

2015/2016 HALF-YEARLY REPORT **HOLLAND COLOURS**

Stable profit at higher revenues

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

- Revenue of € 37.1 million (first six months 2014/2015: € 33.1 million)
- Positive currency effect on revenue of € 3.2 million
- 2% autonomous revenue growth
- Gross margin up, as well as gross margin percentage
- Net result of € 1.9 million (first six months 2014/2015: € 1.9 million)
- Tineke Veldhuis resigns as Director Division Americas and as Statutory Director of Holland Colours NV

Holland Colours realized revenues of € 37.1 million in the first six months of the 2015/2016 financial year. This is a € 4.0 million (12%) improvement over the same period of the prior financial year whereby favorable currency effects, mainly as a result of the stronger American dollar versus the euro, account for € 3.2 million (10%).

The first half year closed with a net profit of € 1.9 million. Which is equal to the € 1.9 million in the first half of 2014/2015. Gross margin increased by € 2.3 million to € 18.1 million of which € 1.6 million is explained by positive currency effects and € 0.7 million relates to positive price, volume and mix effects.

Total operating expenses compared to the first half of 2014/2015 increased by € 2.1 million (16%) of which € 1.3 million relates to a stronger US dollar while higher operating cost, especially in the division Americas (mainly personnel costs) are the main reason for the remaining cost increase.

Earnings per share ended at € 2.22, equivalent to earnings per share in the first half of 2014/2015.

Organization update

After a successful career of 36 years within the global Holland Colours organization, Tineke Veldhuis will resign and transfer her role as Director Division Americas to Jaime Gomez per January 1, 2016. Tineke will also resign from her statutory duties for Holland Colours NV per that same date. The statutory board will then consist of the CEO (Rob Harmsen) and CFO (Margret Kleinsman). For reasons of continuity, Tineke remains available as an advisor to Holland Colours.

Revenue development

The revenue development over the various markets is summarized as follows:

Revenue growth by focus market	1th six months 2015/ 2016 vs. 1th six months 2014/ 2015
Focus markets	
Building & Construction	2%
Packaging	12%
Silicones & Elastomers	-8%
Total focus markets	3%
Specialities	1%
Currency impact	10%
Total sales	12%

The 2% revenue growth in Building & Construction was driven by the Americas division while Europe stayed almost at par and Asia was down.

The strong revenue increase in Packaging was mainly achieved in the Americas and Europe while Asia remained at par with last year.

Revenue for Silicones & Elastomers was 8% down versus prior year as the increase in Europe was more than offset by revenue declines in Americas and Asia.

The improvement in Specialties was realized in Europe and Americas.

Revenue and profit by division

Europe

Revenue for the division Europe was up 4% in the first half of this year versus prior year. A good first quarter was followed by stable revenues in the second quarter as compared to last year. The half-year revenue increased in all focus markets despite backlog in Eastern Europe. Gross margin as a percentage of revenue improved over prior year due to improved product- and geo mix as well as production efficiencies. Operating expenses increased marginally. Operating profit increased with € 0.5 million to € 1.5 million.

America's

In comparison with the first six months of 2014/2015, revenue for the Americas – as measured in US dollars- was up by 6%. After a modest increase in the first quarter, there was a marked revenue improvement in the second quarter. The increase is mainly realized in Building and Construction while also Packaging and Specialties performed better. Elastomers declined during the first six months.

As a result of the stronger US dollar, the revenue increase for the first half as measured in Euro's was 28%. The gross margin for the first half compared to last year increased by 1.9% points. Combined with an increase in operating expenses (in both US dollars and Euro's), the operating result improved by € 0.3 million, to end at € 1.3 million for the first half year.

Asia

The revenue in Asia -as measured in US dollars- stayed 14% behind that of the first half of 2014/2015. While the Asia division in the first quarter of this year showed a marked decline in revenue as compared to prior year, the backlog was stronger in the second quarter. The half year revenue is down in all focus markets compared to last year.

In euros, there was an increase of 4% in turnover, which combined with a decrease of the gross margin percentage and increased operating expenses, resulted in a decrease of the operating profit of the Asia division by € 0.6 million to end at € 0.2 million for the first half year.

Operating expenses

Total operating expenses compared to the first half of 2014/2015 increased by € 2.1 million (16%) of which € 1.3 million relates to a stronger US dollar while higher operating cost, especially in the division Americas (mainly personnel costs) are the main reason for the remaining cost increase.

Taxation

The tax burden as a percentage of income before taxes compared to the first six months of 2014/2015 increased by over 3% points to 34%, partly due to a relatively higher share of the total profit before tax in countries with relatively higher effective tax rate.

Cash flow and financing

The net cash flow for the first six months ended at € 416,000 positive compared to a positive € 459,000 for the first six months of the financial year 2014/2015.

Cash flow from operating activities was € 3.4 million positive, compared to € 2.6 million in the same period last year. Of this improvement, € 0.2 million is derived from an improved EBITDA and € 1.0 million from the reduction in working capital mainly due to the increase in accounts payable. These effects were partially off-set by the increase in taxes paid € 0.3 million.

The € 0.8 million improvement in operating cash flow was amongst others used for higher capital expenditures in Europe and Americas (€ 0.6 million).

During the first six months, the positive balance of cash plus interest-bearing debt increased further to € 5.7 million versus € 5.3 million at end March 2015, and € 2.6 million end of September 2014. The most important banking ratio, 12 month rolling Total debt/EBITDA was 0.5 which is equal to September 30, 2014.

In the first half of Holland Colours met all covenants agreed with the bank.

Per the end of September 2015, the working capital, excluding cash and interest bearing liabilities, was € 12.4 million, a decline compared to the beginning of the financial year (€ 13.1 million). After adjustment for currency impact, it is in particular the higher position on trade payables that is notable in the improvement.

The translation results on equity per the end of September 2015 were € 0.6 million negative due to the lower value of the US dollar as compared to the end of September 2014. Partly because of this translation result, the solvency of the company in the first half of the year decreased compared to March 2015 from 66.1% to 65.7%.

The return on average invested capital (ROI) increased in the first six months of the year to 18.7%. For the first half of the financial year 2014/2015 the ROI was 17.0%.

Risk management

Risk management is an integral management task and aims to recognize significant risks to which the company is exposed and to manage them with a reasonable degree of certainty, at the same time considering the size of the company and the character of the business. Such a system cannot provide absolute certainty that objectives will be realized. Neither can it definitely prevent all potential cases of material mistakes, damage, fraud or breaches of statutory laws.

The 2014/2015 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. There were no cases of material damage, fraud or breaches of law detected in the first half year.

Statutory Board statement

The Statutory Board hereby declares that, to the best of its knowledge, the summarized interim consolidated half-yearly report as of 30 September 2015, 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 Board report as included 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 2014/2015

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

Holland Colours will not issue a forecast regarding the full 2015/2016 financial year.

Apeldoorn, October 29, 2015

Rob Harmsen
Margret Kleinsman
Tineke Veldhuis – Hagedoorn

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**CONDENSED INTERIM CONSOLIDATED HALF-YEAR REPORT
PER 30 SEPTEMBER 2015**

Condensed interim consolidated income statement

In thousands of euros

	April 1, 2015 to Sep 30, 2015	April 1, 2014 to Sep 30, 2014
Revenue	37,080	33,063
Gross margin	18,059	15,753
Employee expenses	8,433	7,313
Amortisation and impairments	65	51
Depreciation and impairments	956	913
Other operating expenses	5,537	4,570
Total operating expenses	14,991	12,847
Operating results	3,068	2,905
Net financial expense	(95)	(135)
Tax on profits	(1,057)	(857)
Net result	1,916	1,914
Attributable to		
Shareholders of the company	1,907	1,927
Minority interest	9	(13)
	1,916	1,914
Average number of shares issued	860,351	860,351
Earnings per share attributable to shareholders	2.22	2.22

Condensed consolidated statement of comprehensive income

In thousands of euros

	April 1, 2015 to Sep 30, 2015	April 1, 2014 to Sep 30, 2014
Net result	1,916	1,914
Items not transferable to the income statement:		
Actuarial results on employee benefits	(-)	(104)
Items transferable to the income statement		
Net value adjustment financial instruments	76	(114)
Foreign currency translation differences	(637)	1,156
Total comprehensive income	1,355	2,852
Attributable to:		
Shareholders of the company	1,370	2,865
Minority interest	(15)	(13)
	1,355	2,852

Condensed interim consolidated balance sheet

In thousands of euros

	Sep 30, 2015	Mar 31, 2015	Sep 30, 2014
<i>Non-current assets</i>			
Intangible fixed assets	338	363	293
Tangible fixed assets	14,909	15,139	14,232
Deferred tax assets	1,810	2,227	1,889
Other long-term receivables	224	205	196
Total non-current assets	17,281	17,934	16,610
<i>Current assets</i>			
Inventory	8,756	7,772	8,291
Trade and other receivables	13,106	15,362	11,947
Income tax receivables	123	72	145
Cash and cash equivalents	5,721	5,305	2,781
Total current assets	27,706	28,511	23,164
Total assets	44,987	46,445	39,774
<i>Equity</i>			
Total equity	30,335	30,702	27,015
<i>Non-current liabilities</i>			
Long-term debt	1,055	1,125	3,215
Employee benefit obligations	1,310	1,417	1,104
Deferred tax liabilities	12	12	21
Derivative financial instruments	89	154	200
Total non-current liabilities	2,466	2,708	4,540
<i>Current liabilities</i>			
Credit institutions	-	-	160
Repayments obligations for long-term debt	2,431	2,556	250
Trade and other payables	9,484	10,034	7,410
Income tax liabilities	131	305	102
Employee benefit obligations	140	140	296
Total current liabilities	12,186	13,035	8,219
Total equity and liabilities	44,987	46,445	39,774

Condensed interim consolidated statement of changes in equity

In thousands of euros

	Share capital	Share pre- mium	Reserve conversion differences	Other reserves	Retained earnings	Minority interest	Total
As at March 31, 2014	1,953	1,219	(2,668)	94	25,293	96	25,987
<i>For the 1st half year 2014/2015</i>							
Profit 1 st half year 2014/2015	-	-	-	-	1,927	(13)	1,914
Other comprehensive income	-	-	1,156	(113)	(105)	(0)	938
Total comprehensive income	-	-	(1,512)	(19)	27,115	83	28,839
Dividend 2013/2014	-	-	-	-	(1,824)	-	(1,824)
As at September 30, 2014	1,953	1,219	(1,512)	(19)	25,291	83	27,015
<i>For the 2nd half year 2014/2015</i>							
Profit 2 nd half year 2014/2015	-	-	-	-	1,535	(5)	1,530
Other comprehensive income	-	-	2,513	(164)	(157)	11	2,203
Total comprehensive income	-	-	2,513	(164)	1,378	6	3,733
Change in capital	-	-	-	-	-	(46)	(46)
As at March 31, 2015	1,953	1,219	1,001	(183)	26,669	43	30,702
<i>For the 1st half year 2015/2016</i>							
Profit 1 st half year 2015/2016	-	-	-	-	1,907	9	1,916
Other comprehensive income	-	-	(613)	82	(7)	(24)	(562)
Total comprehensive income	-	-	(613)	82	1,900	(15)	1,354
Dividend 2014/2015	-	-	-	-	(1,721)	-	(1,721)
As at September 30, 2015	1,953	1,219	387	(88)	26,835	28	30,335

Condensed interim consolidated statement of cash flows

In thousands of euros

	Apr 1, 2015 to Sep 30, 2015	Apr 1, 2014 to Sep 30, 2014
Operating activities		
Operating result	3,068	2,905
Adjustments for:		
Amortisations, depreciation and impairments	1,021	964
Changes in provisions	(90)	(27)
Capitalisation own hours	(40)	-
Exchange rate differences of derivative financial instruments	-	4
Exchange rate differences and other changes	32	19
Changes in working capital	524	(511)
	4,515	3,354
Income tax paid	(966)	(659)
Interest paid	(112)	(129)
Cash flow from operating activities	3,437	2,567
Cash flow from investing activities		
Capital expenditures, net of disposals	(957)	(336)
Cash flow from operating and investing activities	2,480	2,231
Cash flow from financing activities		
Change of capital by non-controlling interest	-	-
Dividend paid	(1,722)	(1,824)
Proceeds from borrowings minus redemption payments	(125)	(125)
Cash from financing activities	(1,847)	(1,949)
Change in cash and cash equivalents	633	282
Net foreign exchange difference	(217)	177
Net cash flow	416	459
Opening balance cash and cash equivalents	5,302	2,163
Closing balance cash and cash equivalents	5,721	2,622
Net cash flow	416	459

Segment reporting

Segment information for the first half year 2015/2016

In thousands of euros

	Europe	Americas	Asia	Other	Adjustments And eliminations	Total
Revenue	18,735	13,584	4,765	(4)	-	37,080
Inter segmental transactions	284	12	4	-	(300)	-
Revenue including inter segmental transactions	19,019	13,596	4,769	(4)	(300)	37,080
Depreciation, amortisation and impairments	412	304	122	186	(4)	1,020
Operating results	1,481	1,315	189	84	-	3,069
Net financing expense	-	-	-	-	(95)	(95)
Tax	-	-	-	-	(1,057)	(1,057)
Net result	-	-	-	-	-	1,916
Assets	18,871	14,835	7,836	36,392	(32,947)	44,987
Liabilities	10,236	2,959	2,658	5,947	(7,148)	14,652
Total investments	428	459	78	40	-	1,005
Average number of own employees (in FTE)	197	88	107	18		410

Segment information for the first half year 2015/2016

In thousands of euros

	Europe	Americas	Asia	Other	Adjustments and eliminations	Total
Revenue	17,907	10,560	4,599	(3)	-	33,063
Inter segmental transactions	428	19	1	-	(448)	-
Revenue including inter segmental transactions	18,335	10,578	4,600	(3)	(448)	33,063
Depreciation, amortisation and impairments	437	244	112	174	(2)	964
Operating results	985	1,060	608	253	-	2,906
Net financing expense	-	-	-	-	(135)	(135)
Tax	-	-	-	-	(857)	(857)
Net result	-	-	-	-	-	1,914
Assets	17,441	11,827	7,589	30,814	(27,897)	39,774
Liabilities	10,058	2,284	2,233	5,084	(6,899)	12,759
Total investments	126	45	102	93	-	366
Average number of own employees (in FTE)	189	87	110	17		403

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

Explanatory notes on the condensed consolidated interim report

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, 2015 up to and including September 30, 2015 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 29, 2015. 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 2014/2015 consolidated annual report of the Holland Colours Group.

Audit

No audit nor review was performed on the information presented in this half-year report.

Accounting policies

The interim financial information regarding the period ending September 30, 2015 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 2014/2015.

Seasonal influences

The operations of the Holland Colours Group are subject to seasonal influences. In general, more revenue is 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, 2015 amounted to 860,351 shares. This number did not change in comparison with March 31, 2015.

Named reserves

The named reserves compose of currency translation differences and the other reserves, whereas the latter one comprises the hedge reserves 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 2014/2015 have not changed substantially in the first half-year of 2015/2016.

Events after the reporting period

There have been no events after closing date.

Key figures

	April 1, 2015 to Sep 30, 2015	April 1, 2014 to Sep 30, 2014
RESULTS (in millions of euros)		
Revenue	37.1	33.1
Revenue growth versus comparable period (%)	12.1	(5.3)
Operating result	3.1	2.9
Net result	1.9	1.9
CASH FLOW (in millions of euros)		
Cash flow ¹	2.9	2.9
Investments	1.0	0.3
Depreciation	1.0	1.0
BALANS (in millions of euros)		
Working capital ²	12.2	12.6
Invested capital	29.4	29.0
Shareholders equity (excl. Minority interest)	30.0	26.9
Balance-sheet total	45.0	39.8
RATIOS		
Total debt ³ / EBITDA	0.5	0.5
Operating result / revenue (%)	8.3	8.8
Solvency ⁴ (%)	67.5	67.9
Return on average invested capital ⁵ (ROI) (%)	18.7	17.0
Return on average shareholders' equity (%)	11.7	12.6
Interest coverage ratio	26.6	21.5
Current assets/current liabilities (current ratio)	2.3	2.8
FIGURES PER SHARE (in €)		
Total net result	2.22	2.22
Growth of earnings per share (%)	-	(13.2)
Equity (excl. Minority interest)	35.23	31.30
Dividend	-	-
Closing price	41.52	34.90
OTHER DATA		
Number of outstanding shares	860,351	860,351
Average number of employees (FTE)	410	403

1) Cash flow: net result + depreciations

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

3) Total debt: sum of interest bearing liabilities

4) Solvency: total equity / balance-sheet total

5) 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;
- 9 locations;
- Worldwide network of agents;
- Every employee is a shareholder,

Holland Colours NV was founded in 1979 and has been listed on the 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 markets:

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

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

Production is basically 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 revenue is as follows: Europe 53%, Americas 33% and Asia 14%.

Important dates:

February 11, 2016	Interim statement 3 th quarter 2015/2016
May 26, 2015	Publication annual figures for 2015/2016
July 7, 2015	Annual General Meeting of Shareholders

For additional information:

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