253
Deferred tax liabilities	11	16	9
Derivative financial instruments	361	373	359
Total non-current liabilities	4,197	4,384	4,621
<i>Current liabilities</i>			
Credit institutions	3,392	4,971	6,127
Repayment obligations for long-term debt	555	598	1,122
Trade and other payables	6,836	6,703	6,874
Income tax liabilities	93	132	89
Employee benefit obligations	231	337	-
Total current liabilities	11,107	12,741	14,212
Total equity and liabilities	40,432	40,674	41,993

Condensed interim consolidated statement of changes in equity

In thousands of euros

	Share capital	Share pre- mium	Reserve conversion differences	Hedge reserve	Retained earnings	Minority interest	Total
As at March 31, 2011	1,953	1,219	(2,772)	219	21,537	34	22,190
<i>For the 1st half year 2011/2012</i>							
Profit for the 1 st half year 2011/2012	-	-	-	-	1,493	(1)	1,492
Other comprehensive income	-	-	399	(204)	9	6	210
Total comprehensive income	-	-	399	(204)	1,502	5	1,702
Dividend 2010/2011	-	-	-	-	(1,979)	-	(1,979)
As at September 30, 2011	1,953	1,219	(2,373)	15	21,060	39	21,913
<i>For the 2nd half year 2011/2012</i>							
Profit for the 2 nd half year 2010/2011	-	-	-	-	204	9	213
Other comprehensive income	-	-	393	(42)	12	(4)	359
Total comprehensive income	-	-	393	(42)	216	5	572
As at March 31, 2012	1,953	1,219	(1,980)	(27)	21,276	44	22,485
<i>For the 1st half year 2012/2013</i>							
Profit for the 1 st half year 2012/2013	-	-	-	-	2,075	6	2,081
Other comprehensive income	-	-	490	(60)	(13)	4	421
Total comprehensive income	-	-	490	(60)	2,062	10	2,502
Dividend 2011/2012	-	-	-	-	(946)	-	(946)
As at September 30, 2012	1,953	1,219	(1,490)	(87)	22,392	54	24,041

Condensed interim consolidated statement of cash flows

In thousands of euros

	Apr 1, 2012 up till Sep 30, 2012	Oct 1, 2011 up till Mar 31, 2011	Apr 1, 2011 up till Sep 30, 2011
Operating activities			
Operating result	3,227	655	2,502
Adjustments for:			
Amortisations, depreciation and impairments	1,023	1,151	1,062
Changes in provisions	(89)	155	(84)
Change in value of derivative financial instruments	(12)	15	173
Exchange rate differences and other changes	38	411	(122)
Changes in working capital	332	364	(2,816)
Cash flow from operating activities	4,519	2,751	715
Income tax paid	(823)	(655)	(690)
Interest paid	(229)	(243)	(306)
Cash flow from operating activities	3,467	1,853	(281)
Cash flow from investing activities			
Capital expenditures, net of disposals	(317)	(384)	(240)
Cash flow from operating and investing activities	3,150	1,469	(521)
Cash flow from financing activities			
Dividend paid	(946)	-	(1,978)
Proceeds from borrowings minus redemption payments	(353)	(912)	(290)
Cash flow from financing activities	(1,299)	(912)	(2,268)
Change in cash and cash equivalents	1,851	557	(2,789)
Net foreign exchange difference	21	23	57
Net cash flow	1,872	580	(2,732)
Opening balance cash and cash equivalents	(3,658)	(4,238)	(1,506)
Closing balance cash and cash equivalents	(1,786)	(3,658)	(4,238)
Net cash flow	1,872	580	(2,732)

Segment reporting

Segment information for the first half year 2012/2013

In thousands of euros

	Europe	North America	Asia	Other	Adjustments and eliminations	Total
Revenue	18,698	11,153	5,192	-	-	35,043
Inter segmental transactions	361	1	-	-	(362)	-
Revenue including inter segmental transactions	19,059	11,154	5,192	-	(362)	35,043
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

Segment information for the first half year 2011/2012

In thousands of euros

	Europe	North America	Asia	Other	Adjustments and eliminations	Total
Revenue	18,048	9,462	4,456	-	-	31,966
Inter segmental transactions	376	91	-	-	(467)	-
Revenue including inter segmental transactions	18,424	9,553	4,456	-	(467)	31,966
Depreciation, amortisation and impairments	530	249	76	207	-	1,062
Operating result	413	1,089	942	58	-	2,502
Net financing expense	-	-	-	-	(306)	(306)
Tax	-	-	-	-	(704)	(704)
Net result	-	-	-	-	-	1,492
Assets	19,529	12,447	7,083	26,557	(23,623)	41,993
Liabilities	11,709	3,172	2,319	5,094	(2,215)	20,079
Total investments	89	82	30	39	-	240
Average number of employees (in FTE)	187	85	98	16	-	386

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

Notes

Statement of accounting standards

The interim financial information regarding the period ending September 30, 2012 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 2011/2012.

The half-year report has been prepared 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 2011/2012 consolidated annual report of the Holland Colours Group.

The condensed interim financial statements are compiled by the Board of Management of Holland Colours NV released for publication by the Supervisory Board on November 1, 2012.

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

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

With effect from January 1, 2013 the revised IFRS standard regarding employee benefits (IAS 19R) will be implemented. This change is not expected to have any material effect on the financial statements for 2013/2014 or subsequent years.

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.

Subsidiaries

On June 29, 2012 Holland Colours announced to establish together with the Italian company Gaypa Srl, a company in Indonesia. In this company, PT. Holco Indo Jaya, Holland Colours will participate, together with their Indonesian subsidiary PT. Holland Colours Asia, for 85%. Gaypa Srl will participate for the remaining 15%. The results of PT. Holco Indo Jaya will be included in the consolidated financial statements for 2012/2013.

Per September 30, 2012 the company was not fully established yet and has not had an impact on the financial results for the first half year of 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, 2012 amounted to 860,351 shares. This number did not change in comparison with March 31, 2012.

Dividend

The dividend was set at € 1.10 per share during the general meeting of shareholders of July 10, 2012. As of July 18, 2012, € 946,386 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 2011/2012 have not changed substantially in the first half-year of 2012/2013.

Events after the reporting period

There have been no events after balance sheet date.

Key figures

	Apr 1, 2012 up till Sep 30, 2012	Oct 1, 2011 up till Mar 31, 2012	Apr 1, 2011 up till Sep 30, 2011
RESULTS (in millions of euros)			
Revenue	35.0	29.2	32.0
Operating result	3.2	0.7	2.5
Net result	2.1	0.2	1.5
CASH FLOW (in millions of euros)			
- from operating activities	3.5	1.9	(0.3)
- Capital expenditures, net of disposals	(0.3)	(0.4)	(0.2)
- from financing activities	(1.3)	(0.9)	(2.3)
Net cash flow	1.9	0.6	(2.7)
GROWTH (in %)			
Revenue versus comparable period	9.6	2.4	0.1
Operating profit versus comparable period	29.0	(59.3)	(34.8)
Net result versus comparable period	39.5	(75.2)	(35.0)
BALANCE SHEET (in millions of euros)			
Working capital ¹	14.9	14.8	15.4
Invested capital	31.3	31.8	32.7
Shareholders' equity (excl. Minority interest)	24.0	22.4	21.9
Balance-sheet total	40.4	40.7	42.0
RATIOS			
Total debt ² / EBITDA ³	1.3	1.8	1.8
Operating result / revenue (%)	9.2	2.2	7.8
Solvency ⁴ (%)	59.5	55.3	52.2
Return on average shareholders' equity (%)	10.1	14.6	10.8
Interest coverage ratio ⁵	14.1	2.7	8.2
Return on average invested capital ⁶ (ROI) (%)	11.8	7.7	13.0
Current assets / current liabilities (current ratio)	2.1	1.8	1.7
FIGURES PER SHARE (in euros)			
Total net result	2.41	0.23	1.74
Cash flow	3.60	1.58	2.97
Equity (excl. minority interest)	27.89	26.08	24.48
Closing price	18.85	17.00	27.50
OTHER DATA			
Number of outstanding shares	860,351	860,351	860,351
Average number of employees (FTE)	386	382	386

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

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

3) EBITDA: 12 months moving forward total EBITDA

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

5) Interest coverage ratio: operating result / net finance costs

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

HOLLAND COLOURS

Corporate profile

- Approximately 390 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 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.

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:

February 7, 2013	Trading update
May 29, 2013	Publication of the 2012/2013 results
July 11, 2013	General meeting of shareholders
August 15, 2013	Trading update
October 31, 2013	Publication of the half year results 2013/2014

