

RoodMicrotec N.V.

Annual Report 2013

RoodMicrotec N.V.

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Chamber of Commerce number 33251008

POWERFUL SOLUTIONS

RoodMicrotec is focusing its services increasingly on Original Equipment Manufacturers (OEMs) and Fabless Companies (FCs)/IP providers and distributors.

OEMs

We offer tailored solutions for OEMs who wish to market their products successfully. We do this using our eXtended supply chain or by OEMs outsourcing their services fully or partially to RoodMicrotec. We have placed this outsourcing work in a special project ('Atlas').

FCs

RoodMicrotec aims to support the development of products from FCs both technologically and materially together with other parties. In addition, RoodMicrotec collaborates with partners to financially support FCs with a proven track record and a good business plan to launch healthy projects.

Next to the core customers mentioned above, we continue to focus on service provision to IDMs and other potential customers.

With our individual services we offer powerful solutions to all our target groups.

2013 HIGHLIGHTS

Commercial/operational

- Strengthened our position in outsourcing (Atlas project).
- Secured an outsourcing contract from a Siemens AG, Drive Technologies Division company in Germany, including takeover of equipment; issued shares and warrants.
- Strengthened our Supply Chain Management organisation with an additional specialised engineer.
- Strengthened our position in the UK.
- Optimised our critical installed equipment base.
- Increased number of applications and orders in SCM.
- Organised highly successful seminars.
- Extended mechanical qualification with new test equipment.
- Integration of equipment from EIB (Elektrostatik Institut Berlin) in Failure & Technology Analysis.

Financials

- Sales in 2013 of EUR 11.2 million fell by 7% compared to 2012 (EUR 12 million).
- Further rationalisation of operating expenses led to a decrease of 10% or approx. EUR 929,000 compared to 2012.
- EBITDA: EUR 1 million (2012: EUR 0.7 million); strong recovery in the second half of 2013 (H2 2013: EUR 0.8 million).
- EBIT (operating result) EUR 82,000 (2012: EUR 181,000 negative); strong recovery in second half of 2013 (H2 2013: EUR 346,000).
- Net income: EUR 189,000 negative (2012: EUR 281,000 negative); strong recovery in second half of 2013 (H2 2013: EUR 197,000).
- Solvency is at 45%.

PROFILE

RoodMicrotec is a semiconductor company supplying products and services to the industrial market.

These products are semiconductors, also called 'chips', that RoodMicrotec develops and manufactures to its customers' specifications. RoodMicrotec's service provision includes designing and supplying the entire chip in collaboration with partners. RoodMicrotec subcontracts wafer production and packaging to other parties, and tests, qualifies and investigates the chip's functionality and quality. Thus, RoodMicrotec manages the entire supply chain. In the context of its strategy to offer customers to handle all the steps involved in taking an idea to market, RoodMicrotec is increasingly focusing on consultancy, product engineering and project management. RoodMicrotec has both highly experienced and young ambitious engineers who are able to work in all disciplines in our organisation.

RoodMicrotec also independently provides services to industrial companies, primarily to companies that do not have certain services in-house, or not sufficiently. As an independent company, RoodMicrotec is never in competition with its contractors. RoodMicrotec operates globally, with its main focus on Europe. With the know-how of its engineers and consultants, RoodMicrotec is ideally positioned to bridge the gap between the idea (the designer) and the end-user by performing the intermediary steps.

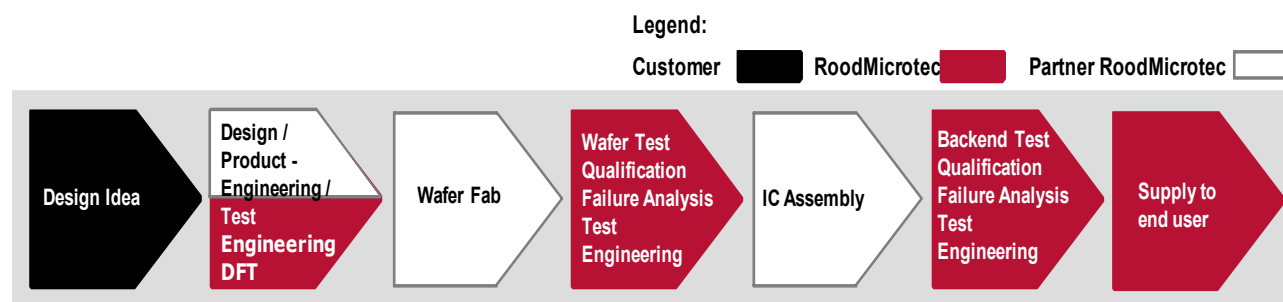
RoodMicrotec's services comply with the industrial and quality requirements of the high reliability/space, automotive, telecommunications, medical, IT and electronics sectors. 'Certified by RoodMicrotec' refers inter alia to certification of products to the stringent ISO/TS 16949 standard that applies to suppliers to the automotive industry. The company also has an accredited laboratory for test activities and calibration to the ISO/IEC 17025 standard.

At year-end 2013, the company had 96 full-time employees with an average of 99. In the 2013 financial year, sales of EUR 11,180,000 generated a net result of EUR 189,000 negative.

Know-how

Our products are mainly used in high-tech environments: in aeronautical and aerospace applications including satellite connections and communication with satellites, and in healthcare, for example in pacemakers, which must be reliable under various conditions like temperature - after all, you can't have a pacemaker fail when the wearer jumps into a swimming pool. But also in automotive, where microchips are used to monitor tire pressure, in steering mechanisms, braking systems, ABS, airbags, etcetera. In all these situations, the highest possible reliability under many different conditions is paramount. Achieving this requires ever more know-how on all fronts as well as knowledge of all the specific regulatory requirements for these products.

SUPPLY CHAIN



Supply Chain Management (SCM) and eXtended Supply Chain Management (eXtended SCM)

RoodMicrotec offers Supply Chain Management and eXtended Supply Chain Management. This means that we manage the entire process from design idea to delivery to the end-user, including: purchasing, logistics, warehousing/logistics and consultancy. RoodMicrotec offers this as a one-stop-shop proposition.

In 2012, RoodMicrotec expanded its supply chain management further by adding ASIC design in collaboration with Fabless Companies: eXtended SCM. This complete service package with highly experienced engineers gives us a unique position in the market.

Already in the chip specification phase, RoodMicrotec's experienced test engineers can work with ASIC design engineers on a test concept targeting the selected test environment. If required, even appropriate measurement blocks can be designed into the ASIC at this stage. This DfT (Design for Testability) method can contribute significantly to higher yield and shorter test times once the device is in mass production; key factors for bringing the overall part price down.

eXtended SCM is an additional offer uniting multiple disciplines and by no means replaces any of RoodMicrotec's individual services provided to our customers since many years.

To summarise, RoodMicrotec's eXtended SCM concept combines full turnkey service and full flexibility – the best of both worlds!

Individual services

RoodMicrotec distinguishes the following individual core services:

1. testing semiconductors (microchips), which represents the majority of sales, optoelectronics (image sensors, OASICs, LEDs) and printed circuit boards;
2. end-of-line manufacture and service;
3. developing test software for semiconductors;
4. qualifying semiconductors and printed circuit boards as well as printed boards assemblies;
5. qualifying production processes according interconnection technologies and ESD sensitivity;
6. analysing failures at wafer, package and board level;
7. reliability and environmental investigations of semiconductors and (assembled) printed circuit boards (PCBs).

Products

Semiconductors: There is a wide range of products in the semiconductor market. We focus on more complex products that often combine analog and digital technologies and are used in the space and aeronautical, automotive, medical and connection technologies, as well as in other industrial applications. These applications demand the highest reliability.

Optoelectronics: Optical electronics is a booming business which will find more and more applications. Strong market growth is expected in this product segment. Our products tend to be associated with industrial applications and are often produced in limited series, but to very high quality requirements. We have the specialists capable of doing this.

Printed Circuit Boards: Developing and testing printed circuit boards for high-quality industrial applications is a relatively new market for us. The distinction between printed circuit boards and chips is growing smaller and more complex due to rapid technological developments. The quality requirements are very high, especially in aerospace and aeronautical applications. We expect further growth in this market.

Collaboration with (financial) partners and customers

Key in our operations is not only collaboration with customers, but also with partners, including financial partners. The entire semiconductor industry is dependent on collaboration within the production chain. For this purpose, we forge partnerships with our customers, such as FCs and OEMs, and in the field of design with our design partners, such as FCs, but also with foundry and back-end service partners, knowledge institutes like universities, technical colleges, the Fraunhofer Institute, IMEC and with technology partners, suppliers and government authorities.

RoodMicrotec is fully committed to possessing in-house all the know-how required to develop an idea all the way from concept to end-product.

The banks' lending restraint and problems in the development of new chips have held back healthy FCs with proven track records in their development. In order to force a breakthrough, RoodMicrotec has set up schemes with partners to facilitate raising financing for healthy projects, in particular of FCs. With this approach, RoodMicrotec aims to boost the development of FCs and also to improve its sales and market position.

VISION, MISSION, STRATEGY

Vision

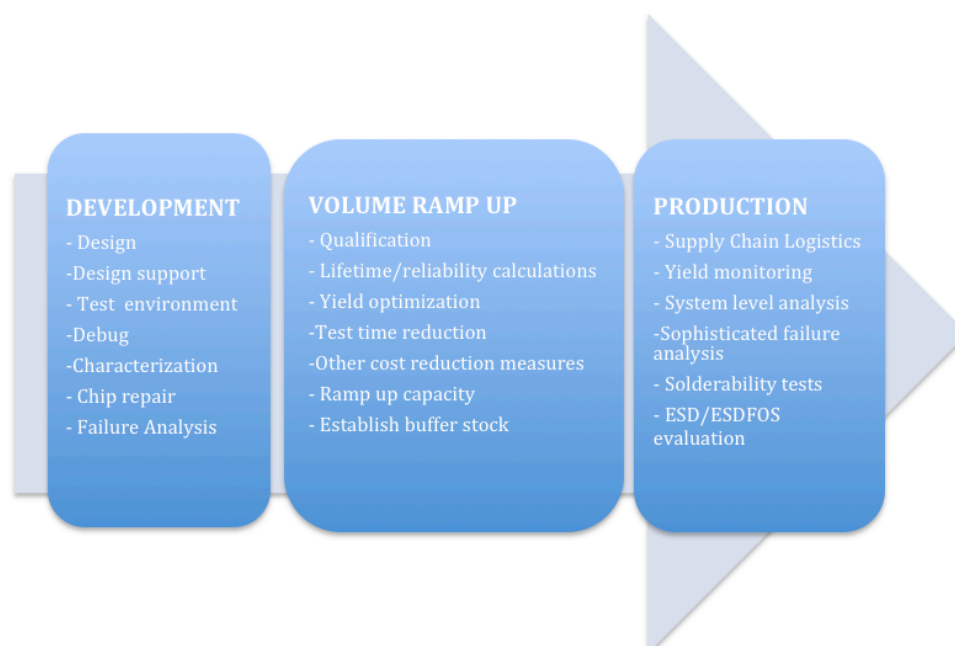
We anticipate that an increasing number of product design companies will focus on the partial segments in which they have a strong position, but also that many of these often vertically integrated companies will shed non-core activities to lower their risk exposure. Such activities would be testing, assembly and engineering. This will create a market for specialised service providers focusing on supporting leaner OEMs and FCs. We are such a specialised service provider, and we have the know-how to offer these OEMs and FCs high-quality products, both independently and within the Supply Chain Management concept. This forms the basis for our growth potential.

One of the major trends is outsourcing of the development of ASICs. This enables companies to make significant cost savings and thus improve their profitability. Also, companies can rely on continuity and security of its IP, because RoodMicrotec is an experienced and accredited independent service provider.

For RoodMicrotec, this means additional sales and expansion of new business. Synergy can be achieved because the same production equipment can be used for multiple applications, creating further upward sales potential.

The outsourcing trend is expected to continue. Partly due to its infrastructure, RoodMicrotec is in an excellent position to benefit from this optimally. In several extensive audits RoodMicrotec was selected as the best qualified candidate.

RoodMicrotec - Services for the entire product lifecycle



Mission

We have set ourselves the following mission:

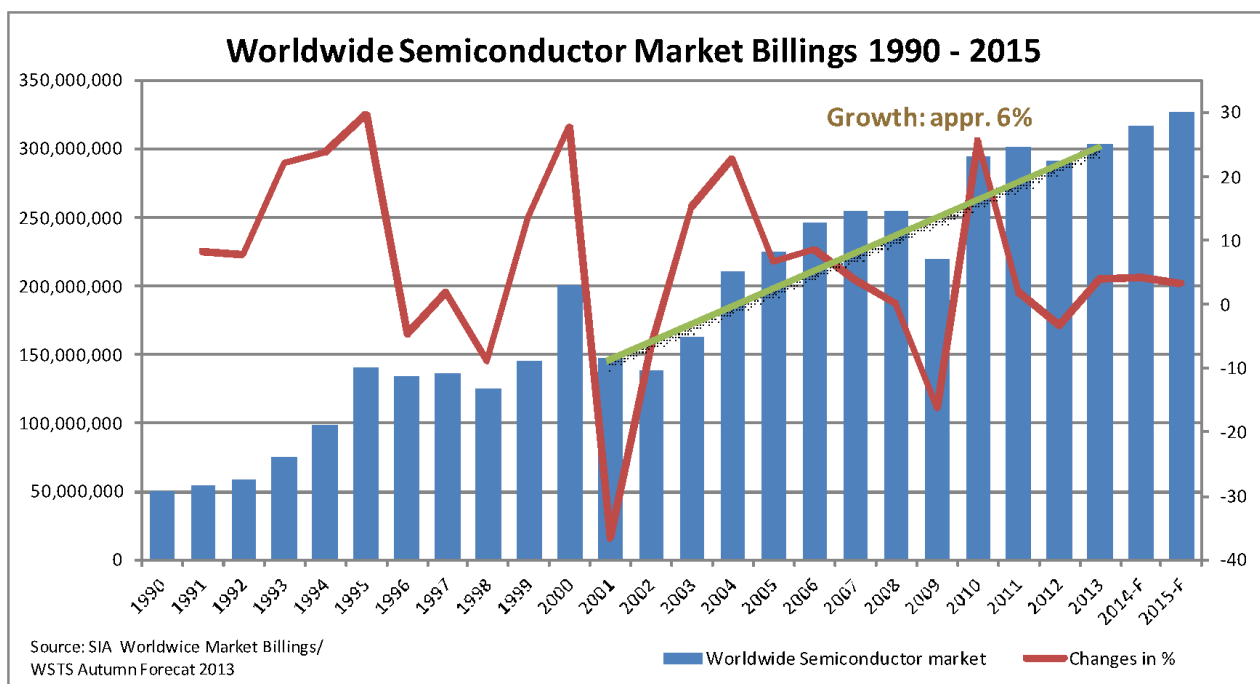
- to position our company as the party of choice that offers OEMs and FCs solutions to operate successfully in their market; to position our company as the party of choice to support OEMs in their outsourcing strategies with our (eXtended) SCM and/or individual service provision;
- to position ourselves as a first-class one-stop-shop supply chain service provider to OEMs and FCs;
- to offer the highest quality individual Qualification & Reliability, Failure & Technology Analysis, Test Engineering, Supply Chain Management and Test & End-of-Line services;
- to develop into a major player in the semiconductor supply chain from Asia (China) to Europe (and vice versa);
- to develop into a major player in the electronics services market from wafer to board;
- to position ourselves as a leading innovative testhouse in Europe.

Strategic analysis

Characterisation of our market

The semiconductor industry can be characterised as follows:

- continuous high market growth: average annual growth of 9.1% over the past 40 year;
- rapid technological innovation;
- capital intensive, to support this growth and technological innovation.



From this, we derive 7 findings for the global semiconductor market:

1. Current market conditions and outlooks are mixed for the next few years, mainly due to the fragile global economic perspective.
2. The automotive market will be driven by the increasing number of vehicles in China, India, South America and Russia, and by an increased average number of semiconductors per vehicle and enhanced functionality.
3. The industrial markets for semiconductors offer significant growth potential because of increasing energy demands, environmental trends toward renewable energies, better safety conditions and improvements and highly demanding transportation systems like aircrafts, trains and ships.
4. Accelerating of tablet and smart phones sales in a strongly growing communication market.
5. Increase of global production capacity of semiconductors, especially in Asia (China).
6. Design and development will continue in Europe and USA.
7. Operating profitability will improve after the recent financial crises. Due to the smaller feature sizes, more semiconductor features on a single chip and larger wafer diameters, the back-end processes subsectors will face strong competition due to cycles of overcapacity.

The semiconductor market fell in 2009, then recovered in the second half of 2010 and the first half of 2011, but slumped again in 2012. The long-term trend remains very positive, with an average annual growth of approximately 6% since 2000. The market is expected to see strong growth of between 3% and 6% over the next few years. We will continue to focus on the fastest growing segments within the semiconductor market in order to grow at least at the same rate as the market as a whole.

OEMs are becoming ever leaner. To achieve their goal, they contract out non-core activities, including semiconductor manufacturing facilities. It is vital for OEMs to have a supply of reliable highly qualified chips. Production continuity is of the essence. But they also often require tailored solutions. We are uniquely qualified to provide these solutions in collaboration with our partners. Protection of specific features of these products may play an important role in this.

FCs are even more motivated than the other categories to protect their know-how. IP protection is their priority. As a service provider, we are never in competition with FCs, so their IP is maximally protected.

Also, FCs have shown double digit growth over the past few years. There are between 300 and 400 of these FCs in Europe, many of which are active in the more complex mixed-signal chips.

Strategy

1. expanding our sales force;
2. strengthening and expanding engineering capacity;
3. strengthening the internal organisation;
4. strengthening our position in the market by organising seminars on qualification, failure analysis and engineering and possibly on outsourcing;
5. acquisition and/or partnering.

Long-term strategy and M&A

RoodMicrotec will continue to strengthen its core business Test & Related services with its competence centre in the south of Germany. The entity will expand its activities through a sales and engineering presence with primary focus on Europe to increase scale. If interesting opportunities elsewhere arise, we will look at those very seriously.

In parallel to this strategy, RoodMicrotec will focus on increasing its activities in complementary businesses related to the semiconductor and the electronics/IT/telecom markets as well. We can do this through partnerships and/or mergers/acquisitions with other companies.

It is our objective to strengthen and broaden the basis of the company and create shareholders value.

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I. ROODMICROTEC IN PERSPECTIVE - 2013

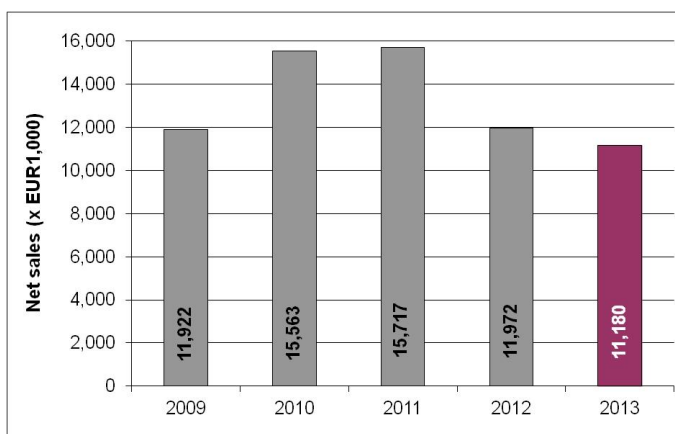
SALES: EUR 11.2 MILLION

Sales growth is a key aspect for RoodMicrotec since the total semiconductor market has grown by approximately 6% each year since 2003, unit costs keep falling and complexity is increasing.

To retain our intended market position we need volume and sales growth. Sales growth allows us to invest in the expert knowledge in the company and thus bringing about essential cost reductions. The world market has been flat since 2009, which was one of the reasons why RoodMicrotec's sales slumped. In 2013, some of our customers postponed projects with a value of over EUR 2 million. The expectation is that these projects will be (re)started in 2014. The average semiconductor market growth in 2014 and 2015 is forecast at 4.1% and 3.4% respectively (WSTS, World Semiconductor Trade Statistics forecast). As of 2014, RoodMicrotec's sales will increase again in parallel with the expected market growth.

The expectation is that these projects will be (re)started in 2014. The average semiconductor market growth in 2014 and 2015 is forecast at 4.1% and 3.4% respectively (WSTS, World Semiconductor Trade Statistics forecast). As of 2014, RoodMicrotec's sales will increase again in parallel with the expected market growth.

Objective for 2014 - 2018: Long-term (2015 and beyond) we aim to continue to grow at the same rate as in the last ten years (autonomous growth between 3% and 13%), i.e. at least at the same rate as the global market.

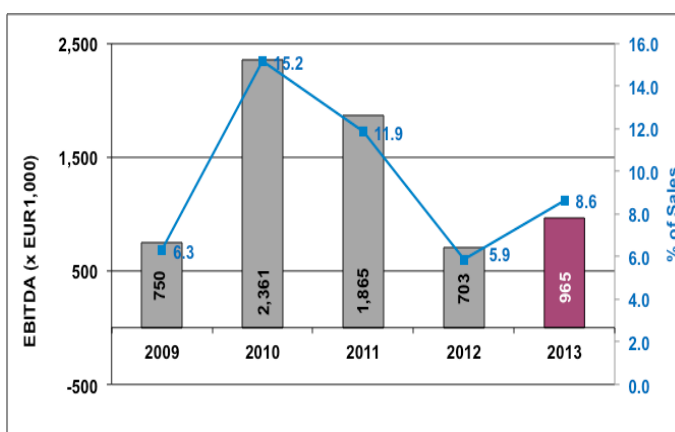


EBITDA: EUR 1 MILLION, OR 9% OF SALES

OF SALES

EBITDA: EBIT before depreciation and amortisation is one of RoodMicrotec's key evaluation criteria. Working as we do in a high-tech environment, investment in production equipment and innovation is vital in order to be able to continue to provide the desired technological solutions.

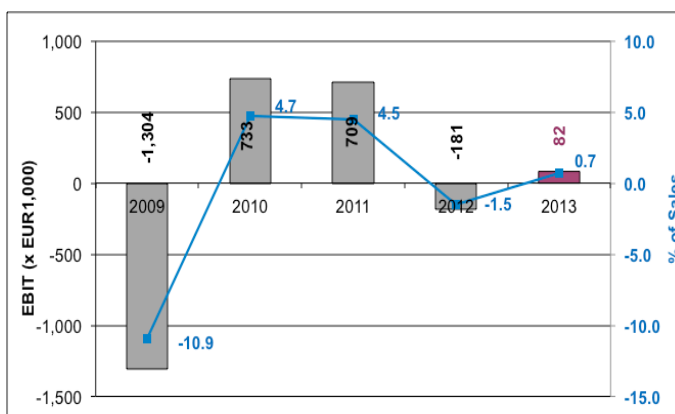
Objective for 2014-2018: EBITDA to rise to at least 10-15% of sales.



EBIT: EUR 0.1 MILLION, OR 1% OF SALES

EBIT – the operating result or income minus operating costs – is the main benchmark for the profitability of our operations and the continuity of our company. EBIT is highly dependent on the internal efficiency of the company. RoodMicrotec has therefore committed itself to further optimise its operations.

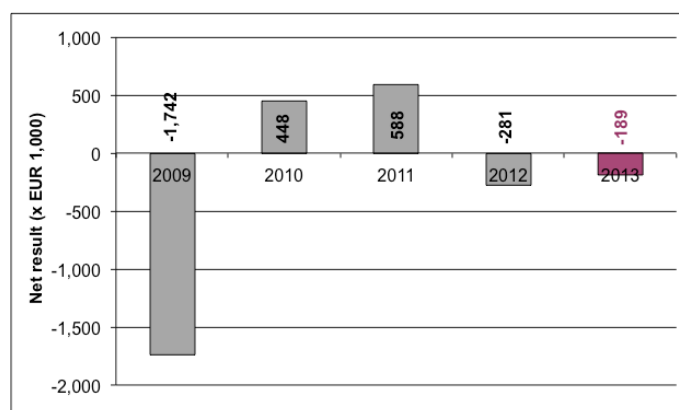
Objective for 2014-2018: EBIT to rise to 5-10% of sales.



NET RESULT: EUR 0.2 MILLION NEGATIVE

The net result is the eventual reward for all our work. RoodMicrotec is aware of the need to achieve higher profitability than in the past, and also of the logic that we can only achieve higher profitability by raising production volumes, sales and efficiency. Management is proud of the contribution of further rationalised operating expenses to the net result in 2013 and expects that it will sustain in the years to come.

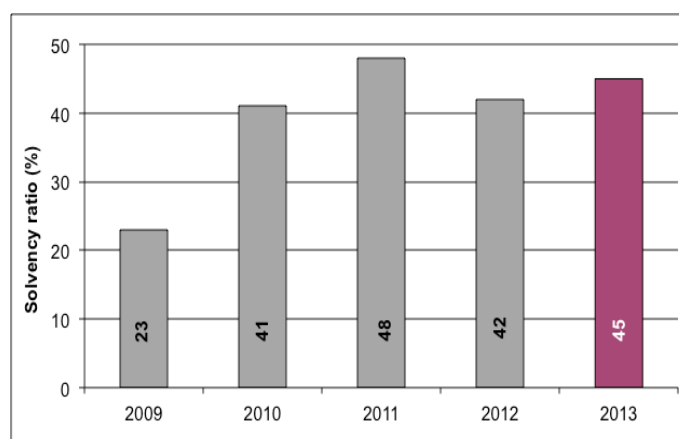
Objective for the next five years: to raise the net result step by step to a level between 4% and 10% of sales.



SOLVENCY: 45 PERCENT

Solvency - the ratio of shareholders' equity to total assets - is a key indicator of the stability and continuity of a company, and is also a commercial tool. A strong solvency ratio of between 40% and 50% helps RoodMicrotec to obtain desired loans, to strengthen confidence among customers and to guarantee continuity and secure growth.

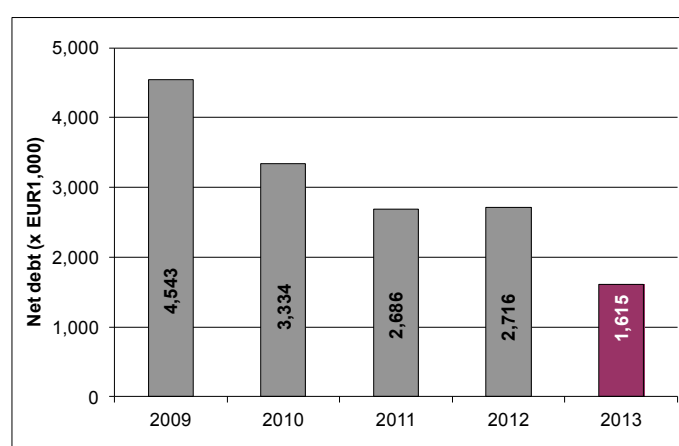
Solvency target: between 38% and 50%.



NET INTEREST-BEARING DEBT: EUR 1.6 MILLION

A significant debt position can negatively impact business operations, which in turn may impede the growth of the company. Since financing is regularly required for new activities, being able to respond rapidly is imperative. A limited debt position makes operating in the market far easier.

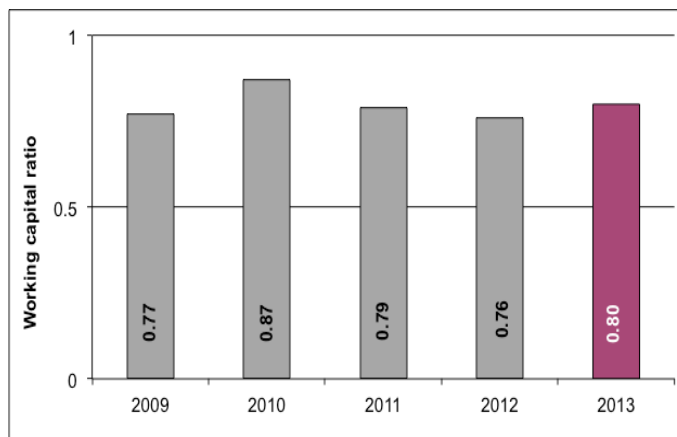
Objective: a moderate reduction of the debt position with banks based on the present business model.



WORKING CAPITAL RATIO: 0.80 (CURRENT ASSETS/CURRENT LIABILITIES)

As a service provider and project organisation, the working capital is a key element of our balance sheet. We must be able to secure sufficient funding to invest promptly in our projects, and working capital is vital for our company's future growth.

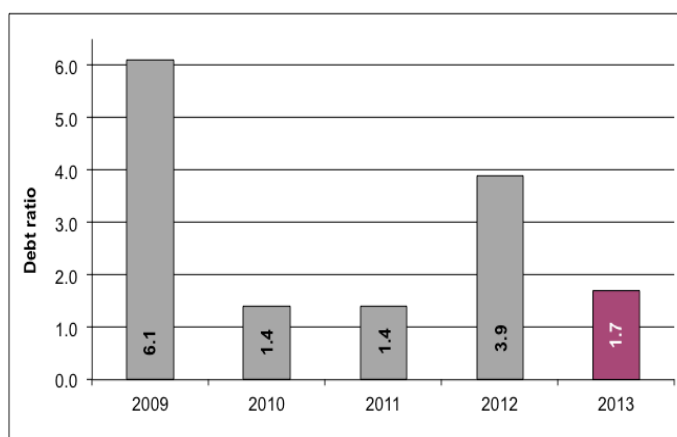
Objective: to keep the working capital ratio to a gross margin of between 1.0 and 1.5.



DEBT RATIO: 1.7

The debt ratio – net interest-bearing debt divided by EBITDA – is important for RoodMicrotec for growth financing and for obtaining long-term projects.

Objective: RoodMicrotec considers a debt ratio of between 1.0 and 4.0 as a solid position that can be defended vis-à-vis the bank syndicates. RoodMicrotec is in compliance with the banking syndicate agreements.



II. KEY FIGURES

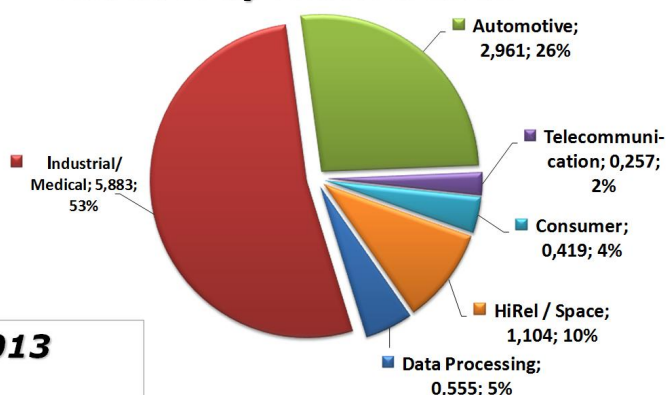
(X EUR 1,000)	IFRS 2013	IFRS Restated* 2012	IFRS 2011	IFRS 2010	IFRS 2009
Result					
Net sales	11,180	11,971	15,717	15,563	11,922
Total operating income	11,181	11,909	15,464	15,684	12,076
Gross margin	9,021	9,688	12,342	12,242	9,821
EBITDA	965	703	1,865	2,361	750
EBIT (operating result)	82	-181	709	733	-1,304
EBT	-148	-507	408	207	-1,744
Cash flow (net result + depreciation and amortisation)	694	603	1,744	2,076	312
Cash flow from operating activities	17	899	1,939	1,689	315
Net result	-189	-281	588	448	-1,742
Capital, Debt & Liquidity Ratios					
Total assets	11,947	12,915	12,857	13,726	13,713
Group equity	5,396	5,457	6,139	5,647	3,115
Net debt	1,613	2,716	2,686	3,334	4,543
Capital (net debt + equity)	7,009	8,173	8,824	8,981	7,658
Gearing ratio (net debt / capital)	23%	33%	30%	37%	59%
Solvency (group equity / total liabilities)	45%	42%	48%	41%	23%
Debt ratio (net debt / EBITDA)	1.7	3.9	1.4	1.4	6.1
Net working capital	-831	-922	-831	-569	-974
Working capital ratio	0.80	0.76	0.79	0.87	0.77
Assets					
Tangible fixed assets	5,446	6,347	5,732	5,710	6,629
Investments in tangible fixed assets	535	1,475	1,024	681	288
Depreciation of tangible fixed assets	869	860	1,156	1,600	2,026
Data per share (x EUR 1.0)					
Capital and reserves	0.14	0.15	0.17	0.16	0.09
Operating results	0.00	-0.01	0.02	0.02	-0.04
Cash flow	0.00	0.03	0.05	0.05	0.01
Net result	0.00	0.00	0.02	0.01	-0.05
Share price: year end	0.16	0.15	0.16	0.17	0.15
Share price: highest	0.18	0.23	0.31	0.19	0.57
Share price: lowest	0.14	0.15	0.14	0.15	0.12
Issue of nominal shares					
At year end (x 1,000)	38,674	35,769	35,769	35,769	35,196
Number of FTE's (Permanent)					
At year end	96	103	106	120	126
Average	99	103	111	124	128
Sales (total) / Average FTE's (Permanent)	113	116	142	126	93

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to changes in accounting policy and prior period adjustments

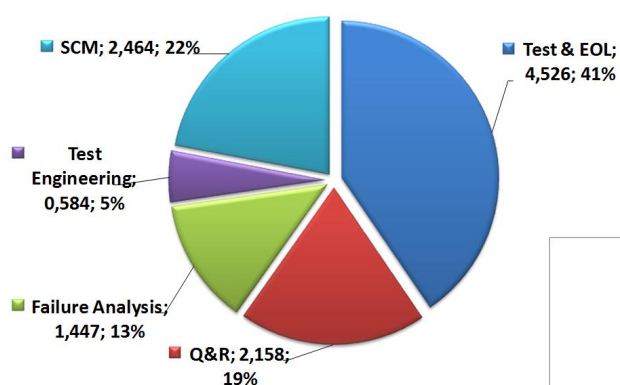
III. KEY FIGURE CHARTS 2013

(X EUR 1,000)

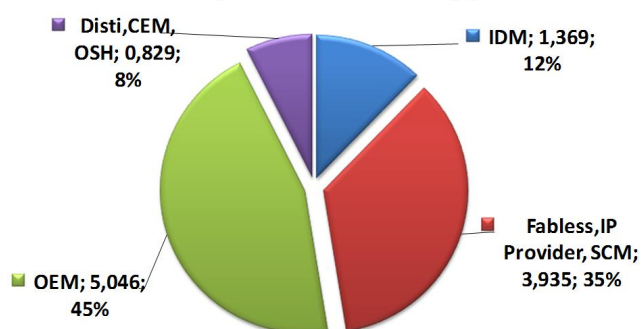
Revenue by Markets 2013



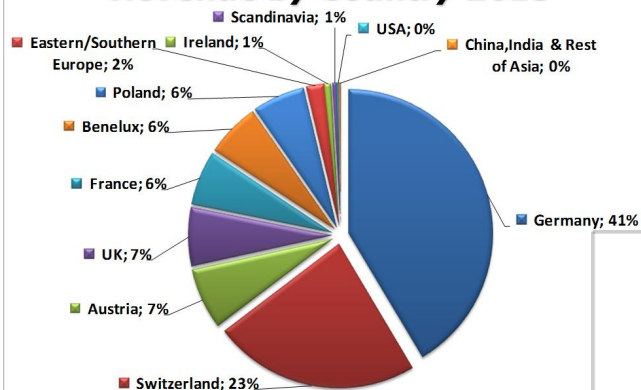
Revenue by Business Units 2013



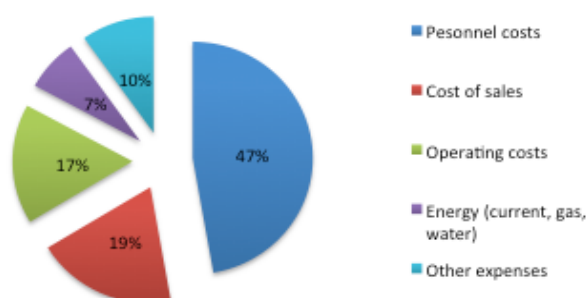
Revenue by Customer Type 2013



Revenue by Country 2013



Costs by Category 2013



IV. SHAREHOLDER INFORMATION

Listing

RoodMicrotec N.V. is a public limited liability company with its registered office in Zwolle, the Netherlands and publicly listed on the NYSE Euronext Amsterdam Stock Exchange since 1986.

Major Holdings in Listed Companies Disclosure Act

As at 31 December 2013, RoodMicrotec has received in the context of the Major Holdings in Listed Companies Disclosure Act the following reports:

P.M.G. Nijenhuis	3.64%
Kuikens B.V.	3.69%

Regulations to prevent insider trading

We comply with the Regulations on Notification and Regulation of Securities Transactions of the Securities Transactions (Supervision) Act (Wte 1995). A broad circle of employees and consultants has signed a declaration binding them to abide by the Rules as referred to in Section 46d of the Wte 1995. The board of management and the supervisory board also comply with the 1996 Major Holdings in Listed Companies Disclosure Act (WMZ 1996), as amended on 1 September 2002. The Netherlands Authority for the Financial Markets (AFM) monitors compliance with this law.

Dividend

So far, we have not distributed any dividend since our financial position did not allow it. The management prefers to allow the company over the next few years to grow and further improve its financial health. The management prefers to use the company's own resources to finance growth, and strives to raise the market value of the share through such growth. In the next few years, we will seek a balance between the intended debt reduction, essential investment and a fair return for investors. The board of management proposes in view of the negative results not to distribute any dividend for the year 2013. Our first priority is balanced debt management without jeopardising growth.

Changes in the number of shares in 2013 (x EUR 1,000):

Position as at 1 January 2013: 35,769. Position as at 31 December 2013: 38,674

At 31 December 2013, the company held 4,100 of its own shares.

Investor relations

We are well aware of the importance of active and open communication with our stakeholders. For this reason, we have since 2006 pursued an active investor relations policy through meetings and conference calls with press, analysts and investors.

As in 2013, we will raise our profile in 2014 by organising seminars highlighting our core activities and the corresponding services for FCs and OEMs. The objective is to communicate our specific knowledge and share it with our customers and partners. We will also give more attention to publicity.

Communication with the various target groups is provided through the company's website, www.roodmicrotec.com, and our newsletter.

Liquidity provider

In order to promote the trade in the RoodMicrotec N.V. shares and to optimise the company's relationship with its shareholders, SNS Securities N.V. in Amsterdam has been engaged as liquidity provider.

Annual general meeting of shareholders 2013

The report of this meeting may be inspected on the website.

Financial agenda

24 April 2014	Annual general meeting of shareholders
13 May 2014	Publication trading update
10 July 2014	Publication sales figures first half 2014
28 August 2014	Publication interim report 2014
28 August 2014	Conference call for press and analysts
13 November 2014	Publication trading update
8 January 2015	Publication annual sales figures 2014
26 February 2015	Publication annual figures 2014
26 February 2015	Conference call for press and analysts
13 March 2015	Publication annual report 2014
23 April 2015	Annual general meeting of shareholders
14 May 2015	Publication trading update
9 July 2015	Publication sales figures first half 2015
27 August 2015	Publication interim report 2015
27 August 2015	Conference call for press and analysts
12 November 2015	Publication trading update

V. REPORT OF THE CEO

Trends

Outsourcing

Medium-sized companies are increasingly working together in order to raise their joint services to a higher level so as to best combat competition from Asian countries. OEMs who still develop ASICs or other chips in-house will increasingly outsource this work to independent service providers like RoodMicrotec.

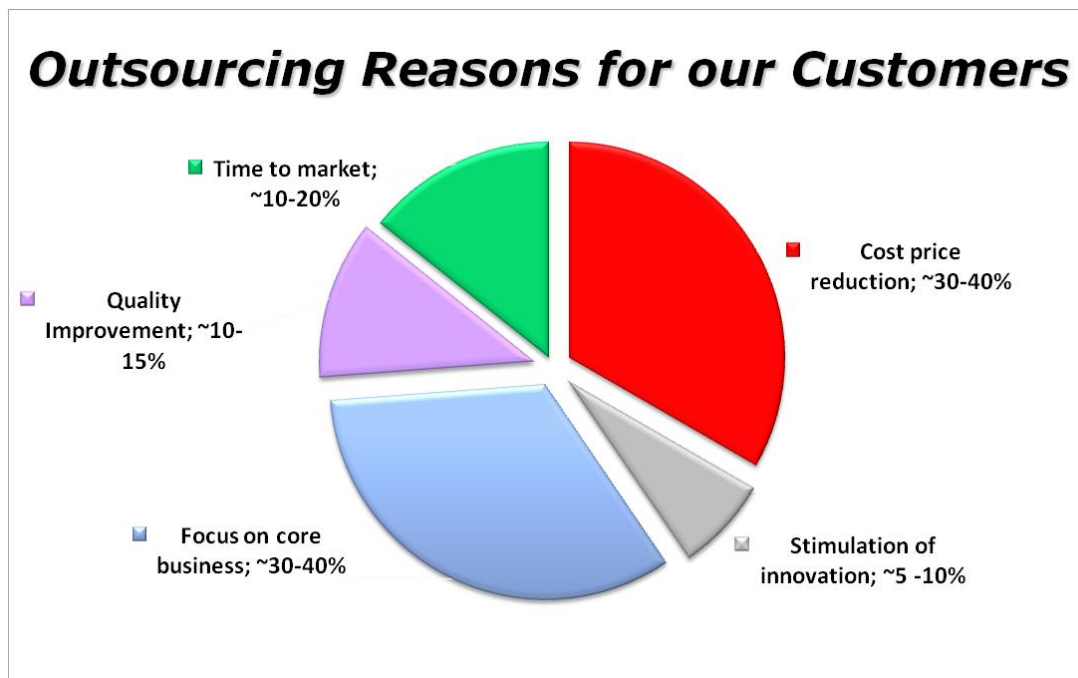
This outsourcing trend is expected to continue. Partly due to its infrastructure, RoodMicrotec is in an excellent position to profit from this optimally. We are highly experienced in a wide range of services, such as test engineering, failure & technology analysis and qualification & reliability. With shock proofing, thermal load and electrostatic discharge tests, we are uniquely able to investigate whether products will function under all conditions and predict their expected life.

Another benefit is that we as an independent service provider are never in competition with the IP of other companies, in fact we can protect our customers' IP.

Major projects outsourced to RoodMicrotec are grouped in project Atlas. In the second half of 2013 we secured a first major order from an OEM, followed by outsourcing of activities to RoodMicrotec, including the takeover of a complete test cell of Siemens AG, Drive Technologies Division company in Germany.

This creates a win-win situation for both parties. By transferring ASIC development and production to us, OEMs can focus on their core activities: application and sales of mechanical and electrotechnical products. For OEMs, outsourcing also means considerable cost savings, quality improvements and shorter time-to-market. The projects outsourced to us will run several years, providing us with a solid base and predictable sales.

Equipment taken over from this OEM can also be used for other customers in the RF market, which will further boost sales.



Co-financing

Due to the lending restraint mentioned earlier, healthy FCs with proven track records are held back in their development.

In order to force a breakthrough, RoodMicrotec has set up schemes with partners to facilitate raising financing for healthy projects, in particular for FCs. With this approach, RoodMicrotec aims to boost the development of FCs and also to improve its sales and market position.

2013

Expectations for 2013 were high, as many forecasts had predicted strong growth. But over time sales growth proved disappointing. Forecasts were adjusted downwards in the course of the year due to uncertainty in the market, especially in the financial market. This resulted in a mixed picture. The number of applications remained high and even increased, but actual order placement was often elusive. Also, projects were frequently postponed. Normally, postponed contracts tend to be offset by new opportunities, but this was less the case in 2013. In total, projects representing over EUR 2 million in sales were postponed. We expect that these projects will be re(started) in 2014.

In January 2013, Mr Malkit Jhitta joined RoodMicrotec to improve our servicing of especially the British, but also the Israeli and Indian markets. His work has resulted in a significant increase of the number of applications both for (eXtended) Supply Chain Management and for individual services. Our presence in Britain was also strengthened by our prominent role in the NMI (National Microelectronics Institute), where we have made contact with many companies in the semiconductor industry.

In 2014 we intend to hire another sales manager to step up the development of our (potential) customer base.

A major event was the closure of Unisem England, a subsidiary of a Malaysian parent company. Unisem was found to have been losing money for some time, and often undercut market prices. Its demise has eliminated a supplier in our segment, which might favour us.

The seminars we organised were very successful: applications stretched capacity. Our sector clearly craves a platform to exchange views on cutting-edge technology.

We have worked hard to improve communication with both shareholders and customers with our newsletter.

Last year, six editions were published and sent to some 4,500 people, and mostly favourably received.

We will continue our newsletter in the near future.

Philip Nijenhuis (CEO):

'Our activities in the area of (eXtended) Supply Chain Management have clearly increased over the past year. I am pleased that we have chosen this course because these contracts are often recurring, and they provide opportunities to sell our other services. Our supply chain activities perfectly match our customers' wish to outsource services. Focusing on outsourcing and/or supply chain management helps to give our market position long-term stability. The 'Atlas' project mentioned earlier aims to exploit the outsourcing trend optimally.'

In 2013 much attention was devoted to optimising internal processes, including information technology (IT structure).

We installed a new mainframe and worked hard to improve our logistics. We will continue to focus on IT to improve accessibility and transparency of customer orders. In the future, our customers will be able to follow their orders via our website.

The in 2012 mentioned partially outsourcing of our finance and accounting department has yielded important improvements in our processes and reporting.

Our Test Engineering business unit works both directly for customers and for our own test division; the latter often to optimise test programs. Contracts for the division are extremely variable, which is why we have decided to recruit alongside a central core of engineers a group of engineers who we can assign to other divisions. We hope this will significantly raise RoodMicrotec's capacity through efficient use of available resources. We are also looking for a lead engineer to strengthen the Test Engineering business unit.

Reinhard Pusch (CSO):

'2013 was a year of drastic changes and improvement. RoodMicrotec's sales force was strongly improved by Malkit Jhitta joining the sales team. His focus is on the UK, Israeli and Indian markets. In Israel and India RoodMicrotec opened REP offices. These improvements and further sales initiatives in Central Europe have resulted in a strong increase in the number of applications, specifically in the area of SCM. This has borne major improvements in the SCM business unit. I am convinced that our new SCM Business unit team will be able to handle the increasing market demand.

I am very grateful to the entire sales team for their dedication in managing the strong increase of applications so professionally.'

The Qualification and Reliability business unit, which focuses on mechanical qualification, has further expanded its service portfolio in the area of shock proofing tests. With our partners we are now able to perform shock testing in a humid environment, which will benefit the reliability of the end products.

Norbert Wirth (CTO):

'Last year we were able to extend our know-how and engineering capabilities through some very interesting RF (radio frequency) projects, which immediately generated new revenue in our test department. On top of that, due to the outsourcing of a Siemens AG, Drive Technologies Division company in Germany we were able to extend our knowledge of the Advantest/Verigy 93000. In 2014 we will continue with such projects. All this strengthens both our test engineering department and our company.'

The Failure & Technology Analysis business unit was impacted by major reorganisations by some key customers. Orders, which are usually stable, were suddenly reduced due to factors including cost-cutting schemes. RoodMicrotec responded to this inter alia with a service programme at attractive conditions. We also made our customers rationalisation proposals for analyses. The business unit is pulling out all the stops to turn its sales around as soon as possible.

Remy Cuny (CFO):

'RoodMicrotec's sales declined sharply in 2013, putting pressure on profitability and liquidity. As banks are unwilling to provide additional financing in the current economic climate, this presented us with a real challenge.

Over the past year, we looked at our day-to-day costs and expenditure, and tried to make any further savings that we could. We believe our financial results show that we have been successful. All our colleagues have made fantastic efforts to achieve this, often putting in long days under pressure, and occasionally having to overcome internal resistance. Eventually, we found the unity necessary to make the necessary changes.

It was very helpful to us that there is good legislation in Germany for temporary reduction of working hours, which we have used to get through difficult times.

Our customers and suppliers were faced with similar challenges. We have found that by working together closely and proactively with our customers and suppliers, we can help each other surmount the challenges.

And despite the difficulties, we succeeded in finding new capital by issuing shares to ensure we can make investments to secure our future. We are very grateful to our colleagues and business partners for their wonderful dedication and loyalty, and we are looking forward to the current year.'

Outlook for 2014

After disappointing market developments in the first half of 2013, but a recovery later in the second half of the year, especially in the USA, the global market is expected to grow by 4.1% in 2014 and 3.4% in 2015, according to forecasts from the World Semiconductor Trade Statistics (WSTS). However, these figures are still below the multi-year average since 2000 of 6%. Analogous to the forecasts of the WSTS for 2014 and beyond, RoodMicrotec anticipates a recovery of its business and the realisation of its growth objectives. We aim, as we did before the crisis started, to grow at least at a faster rate than the global market.

The record number of applications confirms our confidence that in 2014 RoodMicrotec's growth can exceed the total market growth in 2014. However, in view of the delicate macro-economic recovery, we remain cautious and refrain from making concrete predictions for 2014.

RoodMicrotec will continue to strengthen its product portfolio, inter alia by focusing on FCs and OEMs (particularly outsourcing: project Atlas).

VI. REPORT OF THE SUPERVISORY BOARD

We hereby present the 2013 annual report as prepared by the board of management in accordance with Article 26 of the articles of association of the company.

The financial statements were audited and issued with an unqualified opinion by Mazars Paardekooper Hoffman Accountants N.V. and discussed by us with the board of management in the presence of Mazars. We propose to our shareholders to adopt these financial statements in the general meeting of shareholders on 24 April 2014 and to discharge the board of management of liability for its conduct of business in 2013 and the supervisory board for its supervision of the management.

In consultation with the management we propose that no dividend be distributed.

RoodMicrotec in 2013

2013 was a soft year for the industry, mainly the first half, and consequently also for RoodMicrotec. There was no specific reason just a general sluggish recovery of demand across the semiconductor industry segments we serve. However, the long-term growth prospects remain positive as is supported by the leading indicators of our industry.

Focus for the year 2013 was on the implementation of a new growth strategy and the development of new markets while at the same time managing the immediate consequences of the soft market through the implementation of frugal cost controls.

The board of management has put major efforts in its continued path towards more integrated services for its clients and prepared for a stronger marketing organisation in Europe. Proposals were presented by the board of management and discussed with the supervisory board. In particular, during a review of some of the strategic initiatives it was concluded to seek specific alliances to reinforce and speed up their development.

RoodMicrotec remains a small player and the costs of being a listed company outweigh the benefits. It is therefore the shared opinion of the board of management and the supervisory board that cooperation with financially strong partners is a desirable option for the company and its stakeholders. In consultation with the supervisory board, the company has shown openness to orientation discussions with potentially interested parties. As a consequence there are several discussions in process and a continuous review held jointly by the board of management and supervisory board.

Supervisory board meeting schedule

The supervisory board gives the highest priority to good corporate governance practice.

The supervisory board met with the board of management six times during 2013. Meetings with the CEO were held on average each second week. In addition, meetings were held between individual members of the board of management and the supervisory board. These meetings were held both in Zwolle at the corporate head office and at the production sites in Stuttgart and Nördlingen. Given the location of the supervisory board members, some meetings were held using teleconferencing.

In the supervisory board meetings, the following topics were reviewed and discussed extensively:

- the business update, operational and financial targets;
- development and changes in the management team and appointments;
- the financial position, liquidity & banking relations;

- relevant capital expenditures;
- strategic M&A options;
- the scope and strategy of the company and the related risk profile;
- composition of the supervisory board, CEO's position in perspective of the M&A strategy;
- corporate governance issues;
- succession planning;
- risk management;
- remuneration;
- financial audit and the outsourcing of parts of the financial administration;
- publication of press releases.

The supervisory board met with representatives of the Works Councils in both Stuttgart and Nördlingen in the absence of the board of management to discuss the position of the company. The meetings were constructive with the teams on both sites expressing their thoughts on areas for improvement. In view of the underlying economic and market situations this was welcome.

The supervisory board was able to provide personal support on several occasions throughout the year for strategic business discussions both internally and externally with potential alliance partners.

Supervisory board composition and evaluation

There is currently no separate remuneration and audit committee; all topics are discussed in the joint meetings with the board of management following an independent review by the supervisory board.

The long-term strategy issues and the adequate meetings with the board of management resulted in a restraint in calling for a second supervisory board member up to now. Nevertheless it will have our attention for the immediate future.

The supervisory board evaluated its own performance over the year 2013 by consulting and in conversation with some stakeholders of the company. It was concluded that competences in the areas of microprocessor technology, operations, commercial management, strategic management, finance and risk management as well as international experience remain sufficiently represented on the supervisory board. Procedures of the board are considered adequate for a company of this size.

Finally, the supervisory board wishes to thank all of RoodMicrotec's staff for their great efforts, loyalty and continued dedication during 2013.

Zwolle, 13 March 2014

The supervisory board

V.G. Tee, chairman

VII. REPORT OF THE BOARD OF MANAGEMENT

A. General and key developments 2013

At the end of 2012, the outlook for 2013 was positive. World Semiconductor Trade Statistics (WSTS) forecast approx. 4.6% growth in 2013. In contrast to 2012 when the market contracted, it grew in 2013, mainly in the second half of the year. Also, several customers carried out reorganisations, which in many cases significantly reduced outsourcing volume.

RoodMicrotec has responded to this situation by:

1. expanding its supply chain management activities with eXtended supply chain, to support FCs that develop ASICs and other chips;
2. supporting design companies better by starting collaboration in the design stage (design for testability);
3. strengthening our position in the British market by appointing a new sales manager;
4. developing a Failure Analysis pool;
5. focusing more on outsourcing opportunities with OEMs, as illustrated by Siemens AG Drive Division;
6. expanding our ESD activities by integrating equipment from EIB (Elektrostatik Institut Berlin) in Failure & Technology Analysis;
7. reinforcing the internal organisation by improving both our IT systems and our logistics organisation;
8. organising seminars;
9. creating opportunities to finance projects by FCs in collaboration with partners.

SWOT analysis, critical success factors and financial objectives

Internal assessment of the company

SWOT analysis

As of 2007, we have reported on our internal assessment of the company. An update of those reports is set out below.

Strengths:

- Gained a strong position and perfect partner in the OEM and FC market.
- Our company's location in southern Germany, which has reached the necessary critical mass per service.
- The staff's know-how and quality awareness are very high.
- Positive cash flow and balance sheet ratios.
- One of the few recognisable independent Supply Chain providers in Europe.
- Know-how of our customers is very well protected.

Weaknesses:

- Limited size of the company.
- The financial net result is poor.
- No presence outside Europe.
- Our market is and will remain cyclical.

Opportunities:

- A key opportunity is to become a first-class European one-stop-shop supply chain provider and a partner for leading high-tech FCs.
- To become the best outsourcing partner for OEMs.

- There are currently exciting opportunities in the services market to FCs and OEMs: many companies are introducing new products with great potential, which RoodMicrotec can support.
- Opportunities to strengthen our market position by means of partnerships in engineering and in-house test engineering.
- Increased scale and scope through M&A and partnerships.

Threats:

- The developments in the dollar, even though we currently have only limited exposure.
- The risk that the development of new products also moves to Asia, partly due to the cheap dollar.
- Semiconductor production in Europe will continue to decline.
- The cyclical nature of the semiconductor business.
- The tight labour market for highly qualified specialised personnel.

Critical success factors

Several critical success factors have been identified within the company, which are measured periodically. These include: sales, sales per business unit, engineers, order intake, order hit rate, staff motivation, customer assessment, cash position and our relationship with banks. Some of those measurements are quantitative, others are qualitative; the indicators are periodically adjusted to changing circumstances. The management draws conclusions based on this information.

Financial objectives realised in 2013

The objectives for 2013 were based on worldwide semiconductor market forecasts of 4.6% growth. This increase was realised (actually 4.8%), but mainly due to the growth of the USA market of approx. 13.1%. Also, the growth only occurred in the second half of the year, so that RoodMicrotec had less time to profit from it. The total market grew to a level of USD 305.6 billion.

The fact that market growth was restricted mainly to the USA and to the second half of 2013 significantly impaired the realisation of our objectives. Nevertheless we were able to improve several financial objectives:

- reduction of inventories by EUR 23,000, or approx. 8%;
- strong improvement of the net-debt position and stabilisation of cash and cash equivalents position;
- significant reduction of non-current liabilities;
- improvement of EBITDA and EBIT.

Long-term financial objectives

- sales growth of between 0% and 7% over the annual market growth, at an average semiconductor world market growth of 6% per year;
- annual improvement of the operating result;
- optimising the debt position in terms of long-term and short-term loans.

B. Operational and commercial objectives for 2014

We will expand our activities in the area of eXtended SCM further through partnerships with other companies. In particular, our strengthened sales organisation will allow us to focus more on recruiting new customers in the OEM segment. We will also continue to work on improving customer satisfaction. In 2014 we will try to raise sales and strengthen our market position by:

1. expanding our sales capacity in Europe;
2. maximum focus on and growth in outsourcing contracts in our 'Atlas' project;
3. further strengthening of our Supply Chain Management business unit;

4. strengthening our Engineering business unit;
5. further optimisation of our operations, including logistics;
6. giving and organising seminars, on topics including qualification, failure analysis and engineering, and possibly on outsourcing;
7. developing more lasting partnerships.

C. Sustainability

As we are faced with a world faced by far-reaching changes for the environment and the people living in it, such as poverty in developing countries, globalisation, climate change and natural resource exploitation issues, 'people, planet and profit' are ever more fixed components in RoodMicrotec's strategy.

RoodMicrotec understands sustainability as responsible corporate conduct that leads to long-term business success and is in harmony with the environment and society.

That's why we integrate long-term economic, environmental and social aspects in our business strategies while maintaining global competitiveness and brand reputation.

We manage our human resources to maintain workforce capabilities and employee satisfaction. RoodMicrotec therefore strives to offer employees best-in-class organisational learning and knowledge management practices. In order to create a performance-oriented environment for our employees we also strive to make use of remuneration and benefit programs depending on company's objectives and individual objectives.

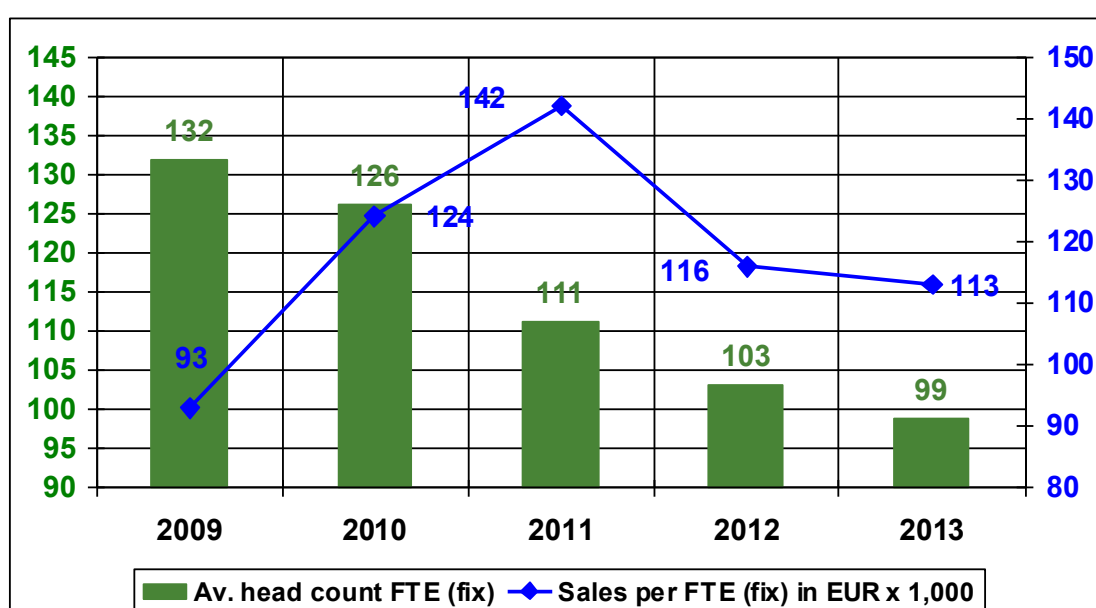
The aim of RoodMicrotec's environmental policy is to safeguard the environment and human health. The practical aims are to monitor and prevent environmental risks so as to avoid ruining the environment for future generations.

Sales by employee and head count

The average number of full-time employees (FTE) decreased by approx. 4% from 103 FTE in 2012 to 99 FTE in 2013.

Sales per full-time employee decreased by approx. 3% from EUR 116,000 in 2012 to EUR 113,000 in 2013.

Our personnel costs decreased significantly over the years see our Annual Accounts note 3.



D. Quality management

The success of our company is dependent on the success of our customers, employees and investors. But we believe it is also conditional on ensuring the quality and management of our processes and operations. Our core business is to pursue continuous improvement of the reliability and reproducibility of our services and products and the efficiency of our processes. RoodMicrotec's integrated management system is based on international standards.

Our location in Nördlingen is certified in according to the international standard for quality management systems ISO 9001. The Qualification & Reliability (electronical, mechanical and optical qualification) and Failure & Technology Analysis and labs in Stuttgart and Nördlingen are certified by the DAkkS Deutsche Akkreditierungsstelle GmbH (German Accreditation Body) based on ISO/IEC 17025 'general requirements for the competence of testing and calibration laboratories'. This enables us to perform verifications for public reference.

With our products and services we aim to exceed customers' expectations in terms of quality and price.

"Certified by RoodMicrotec"

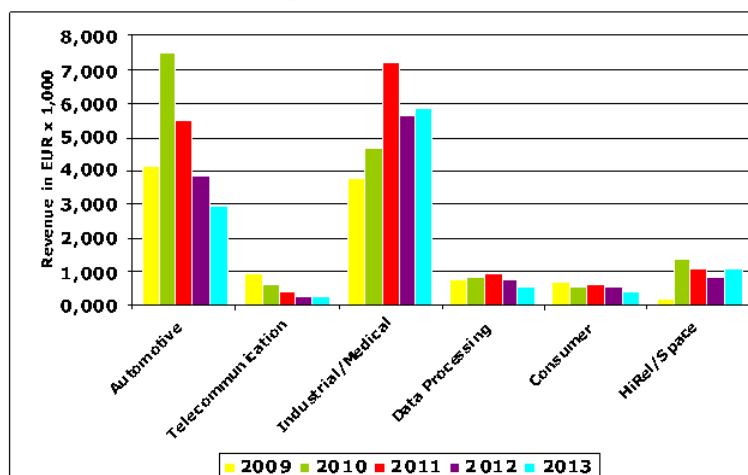
E. Sales and result

In 2013, RoodMicrotec's sales decreased compared to 2012.

Net sales are presented below, broken down by customer category/sector (market segment).

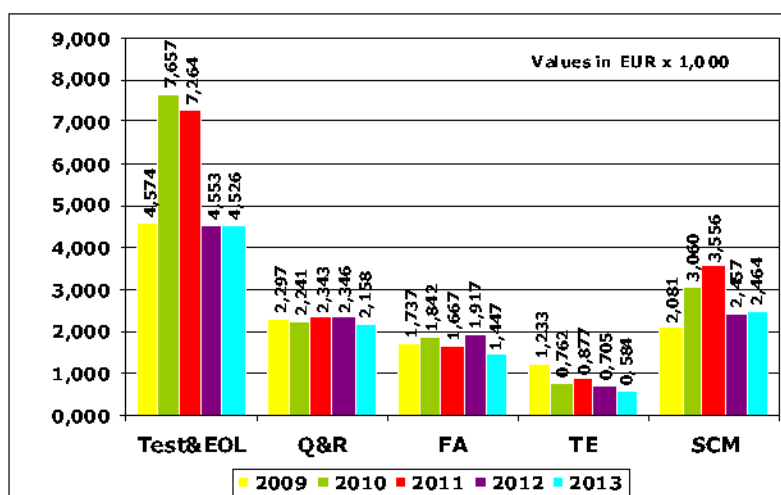
(x EUR 1,000)	2011	2012	2013
Automotive	5,491	3,870	2,961
Telecoms	385	277	257
Industrial/Medical	7,222	5,658	5,883
Electra Data Proc.	904	765	556
Consumer	610	563	419
Hi-rel/Space	1,105	838	1,104
Total	15,717	11,971	11,180

Revenue by Markets



The sales results of the business units were as follows:

(x EUR 1,000)	2012	2013	Approx. change
Test	4,546	4,526	-0.6%
Supply Chain Management	2,457	2,465	+0.3%
Failure & Technology Analysis	1,917	1,447	-24.5%
Test Engineering	705	584	-17.2%
Qualification & Reliability	2,346	2,158	-8.0%
Total	11,971	11,180	-6.7%

Revenue by Business Units**F. Investments and financing**

In 2013, investments in tangible fixed assets totalled EUR 0.535 million (2012: EUR 1.475 million). Depreciation was EUR 0.9 million (2012: EUR 0.9 million). The investments were partly financed from operational cash flow. For the next few years, we anticipate that investments will remain limited due to various synergy benefits. At year-end equity was EUR 5.4 million (2012: EUR 5.5 million).

Solvency remained stable at 45% (year-end 2012: 42%).

G. Market developments

RoodMicrotec Supply Chain Management - far more than the sum of its parts!

SCM stretches far beyond organising, planning and logistics: RoodMicrotec is fortunate to have employees who are highly experienced in the electronics and semiconductor markets with its diverse application environments.

Based on a thorough understanding of the customer's project objectives, RoodMicrotec can smoothen the entire flow all the way down from the design phase, via 'industrialisation' and qualification to quality volume production and worldwide shipment.

Knowing the end customer's application and the environment, the product is key to offering the best service in terms of schedule, quality and costs. Examples of this application expertise are automotive areas like dashboard, powertrain or engine compartment. There is a wide variety of sensor electronics applications in the industrial and medical sectors, with end products like smart meters, automation and hearing aids. In telecommunications, we serve fast transmission systems and base stations, and satellite components in aerospace and airplane electronics.

This intimate market and application knowledge is indispensable for optimum end solutions – an ideal area for RoodMicrotec, with its 'powerful solutions'!

Optical and Mechanical Qualification development

A focus on Optical and Mechanical Qualification, in 2014, will be to extend qualification and characterisation of VCSELs (Vertical Cavity Surface Emitting Laser).

A VCSEL consists of a light emitting semiconductor layer placed between two reflecting mirrors. In contrast to conventional edge emitting semiconductor lasers, which emit from a narrow edge of the chip, VCSELs emit the light perpendicular to the semiconductor chip top surface. Owing to its construction, a VCSEL already functions while still on the wafer and can be tested and selected at wafer level. Another benefit is higher packaging yield. Due to their perpendicular emission, groups of VCSELs can be arranged in any matrix form. In contrary to conventional semiconductor lasers, a VCSEL has circular far field, which eases coupling the laser output to optical fibre. VCSELs also have a low threshold current, requiring less complex control electronics.

Due to these advantages VCSELs are now entering consumer markets, e.g. in sensors, PC mice and other applications. Single mode VCSELs with wavelengths of 760nm and 948nm are used in absorption spectroscopy and in traditional data transmission applications.

The VCSEL life test rack of RoodMicrotec can be used to qualify more than 300 VCSELs in parallel in Burn-In or life tests with currents up to 50mA and temperatures up to 150°C. Our range of test equipment further comprises setups to characterise the electro-optical parameters from -40°C to 100°C as well as mechanical tests (shock and vibration under temperature), bond pull, etc.

Another objective of optical and mechanical qualification is the expansion of qualification and characterisation of photo diodes for aerospace applications and medical technology. This will be possible at wafer level as well as for packaged versions, for discrete photo diodes, photo diodes with integrated electronics and image sensors. Where assembly is required, we cooperate with various assembly houses.

Our plans for the future are to continue to align our resources (know-how, equipment) with the technical demands of the market for qualification and life tests, in various LED applications for the consumer market and automotive markets, street lighting, public displays and shop applications.

Services and devices for aeronautical and space applications

Applications in aeronautical and space applications place the highest demands on the total value creation chain in terms of quality and reliability. The lives of the crew and passengers or the success of the mission depend very much on the correct operation of all parts in the most demanding environmental conditions. Repairs are largely impossible during flight, reducing the safety of typically multi-secured systems.

Aeronautical and space parts are typically used in low production numbers and meeting the highest reliability requirements is challenging. The physical investigations and tests carried out by RoodMicrotec are adequate to meet the high demands of aeronautical and space applications: in particular Qualification, Lot Acceptance Test (LAT) and Destructive Physical Analysis (DPA) of new developments, production parts as well old and obsolete parts.

Selection tests, upsampling procedures and counterfeit analyses for obsolete parts that are no longer in production complete our portfolio. They extend to the entire range of electronic components, from passive components (i.e. resistors, capacitors) and semiconductors (diodes, integrated circuits) up to complex optical sensors with detection logic.

Test and measurement activities and analyses are performed on hermetic and non-hermetic parts according to the ESCC 9000 and 9100 standards. Our labs have been accredited to ISO/IEC 17025 for many years.

RoodMicrotec serves a wide range of customers in the aeronautical and space industries, mainly in Europe. RoodMicrotec is also a direct supplier of ESA (European Space Agency) in conjunction with various long-term and professional partners. Our customers in the HI-REL areas aeronautical, space and satellites is steadily increasing in number.

A customer in the telecommunication infrastructure industry has awarded RoodMicrotec with a Certificate of Qualification that honours the good work we provide to our customer.

Dieter Schreiber, Sales & Marketing Manager:

'As a value-added service provider, RoodMicrotec is alert to the demands of the market. Hiring an additional sales manager has helped to improve market penetration. In this context, a few years ago we introduced our Supply Chain Management (SCM) service, in which we take care of production, assembly and logistics of the devices, in addition to our standard services. This service has been a growth segment for RoodMicrotec. Starting a few years ago, it rose to over 20% of revenue in 2012, and was also a success story in 2013 with an additional 22% contribution to revenue.'

'At the end of 2013, RoodMicrotec introduced a new program called eXtended Supply Chain Management. In collaboration with well-known design companies, the company offers ASIC design, in addition to the already offered services, and herewith we can deliver apart from services products to the market as well. Products for an automotive volume application and an optical ASIC have been discussed and will be realised during the coming year. This service makes RoodMicrotec more attractive and such long-term projects help to secure the future.'

'In 2014 we expect to grow further in this segment by focusing our sales efforts on this programme. In addition we have taken over a full test cell from a customer to perform the upcoming inspection test of more than 10

ASICs on a three-year contract. We are convinced that this service will appeal also to other customers who are prepared to outsource their test activities, allowing them to concentrate on their core business.

In the area of programming service we acquired a customer who relocated its programming activities to RoodMicrotec in full. This customer operated in the growing lighting market with very innovative products with promising growth rates. In the business unit Qualification & Reliability we extended cooperation with a customer in the space business. By using RoodMicrotec it succeeded in listing several products to the QPL (Qualified Products List) for space applications. In the Failure & Technology Analysis business unit, RoodMicrotec was able to convince critical IDMs of its services, resulting in substantial cooperation contracts for various services.'

Malkit Jhitta, Sales & Marketing Manager:

'The semiconductor industry is a continuously and often rapidly changing environment. Customers are requiring higher performance, greater integration, faster time to market and all at lower cost! Giving adequate thought and commitment to design for manufacture and the associated features such as ease of test and reliability is extremely important. RoodMicrotec as a supplier of a range of world-class specialist skills and services in qualification, reliability, test and quality engineering is well positioned to assist customers with new designs. By engaging early with our customers in the design process, our engineers can call on their many years' experience to meet the ever increasing demands our customers are up against. 2014 should see a significant increase in new designs as the semiconductor industry takes advantage of improving global conditions and new demand.'

Mike Jarvis, Sales Representative UK:

'In 2013 several opportunities arose. The start of 2014 saw continuing work on the major SCM project with a new UK start-up. Engineering starting in the fourth quarter of last year, the first silicon is due for delivery for qualification during the beginning of 2014 and will mark the start of a strong working relationship with what should be a major player in its field.

2013 also saw the beginning of a relationship with a global US customer, who is looking for a partner in Europe to process and test its products. The first quote was met very favourably and an early meeting prior to orders is expected during the beginning of 2014.

Since Malkit Jhitta joined as UK sales & marketing manager, RoodMicrotec's exposure to the ASIC design market has improved dramatically with good expectations.'

Due to the demise of Unisem's UK facility, RoodMicrotec is in a good position to pick up some of these test, qualification and failure analyses opportunities, and although the UK market remains challenging, I feel confident that 2014 will be a very good year.'

H. Research and Development projects

SMARTRANGE Project

RoodMicrotec and a UK partner have received in quarter 4/2012 a grant from Eurostars for their project named SMART RAdio Networks for Greater Energy Management (SMARTRANGE). The aim of the project is to develop a prototype for a radio device for use in smart meters and other energy management systems, designed specifically to overcome the power consumption vs. area coverage problems of low-power wireless protocols, thus allowing whole-house coverage. The partner as project leader is responsible for chip development and prototype evaluation. As a participant in the project, RoodMicrotec is responsible for an innovative test concept development and a reliability assessment. After some delays in early 2013 during the evaluation period, the technical work on RoodMicrotec side has started mid-2013 and will be completed in 2014.

Manos Project

The first step in the project in 2012 was to lay down the specifications and requirements for two planned sensor systems. These specifications include basic properties, range of functions and lifespan requirements. In 2013 the optimisation of the various adhesives and construction of the first prototype was carried out with appropriate initial qualification. Under RoodMicrotec's direction a test adapter for electrical functional tests of the modules (Stuck) was implemented and verified, which allows the project partners to carry out functional tests of the test samples. RoodMicrotec evaluated various cover materials, adhesive and conductive materials. The objective for 2014 is to realise fully functional prototypes with subsequent qualification.

Holger Pross, Sales & Marketing Manager:

'Our employees are known as professional partners for industry, for universities and research institutes. With our capabilities and experience we are able to contribute to the economy and industry in Europe.'

RoodMicrotec is participating in a number of research and development projects. This also contributes to brand awareness of our company and helps to forge ties with other companies participating in these projects.

In earlier projects our practical experience in Failure & Technology Analysis combined with our capabilities in performing measurement and reliability tests on electronic components was highly appreciated.

The technical project work on the innovative research fields of embedding and corresponding testing has been successfully finalised. In the context of the project RoodMicrotec developed and verified new test concepts for the different project demonstrators.

In another project, RoodMicrotec together with its project partners designed a concept for testing modular components at different stages of completion. The purpose of this test concept is to reduce the reliability investigation of individual modules after completion by means of acceleration investigations. Furthermore, reliability investigations were performed.

We look forward to bringing in our knowledge and experience of LEDs and LED lamps in a new research and development project soon.

Around 50% of our customers come to RoodMicrotec on other customers' recommendation, which directly reflects customer satisfaction.

My personal feeling is that 2014 will prove to be a good year for us and that we will be able to deal with the increasing number of requests for quotes and be competitive in the market place.'

I. Report per business unit and division

Supply Chain Management (SCM) / eXtended Supply Chain Management (XSCM)

Profile

In this business model RoodMicrotec supports customers who wish to put high-quality semiconductors, in particular ASICs and ASSPs, on the worldwide market. RoodMicrotec provides all services from the beginning of the development process (together with design partners), up to delivery to its customers, including engineering support, test engineering, wafer test, assembly (through partners), final test, qualification & reliability, failure & technology analysis and logistics. RoodMicrotec achieves this by qualifying and testing suppliers as well as products and, if requested, executing the entire project management for such processes. RoodMicrotec is capable of managing the entire 'end-to-end' process, but can also provide each individual step separately. On request RoodMicrotec can also provide the complete package ASIC with devices on a board (through a partner).

Key developments in 2013

In 2013 we strengthened our SCM team with two highly experienced engineers to meet the increasing demand and to meet the high-level standards of new packages in the market. We now offer the whole range of packages from sophisticated optical packages to plastic packages for mass production. During the year we extended our portfolio by offering the complete package of ASICs and other devices on printed circuit boards.

In 2013, RoodMicrotec intensified its relationship with its existing partner to increase its customer services in terms of turnaround time and delivery conditions. Further we found additional assembly partners in Europe, the US and the Far East to meet the demand from our customers for a wider range of packages. RoodMicrotec is now in a position to serve the market starting with a few samples up to millions of units a year.

Objectives realised in 2013

In the second half of 2013 we managed to improve the sales result by 6% compared to the first half of 2013. Furthermore, the extension of a long-term partnership with one of our main customers was a great success in 2013, which reflects its confidence in RoodMicrotec.

Compared to 2012, we increased the number of new customers by 25%. The roots of these customers are in different market segments, which brought us a wider range of applications. This also includes new market segments in Europe, giving us an opportunity to further expand our market penetration as a first-class one-stop-shop supply chain provider in Europe. In 2013 the numbers of applications for new projects in SCM increased enormously, specifically in the second half of the year. RoodMicrotec also presented its supply chain capabilities during different events, in particular the GSA European Executive Forum in Geneva, the Embedded World and SENSOR and TEST in Nuremberg.

Objectives for 2014

In 2014 we will keep focusing on the branding of our eXtended SCM business model, in which we expect increasing business. For this we will strongly work together with design houses, to offer our customers the best service possible and also to provide a wide range of products. We aim for long-time partnerships, as well as one-off customers.

As a result of the increasing number of customers and also new projects we will also put a lot of effort into the optimisation of our already established SCM services (from full SCM to assembly-only). The goal here is mainly, to reduce the lead time of our quotation process, to provide our customers a better and faster service.

Also we are aiming to provide a better visibility and wider range of our offered products (e.g. assembly packages). To achieve this, we will increase the number of assembly fab partners. To ensure a constant high quality level, continuous audits are planned for the year 2014.

In terms of our overall SCM business we are aiming for a further increase in the number of customers and projects.

Arno Rudolph, Sales & Marketing Manager:

'The establishment of our supply chain services (SCM) some years ago has gradually changed RoodMicrotec's role in terms of responsibility for the end product. Presently, our SCM customers subcontract the entire process of qualification, production, planning, logistics and – in the case of "eXtended SCM"– also the ASIC/ASSP design. Hence a solid understanding of our customers' business simply became mandatory. This is true not only for the sake of optimum technical implementation, but also of course for understanding and meeting specific commercial and quality conditions. In other words: in order to fully appreciate all the requirements of the environment the device is targeting, our engineers' application know-how must not end at the pins of the chip. Many of our employees have a vast background and experience in the electronics and semiconductor markets with its various application environments, so RoodMicrotec is well placed to meet our customers' expectations and trust. Obviously the market recognises these abilities: an increasing number of enquiries for overall supply chain services ensure long-term business and growth for the next few years.'

Development Engineering / Project Management

Introduction

RoodMicrotec's solution packages include Supply Chain Management for the semiconductor industry and significantly contribute to reliable complete solutions, supplying services like test engineering, qualification and reliability testing as well as failure and technology analysis. Many of our customers own IP for which we can guarantee best protection. We are proud to meet the requirements of our customers in the aerospace, automotive, telecommunications, medical technology, IT and electronics industries.

The new development engineering group bridges the gap between (external) design houses on the one hand and operations like wafer production, backend assembly, test engineering and test on the other. The new engineering group supports our customers in the field of assembly and interconnection technology by providing solutions for new devices and products and failure analysis and corrective actions on existing boards and devices, also known as eXtended SCM. The group has currently been reduced, but will be reinforced again in the future.

Business unit Test Engineering

Profile

The business unit Test Engineering develops test solutions for mixed-signal and digital ICs. The test cells utilise state-of-the-art Automated Test Equipment (ATE) and PC-based hardware. In order to overcome test system limitations, external equipment such as network analysers or RF signal sources are integrated into the test cells. This approach increases the flexibility while limiting the costs of the test. The test cells are used in production testing and qualification to the highest standards such as required by automotive, high-reliability or telecom (AEC-Q, ESCC, MIL-STD, JEDEC, TELCORDIA, IEC, DIN). Services include design for test, test time reduction, yield improvement, electrical characterisation and data analysis. Additional services are migration of complete test cells, production ramp-up and product validation. All these services are also available as on-site engineering support for the customer.

Extensive know-how on several test platforms is available, e.g. for Teradyne Flex, LTXCredence D10/DUO, Advantest/SZ, Advantest/Verigy 93000 as well as Lab View. Application know-how has been developed for mixed-signal, digital, analog, memory, RF applications, image sensors, MEMS and PC applications.

The business unit Test Engineering has a broad range of customers, mainly in the area of mixed-signal applications in the automotive, aeronautical and space, radio frequency, medical and industrial sectors. Customers include OEMs, IDMs and FCs worldwide.

Objectives realised and key developments in 2013

RoodMicrotec is participating in the Eurostars Research Programme, the SMARTrange project described earlier. In the second part of 2013 Siemens AG, Drive Technologies AG, decided to outsource its complete test activities to RoodMicrotec, which was an important step of our so called 'Atlas'-project. Our engineering department supported the transfer of hard- and software of the required Advantest/Verigy 93000 tester. In the context of a test and qualification project for a space application RF ASIC we established a method for semi-automated device characterisation over both temperature and electrical parameters which allows us to fulfil customers' expectations with a high degree of efficiency. Another major project successfully completed was the migration of a family of RF Programmable Dividers with integrated Pre-scaler and Phase Detector to RoodMicrotec's tester platforms. Used in high-end measurement equipment up to 17GHz with demanding specifications, these devices required highly skilled and experienced engineers.

Objectives for 2014

Prospects for 2014 are quite promising. Over the past few months, many new requests for quotes (RFQs) were received, also for big projects, and we made substantial quotes. Most of the projects have demanding requirements ranging from supply chain services over test package development to characterisation and qualification to the highest automotive or space standards.

Our target is to increase revenue strongly compared to 2013, and we aim to broaden our engineering business by engaging external consultants.

Business unit Test & End-of-line Services (Test & EOL)

Profile

The business unit Test & EOL Services focuses on testing of wafer and packaged devices such as semiconductors (analog, digital and mixed-signal RF applications), electronic devices and sensors. The customer base of this business unit comprises IDMs, OEMs, FCs, distributors and others engaged in the automotive, industrial, medical, telecommunication and Hi-Rel markets.

We intensified our positive long-term business relationships, resulting in many projects.

Objectives realised and key developments in 2013

Test

We streamlined the test operation by deinstalling obsolete and inefficient test equipment (testers, handlers, wafer probers, programming and EOL equipment) so as to further optimise the operation towards a process flow oriented structure. In the space freed up we installed a new machine (Advantest/Verigy 93000) to enhance our flexibility.

The organisational measures taken in 2012/2013 have produced the desired results: smooth process cycles and shorter lead times, resulting in visible cost savings.

New technicians and engineers (approx. + 25%) were assigned to production in order to handle the growing demands of customers. With product and process oriented measures we achieved higher efficiency and shorter lead times.

Programming

Over the past year, another engineering programming system was introduced in order to be able to respond more quickly to new products and orders.

EOL

Due to the increase of complexer devices with higher requirements we increased the technical level in the department by recruiting new employees.

Objectives for 2014

We aim to replace obsolete equipment by new equipment and optimise the test department by increasing the know-how and intensifying the maintenance.

Purchase and installation of a new fully automated programming system for new and existing customers, in order to handle future projects successfully.

There is a continuous increasing of technical know-how in the test as well as in the programming department which results in hiring additional engineers.

Business unit Failure & Technology Analysis

Profile

RoodMicrotec's extensively equipped failure & technology analysis laboratory can provide failure, construction and qualification-related analysis of all kinds of electronic parts like wafers, integrated circuits, discrete components, electromechanical components, printed circuit boards and complete printed board assemblies. These various types of analytical investigations can be performed as part of a reliability assessment, including focused ion beam (FIB) services and consulting/line surveys concerning electrostatic discharge (ESD). In addition, the lab is now able to issue certificates for ESD packing materials.

Failure & Technology Analysis

Analysis of defective devices (failure & technology analysis) is carried out using physical, chemical and metallurgical analytical methods. These methods are applied to confirm customer-complained failures, to identify the area of the defect and the failure mechanisms, and to initiate corrective actions for quality improvement. In the area of integrated circuits, new technologies with reduced feature size require expensive expanded capabilities. Therefore strategic partnerships have been concluded to share equipment and reduce investment.

Construction Analysis and DPA

Construction Analysis and Destructive Physical Analysis (DPA) can be performed as part of a reliability assessment. The objective of construction analysis is early identification of potential deficiencies that can cause zero-hour failures or reliability problems. These tests are required for all components used in aerospace applications. Request numbers for DPAs are very stable as the aerospace market is less sensitive to economic cycles. The lab has obtained a certificate to perform DPAs for space application according to RA.0010.900.10 standard.

Qualification-related Analysis

Qualification-related analyses are carried out before and after various qualification tests performed by our own Q&R laboratory. The purpose of these investigations is to determine how these environmental tests impact package and chip-related problems.

FIB service

With our highly sophisticated focused ion beam (FIB) we offer our customers chip modifications, circuit editing, micro cross-sectioning, TEM lamella preparation, micro-machining and material science applications. The business unit has a broad European customer base, primarily in the automotive, aeronautical and aerospace industries. Good service is time-driven, so 1.5 shift operation is offered where necessary.

Objectives realised and key developments in 2013

The integration of equipment from EIB (Elektrostatik Institut Berlin) enables us to offer service for measurements on ESD protection materials. In addition, the lab is now able to issue certificates for ESD packing materials.

Objectives for 2013 were postponed to 2014 because economy measures of our main customer lead to a significant reduction of our sales.

Highlights 2013

Beside the achieved certificate for DPAs on components for space application, we got a contract from a second customer to support on DPA business. Our lab became preferred supplier for scanning acoustic microscopy of a European IC manufacturer with locations in 4 countries.

Objectives for 2014

We are offering an outstanding quality of metallographic preparation and light-optical microscopy. We are planning to further promote this service. In view of strong demand for X-ray analysis, expansion of the X-ray tomography service must be considered.

High-power electronics is a growing market. We still are looking for an experienced engineer to introduce this service.

Business unit Qualification & Reliability

Profile

In our business unit Qualification & Reliability we distinguish between electronical qualification and optical and mechanical qualification.

Electronical qualification

This unit focuses on investigating electrical components like semiconductors, passives and PCBs in various stress environments. The electrical qualifications of customer components for automotive, space, telecommunication etc. are performed to various international specifications (AEC-Q, MIL, JEDEC, ESCC, Telecommunication). Furthermore, up-screening of components (specific qualification and test flow for higher quality grade of units for military and space applications) are another main task of the business unit. Products can be tested under extreme conditions such as climatic and temperature changes as well as under vibration and mechanical shock. The investigations determine whether the components meet the required qualification standards.

Using burn-in (monitored or standard), components are stressed in order to identify parts prone to premature failure. This process forces defective semiconductor devices to fail before they are incorporated into assemblies where they can cause reliability problems in the end-product. The business unit is one of the leading independent certified test-houses in Europe. Most products are tested for the aerospace, automotive and medical sectors. Our main customers are in these sectors and are FCs and OEM. Burn-in board loading for the monitoring system can be done manually or on request by means of an automated board loader/unloader.

Key developments in 2013

Prior to a product release by the customers, qualifications are required in order to determine whether the product meets its reliability and functional requirements. Below some examples are set out of qualifications performed during 2013.

a. Upscreening of 256k x 16-Bit Multiport DRAM.

The requested up-screening was performed to customer specifications referencing the military standard MIL-STD-883H. This up-screening included the development of necessary burn-in boards for the available packages TSOP-II 70/64 as well as SSOP64.

b. Test and screening of PLL units for space application.

Various screenings were performed according to the ESCC Generic specification 9000, containing the F3 screening tests with testing at three different temperatures, monitoring burn-in, three temp-testing and seal test. Additionally the F4 qualifications, consisting of mechanical (subgroup 1.1) and environmental subgroup (1.2), endurance subgroup (2) and assembly capability subgroup (3) were performed where applicable.

c. Qualification of receiver for automotive infotainment/multimedia application

Automotive qualification of a dual port video receiver IC, now with confidential data transfer using HDPC (high density content protection) encryption.

Plans for 2014

Based on the current outlook, the business unit will return to positive growth at least in line with RoodMicrotec's targets. Product and service-related objectives are focusing on new market segments as well as additional services in the burn-in area.

We will perform seminars to be recognised as the qualification party of choice in the market.

Optical/mechanical qualification

This unit focuses on mechanical investigations of semiconductors and boards. These qualifications are for automotive, space, telecommunication, etc. The mechanical qualifications include shock, vibration and bump. The focus for optoelectronics is mainly LED.

RoodMicrotec will bring in the experience and its knowledge of LEDs and LED lamps in a new research and development project. In former projects our practical experience in failure & technology analysis combined with the capabilities in measurements and reliability tests on LED was highly appreciated. We are known as a professional partner for universities, research institutes and the industry.

Semiconductor services to achieve and ensure consistent quality in LEDs

LEDs open the way to new applications and markets in various different fields with a broad spectrum of requirements. LED lighting is advancing rapidly and increasingly replaces classical lighting. LEDs are used in flat screen TVs, automotive applications, general lighting, traffic and street lighting.

Besides other benefits, LEDs in general provide high reliability; lifetimes of over 50,000 hours can be reached. Manufacturing of LEDs may influence the lifetime of LEDs negative. Reduced reliability can also be due to power supply problems, i.e. insufficient heat dissipation, environmental stress, no-compliance with the junction temperature or system set-up. Avoiding failures and achieving fast resolution of existing problems requires excellent knowledge of the failure mechanisms and suitable analytical methods. Failure analysis is not limited to the defect confirmation anymore as the root cause can be found in a lighting system analysis

RoodMicrotec has extensive experience of performing failure analysis, characterisation, qualification, life testing and classification of single LED chips and LED applications.

LEDs present a broad range of faults which can be approached using different methods of analysis. The objective of failure analysis is to allocate the observed error pattern to a possible cause and then show a way to avoid it. Because of its complexity, failure analysis requires advanced technological know-how and the availability of methods for analysis. The knowledge and experience of the employees as well the dedicated inspection equipment in semiconductor failure analysis has been available at RoodMicrotec for many years and offers the best basis for failure analysis on LEDs. Close teamwork of failure analysis people with opto- and reliability engineers results in fast and effective root cause finding, and offering our customers recommendations for quality improvements.

RoodMicrotec regularly contributes to conferences and fairs with technical presentations, lectures and articles that promote its experience to a broad community. Our publications present typical failure mechanisms, various types of analysis and corresponding ways to avoid failures.

Our plans for the future are to continue to align our resources (know-how, equipment) with the technical demands of the market for qualification and life tests, in several LED applications for the consumer market and automotive market, street-lighting, public displays and shop applications. Our objective is to contribute to energy and cost savings, improved lifetimes, and waste reduction.

J. Events after balance sheet date

In the beginning of 2014 1,395,345 shares have been issued according to an agreement with an investor, which concluded in September 2013.

Board of management

Ph.M.G. Nijenhuis

Zwolle, 13 March 2014

VIII. CORPORATE SOCIAL RESPONSIBILITY

General commitment

RoodMicrotec's mission is to improve the quality of people's lives through the timely introduction of meaningful technological innovations. In a world where technology increasingly touches on every aspect of our daily lives, RoodMicrotec aspires to be a leading solutions provider in the areas of healthcare, lifestyle and enabling technology, delighting its customers with products and services that meet and even exceed their expectations.

RoodMicrotec wishes to be a responsible partner in society, acting with integrity towards its shareholders, customers, employees, suppliers and business partners, competitors, governments and their agencies and others who may be affected by its activities. RoodMicrotec duly observes applicable laws and regulations in the countries in which it operates and regularly reviews its interests and those of affected persons or entities in order to ensure a healthy, long-term relationship with them. RoodMicrotec endeavours to adapt to local situations in order to take the most appropriate approach to possible problems within the bounds of applicable laws and responsible conduct. In this respect RoodMicrotec supports the principle of dialogue and cooperation with all parties involved.

Human rights

With due regard to the Universal Declaration of Human Rights, which states that all parties in society, including corporate entities, have a duty to respect and safeguard human rights, and within the framework of the legitimate role of businesses, RoodMicrotec supports and respects human rights and strives to ensure that its activities do not make it an accessory to infringements of human rights.

Free market competition

RoodMicrotec supports the principle of free market competition as a basis for conducting its business and complies with applicable competition laws and regulations.

Product safety

RoodMicrotec aims at all times to supply safe products and services.

Privacy

The privacy of personally identifiable information about customers, employees, business partners and other individuals will be protected.

Environmental protection

Consistent with RoodMicrotec's commitment to sustainable development, it will do all that is reasonable and practicable to minimise any adverse effects of its activities on the environment.

Commitment towards customers

RoodMicrotec is dedicated to improving people's lives. Its goal is to constantly delight each customer with breakthroughs both large and small. To this end, the company seeks to maintain an ongoing dialogue with its customers. RoodMicrotec is committed to listening to and learning from them, so that it can design and deliver the solutions they really want and need. RoodMicrotec will always deal with its customers in a fair and forthright manner, maintaining the highest levels of integrity.

Commitment towards shareholders

It is of central importance to RoodMicrotec to conduct its operations in accordance with the highest standards of internationally accepted principles of good corporate governance. RoodMicrotec aims to achieve a satisfactory return on equity, with the intention if possible to distribute a sustainable dividend payment to shareholders, while at the same time retaining sufficient funds in the company to generate profitable growth. RoodMicrotec attaches great value to its relations with its shareholders and the financial markets and provides timely, regular and reliable information on its activities, structure, financial position and performance.

Commitment towards employees

RoodMicrotec values its employees as a key resource. An atmosphere of good employee communication, involvement and responsibility is of vital importance, and employees' personal development and optimum use of talents is encouraged.

Right to organise

RoodMicrotec recognises and respects the freedom of employees to choose whether or not to establish, or to associate with, any organisation. RoodMicrotec respects

- within the framework of (local) laws, regulations and prevailing labour relations and employment practices;
- the right of its employees to be represented by labour unions and other employee organisations, and RoodMicrotec will engage in negotiations, either on its own behalf or through employers' associations, with a view to reaching agreement on employment conditions.

Health and safety

RoodMicrotec will do all that is reasonable and practicable to protect the health and safety of its employees.

Equal and fair treatment

Every employee has equal opportunities and will be treated equally in employment and occupation regardless of personal background, race, gender, nationality, age, sexual preference or religious belief. The same applies to the recruitment of employees. RoodMicrotec strives to offer equal pay for equal work performed at equal levels at similar locations. No form of harassment or discrimination will be tolerated.

Wages and payment

Remuneration and working hours shall comply with local labour laws and shall be in line with prevailing industry norms.

Commitment towards suppliers and business partners

RoodMicrotec pursues mutually beneficial relationships with its suppliers and business partners. It seeks to award business to suppliers and business partners who are committed to acting fairly and with integrity towards their stakeholders and who observe the applicable laws of the countries in which they operate.

Assets and information

Use and protection of assets

Each employee is responsible for the proper use, protection and conservation of RoodMicrotec's assets and resources as well as confidential information disclosed to RoodMicrotec by its business partners. RoodMicrotec's assets and resources as well as any opportunities arising by virtue of one's position, are to be used solely to pursue and achieve RoodMicrotec's goals and not for personal benefit.

Improper disclosure

RoodMicrotec regards information for the purpose of its business as a corporate asset that must be protected against loss, infringement and improper use and disclosure.

RoodMicrotec is committed to not making use of information disclosed to it by a third party if it is suspected that the discloser thereby violates an obligation of confidentiality, unless the information:

- is generally available to the public other than as a result of disclosure by RoodMicrotec;
- has been independently developed by RoodMicrotec; or
- becomes available to RoodMicrotec either on a non-confidential basis from a third party who is not bound by any confidentiality obligations or by operation of law.

Insider trading

All employees shall comply with RoodMicrotec's insider trading rules. This means that non-public information which might influence the market price of RoodMicrotec shares shall be kept in strict confidence until publicly released by authorised management. Furthermore, employees who have sensitive information which could influence the price of RoodMicrotec shares and related rights must refrain from directly or indirectly executing transactions in RoodMicrotec shares and related rights. Additionally, employees must comply with statutory rules and regulations concerning insider trading with respect to securities of other listed companies.

Business integrity

Bribery; records of transactions

RoodMicrotec insists on honesty, integrity and fairness in all aspects of its business. Bribes in any form are unacceptable; commission payments and personal gifts or favours may only be made or accepted in strict accordance with the General Business Principles Directives. RoodMicrotec strives to comply with the highest levels of transparency and accountability throughout the company. Records of transactions should be maintained in an accurate, complete and timely manner in accordance with RoodMicrotec's accounting principles. No unrecorded funds or assets should be established or maintained.

Third-party interests

Employees are not allowed to have any direct or indirect financial interest in a supplier or competing company with the exception of a financial interest in a publicly traded company.

Political payments

RoodMicrotec companies shall not make payments or donations, in money or in kind, to political parties, political organisations or individual politicians, unless such payments are made in strict accordance with the GBP Directives.

Observance of General Business Principles

Sanctions

All RoodMicrotec employees must comply with the General Business Principles. Violation may lead to disciplinary action, including dismissal, notwithstanding any further civil or criminal action that may be instigated.

Whistleblower policy

In order to promote the reporting of violations of the General Business Principles, a whistleblower policy is in place, enabling employees to submit complaints anonymously without fear of the complaints leading to disciplinary action.

Compliance

Compliance with the General Business Principles is monitored by a compliance officer, who regularly reports to the board of management and supervisory board on the deployment of the General Business Principles and on ethical issues in general. Reporting on compliance with the General Business Principles is also an integral part of the Statement on Business Controls issued annually by the management as part of a cascade process leading to CEO/CFO certification of the company's annual accounts. Compliance processes and procedures are audited by RoodMicrotec's audit committee.

Further information: www.roodmicrotec.com

Board of management

Ph.M.G. Nijenhuis

Zwolle, 13 March 2014

IX. RISK MANAGEMENT

General

Our policy is aimed at growth in conjunction with a relative reduction of market risks. Operational, market-related and financial aspects play an ever-increasing role in achieving this.

Operational

Sales

Sales in Test & End-of-line Services make up approx. 40% of total sales. In this sector we have a strong reputation and we have built up a relationship of trust with our major customers. Sales of this sector as part of the total sales have diminished over the years. This reduction was expected due to the move of semiconductor manufacturing to Asia. We have anticipated this trend, resulting in a strongly increased spread within our total customer base over the past few years, which has reduced risk. While we have long-term contracts with many of our major customers, these contracts do not include purchase guarantees. Risks are mitigated by intensive communication with customers on anticipated volumes. Other sales are made in the sectors Supply Chain Management, Test Engineering, Qualification & Reliability and Failure & Technology Analysis. We focus on high-end work, which further reduces operating risks.

Costs

Globalisation is putting increasing pressure on prices, in particular in Test & End-of-line Services. This requires constant focus on improving cost management, reducing costs and optimising the test equipment load. Salaries and associated pension commitments are also monitored closely, as they make up almost half of total costs. Using temporary staff is vital for RoodMicrotec's operations in Germany in order to reduce risks. Currently, there are many employees on permanent staff in Test & End-of-line Services. In other market sectors in which high-quality staff is being used, there is a limited staff surplus cost risk. There is a shortage of highly trained technical staff in Europe.

Qualified staff

In view of the advanced technological level of our operations, the company is highly dependent on qualified staff. As it is not always easy to find such staff in the employment market, we have opted to set up our own training programme in order to reduce the risk of not being able to attract qualified staff. We also collaborate with engineering firms.

The fact that RoodMicrotec has branches in the university cities Stuttgart and Dresden puts it in a better position to recruit high-quality staff.

Market risks

We operate in a highly cyclical market, which has contracted in Europe but continues to grow in Asia. The use of semiconductors, however, continues to rise, also in Europe. They are increasingly imported from Asia. We have opted for this growth segment – the supply chain from Europe to Asia and back to Europe and the rest of the world – from the point of view of risk management as it better safeguards continuity.

Various customers use RoodMicrotec as a way to generate additional sales in a short time span, which increases the company's exposure to market fluctuations. In view of this, we are increasingly focusing on customers who wish to outsource their test activities on a long-term basis, such as FCs and OEMs. This exposes the company to the upswings and downturns of the market, but also allows it to generate sales during downturns to customers who opt for outsourcing.

RoodMicrotec's ideal and preferred form of outsourcing is for customers to contract out the entire supply chain, including all their engineering, qualification & reliability, failure & technology analysis and test activities (total test solution) to RoodMicrotec. In particular in Failure & Technology Analysis and Test Engineering, which have excellent

growth perspectives, not being able to hire good engineers presents a significant risk. RoodMicrotec mitigates its risks through an active personnel policy seeking a balance between permanent and temporary staff.

Competition

In Europe we are faced with competition from a number of countries. We aim to minimise our risk as a European independent test house with having our sales and operations in the Netherlands and Germany and agents in Great Britain, France, Italy, Israel, Russia and India as our main partners.

Finance

Financial Markets

We operate in an capital intensive market, where significant fluctuations are a normal phenomenon. Dealing with such fluctuations requires enough available cash. The financial market is not in balance today. These circumstances may influence and/or damage the financing of our activities.

Currency and interest rates

So far, we have made most of our sales in Europe. Since most of our work is invoiced in euros we have only limited exposure to currency fluctuations. We hedge our currency risk as much as possible. We will continue to monitor this aspect actively, certainly in view of the international operations that are under development.

We pay a relatively high interest rate on our short-term loans, and we are still making considerable repayments. Our stable balance sheet in 2012 has put us in a position to obtain loans at relatively favourable conditions. We will continue to work actively towards improving this situation assisted by external consultants.

Insurance

We have taken out adequate liability insurance for production faults, which is particularly important for the automotive industry.

Internal risk management and control system

General

For our IT systems we have opted for an integral tandem solution in one location. To control risks, the mainframes that are part of the tandem are physically separated and situated in special fireproof environments. All sites are connected to the integral tandem system, reducing risks. The introduction of the system has been completed.

The various companies, including the holding company in the Netherlands, the branch offices and the business units, work with the same system, which allows for better monitoring of financial results.

Based on what is summarised above, RoodMicrotec feels that its internal risk management and control systems provide a reasonable degree of assurance that the financial reporting does not contain any material inaccuracies and that this system has worked adequately in the year under review. There are no reasons to believe that the system should not work adequately in the current financial year.

Strategic plans

Strategic plans are converted into budgets that are regularly compared to the actual state of affairs. Monthly reports are made that may give rise to corrective actions. The internal quoting process is subjected to a monthly (quality) audit, which investigates if the internal guidelines have been adhered to.

Internal evaluations and external audits

A schedule is drawn up every year for internal evaluations and external audits. This schedule is then acted upon by our employees and external auditors. Both the internal evaluations and the external audits may result in corrective measures; the management letters arising from the external audits are discussed by the supervisory board (audit committee).

Audit committee

The audit committee comprises all members of the supervisory board. The supervisory board meets at least four times per year.

Letter of representation

Every year, the RoodMicrotec board of management signs a detailed statement concerning financial reports and external audits.

Ph.M.G. Nijenhuis

CEO

X. CORPORATE GOVERNANCE

RoodMicrotec N.V. respects the Dutch corporate governance code (hereinafter referred to as the Code) and considers its application in the light of the company's scale. In this context, RoodMicrotec has decided on a trend-follower position. The system of the Code will be leading in this chapter. The chapter numbers correspond to the chapters of the Code.

RoodMicrotec is very aware of the role it plays in society. Consequently, we judge ourselves by society's standards, thereby indirectly rendering account for our activities to all our stakeholders:

- customers
- investors
- employees
- our immediate social environment.

We also engage with these groups, for example through seminars with customers, investors and the press, regional business relations, and through open and transparent discussions with our employees. RoodMicrotec's General Business Principles and Whistle Blower Policy may be inspected on our website.

Shareholders are free to pursue their own interests within the boundaries of reasonableness and fairness, yet mindful of corporate social responsibility. They are in principle not bound by the interests of the company and the business it runs. We are happy to enter into discussions with shareholders if they do not accept the company's explanation of why it has resolved to deviate from any best-practice provision.

I. Enforcement and application of the Code

RoodMicrotec follows all the Code's principles and has implemented almost all its best practices. Deviations from the Code will be explained in the remainder of the chapter.

II. The Board of Management

II. 1.1– 1.11 Tasks and working methods

Our CEO is on a four-year employment contract governed by Dutch law, to mid-2012, with an option for two-year extension. The parties were aware that the extension on legal grounds comprised a contract for an indefinite period. The two-year extension option in the contract was an estimation of the time needed to finalise the merger of microtec as well as to find a stable future for the company. In compliance with Article 12 of the Preamble to the Code, the four-year term shall also apply to new board members to be appointed. The CEO shall resign at the request of the general meeting of shareholders, provided that this concerns a broadly supported wish, i.e. by 25% of the issued capital, rather than the request of one dominant shareholder.

If such a percentage is not present at the meeting, but an absolute majority of the votes cast, rather than one dominant shareholder, is in favour of the dismissal or of removing the binding nature of the nomination, a new meeting may be convened in which such a resolution may be passed with an absolute majority of votes, provided it does not comprise one dominant shareholder, regardless of the portion of the issued capital represented at the meeting. Such a resignation shall be considered as the company's notice of termination of the CEO's contract.

The supervisory board supervises the policy of the board of management, as well as the general course of the corporate affairs and business, and provides advice to the board of management. The board of management must keep the supervisory board informed, consult with the supervisory board on important matters and submit certain important decisions to the supervisory board for its prior approval. Over the years it has become a tradition that the supervisory

board and the board of management determine RoodMicrotec's operational and financial objectives and the company's targets in consultation. The same applies to the strategy and the framework conditions to be implemented. The custom of including the highlights in the annual report will be continued.

The company has an internal risk management and control system, which includes (a) a risk analysis of the operational and financial objectives of the company, (b) a whistle-blower policy, (c) a code of ethics for principal executive and financial officers and a code of conduct which the board of management and employees must adhere to, which is published on the company's website www.roodmicrotec.com, (d) guidelines for the layout of financial reports and the procedures to be followed in the preparation of the reports, (e) a system of disclosure controls.

The risk management and control system has proved to function adequately and effectively. This was achieved by special focus on the operating and control system. By the end of 2005, further organisational adjustments had been implemented, including the selection of 'empowered' management. Based on this decision, each business unit manager is now accountable. We measure the performance of the management of his/her business unit by using key indicators. The need to optimise the organisation was discussed with the supervisory board on several occasions.

With reference to the section on Risk Management, the sales levels and results are highly sensitive to upswings and downturns of the market. However, customer structure also plays an important role.

The board of management is responsible for the strategy and the associated risk profile and reports to the supervisory board and the general meeting of shareholders in this context. The board of management is responsible for compliance with all applicable laws and regulations, the control of risks associated with the company's business operations and the financing of the company. The board of management reports on this topic and discusses the internal risk management and control systems with the supervisory board and its audit committee.

At least once every year, the supervisory board discusses the strategy and the main risks for the company, the results of the board of management's evaluation of the structure and functioning of the internal risk management and control systems, as well as any significant adjustments to them. These discussions are referred to in the report of the supervisory board. In the annual report the board of management describes the main risks related to the company's strategy.

The board of management is responsible for the relevant social aspects of the company's business operations.

RoodMicrotec employees can report suspected irregularities within the company without jeopardising their legal position. RoodMicrotec's whistle-blower policy enables employees to report any suspected irregularities of a general, operational or financial nature within the company and its subsidiaries without having to fear for their legal position. Insofar as the suspected irregularities do not involve RoodMicrotec's managing director(s) under the articles of association, such reports should be addressed to the chairman of RoodMicrotec's board of management. However, if the report concerns actions or omissions by RoodMicrotec's managing director(s) under the articles of association, the whistle-blower is to communicate it to the chairman of RoodMicrotec's supervisory board.

Before an employee may invoke that his/her legal position was jeopardised as a consequence of a report as described above, the chairman of the board of management (when the report does not involve suspicions against RoodMicrotec's managing director(s) under the articles of association) or the chairman of the supervisory board (if the report involves suspicions against RoodMicrotec's managing director(s) under the articles of association) must issue an assessment in writing. This assessment document must be issued within 14 days after the relevant request.

No members of RoodMicrotec's board of management hold the post of board member in other listed companies. The employment contract with board members stipulates that accepting other posts in a business environment is subject to

approval by RoodMicrotec's supervisory board. Insofar as this has been applicable, the company has complied with this provision.

In the event of a takeover, the board of management and the supervisory board are jointly responsible for evaluating the offer made and for making recommendations to the shareholders. If a takeover offer is under preparation, it is the responsibility of the board of management to involve the supervisory board in the takeover process closely and in a timely manner. It is appropriate to discuss in advance the role of the supervisory board in any takeover process. The board of management will discuss requests from any competing bidders with the supervisory board without delay.

Shareholders may make use of their right to place issues on the agenda of the general meeting of shareholders. If it concerns a matter that may result in a change of strategy, for example the dismissal of managing directors or supervisory directors, the supervisory board will set a reasonable term to respond to it (the 'response time'). The response time may not exceed 180 days, calculated from the time when the supervisory board was informed of the intention to place an item on the agenda up to the day on which the shareholders' meeting is held. Shareholders must respect this response time. The supervisory board will use this time for further consultation and constructive discussions, in any case with the relevant shareholder(s). It is the responsibility of the supervisory board to monitor the way in which the board of management uses the response time. The supervisory board may use the response time only once in relation to the same matter. Setting a response time is not possible in a situation in which a public takeover offer is successful and the acquiring party has 75% or more of the share capital.

II. 2.1 – 2.15 Remuneration

Options on shares are part of the company's remuneration components. Granting these options is subject to achieving targets based on the company's short-term and long-term strategic plans, strategic added value (not financial) as well as the market situation in general.

The remuneration structure, in particular its variable component, does not promote taking risks that conflict with the set strategy. The variable part is determined taking into account the risks that variable remuneration entails for the company.

Prior to setting the remuneration policy and the determining the remuneration of the individual directors, the supervisory board will analyse the possible outcomes of the variable remuneration components and the consequences thereof for the remuneration for the director.

The supervisory board determines the level and the structure of the directors' remuneration partially based on the scenarios analysed, taking into account the balance of remunerations within the company.

The options granted are stated in the company's annual accounts.

Regarding ownership and transactions of shares by board members, other than those issued by the company itself, the supervisory board has resolved to deviate from the Code. Board members are not permitted to hold direct or indirect interests amounting to more than 5% in other listed companies or companies in the semiconductor industry, unless the supervisory board has granted specific permission. Furthermore, board members must report changes in shareholdings in other listed or semiconductor companies to the chairman of the supervisory board.

The existing employment contract with the CEO includes a compensation clause in case of termination of employment. This dismissal payment amounts to a maximum of one year's salary. No personal loans or guarantees have been provided to the CEO.

The remuneration of the CEO consists of a fixed salary plus a variable part that will be paid out in options. There is a balance between a fixed and variable part of the compensation. The calculation is transparent. As stated above, the granting of options is subject to the achievement of targets set by the supervisory board in the context of the company's strategic plan. The achievement of the targets by the CEO will be evaluated every six months and new targets will be set, taking significant changes in circumstances such as market developments into account. The targets

for the CEO are not described in the annual accounts due to competitive reasons. Company objectives are described in this report.

The CEO has a contract ending in mid-2012 with an option for an additional two years. The employment may be terminated by giving six months' notice in writing before the end of each calendar month. RoodMicrotec complies with provision II.2.7 of the Code, which determines inter alia that the exercise price of the share options and other conditions may be adjusted during the term of the contract.

The CEO's employment contract contains no formal pension plan. However, RoodMicrotec pays him a pension contribution of 10% of his salary. There are no early retirement provisions for the CEO.

The remuneration of the managers of the company comprises a fixed salary and a substantial variable part of the fixed salary. The variable part depends predominantly on the financial result and sales targets of the entire company. If the financial and sales targets of the entire company have been achieved, the variable part will depend on personal objectives.

II. 3.1 – 3.4 Conflicting interests

According to Article 22 of RoodMicrotec's articles of association, the company shall be represented by the chairman of the supervisory board in the event of a conflict of interest involving a managing director. The company complies with all provisions of the Code regarding refraining from competing with the company, accepting or requesting gifts for the managing director and/or his/her immediate family, providing unjustifiable benefits charged to the company, the managing director and/or his/her immediate family using business opportunities that are intended for the company, and the obligation to report a potential conflict of interest to the chairman of the supervisory board. Furthermore, the managing director may not take part in the discussion of the event in which he/she has a major conflict of interest. Moreover, all transactions concerning a conflict of interest must be approved by the supervisory board and will be reported in the annual report.

III. The supervisory board

III. 1.1 – 1.9 Task and working methods

Some years ago, the supervisory board prepared a set of rules for its own functioning, which are available for inspection by shareholders and stakeholders at the company's offices. These rules include regulations for the interaction with the board of management. The articles of association of the company contain regulations regarding the interaction with the shareholders. The report of the supervisory board, which is included in this annual report, provides specific details regarding the members of the supervisory board as required by the Code.

In the performance of its duties, the supervisory board focuses on the interest of the company and the business associated with it, and in that context weighs the relevant interests of the stakeholders of the company. The supervisory board also considers the relevant social aspects of the company's business.

The supervisory board's supervision of the board of management includes the relevant social aspects of the company's business. The board of management must inform the shareholders promptly of the policies it intends to pursue. The supervisory board's duty to supervise the board of management will be extended to supervision of the relationship with the shareholders.

III. 2.1 – 2.3 Independence

RoodMicrotec complies with the Code, which recommends that the supervisory board should not include more than one non-independent member.

III. 3.1 – 3.6 Expertise and composition

The regulations for the supervisory board including profile is available on the company's website www.roodmicrotec.com.

RoodMicrotec intends to comply with the Code's requirement of having a financial expert on the supervisory board. This element is taken into account in the selection of a new supervisory board member.

All new members of the supervisory board are required to attend an induction programme, which addresses general financial and legal issues, the financial reporting of the company, the specific aspects of the company's activities and the responsibilities of a supervisory director. Current supervisory directors will annually evaluate their need for training. The company will play a facilitating role in this.

RoodMicrotec's articles of association stipulate that a member of the supervisory board shall be appointed for a maximum term of four years, and be reappointed no more than three times. The resignation rota is stated in the annual accounts.

We strive for a mixed composition in terms of sex and age. However, our first selection criterion is suitable qualifications, before issues like sex and age are considered.

III. 4.1 – 4.3 Role of the chairman of the supervisory board and the company secretary

RoodMicrotec complies with these provisions of the Code. The company has appointed a company secretary, who ensures the usage of certain procedures and ensures that the company operates in accordance with legal obligations and the articles of association.

The vice-chairman of the supervisory board, or, if no such person has been designated, one of the other supervisory directors, will replace the chairman as required. The vice-chairman will also serve as contact for individual supervisory directors and managing directors in matters regarding the functioning of the chairman (new point in the Code).

III. 5.1 – 5.13 Composition and the role of three core committees amongst the supervisory board

The company intends to have a supervisory board comprised of two or three members. This means that RoodMicrotec is considering to establish a remuneration and audit committee. The company will then apply the relevant provisions of the Code. Presently, the responsibilities of the core committees are carried out by the full supervisory board.

III. 6.1 – 6.7 Conflict of interest

A supervisory director who has a conflict of interest as described in provision III.6.1 of the Code shall report this to the chairman of the supervisory board and the supervisory director will not take part in any discussions of the matter in which the supervisory director has a conflict of interest. Moreover, all transactions involving a conflict of interest must be approved by the supervisory board and will be reported in the annual report.

If relevant, the company shall comply with the provision 6.4 concerning transactions between the company and natural persons or legal entities holding 10% or more of the company's share capital.

Regulations on dealing with (potentially) conflicting interests involving the CEO, managing directors, board members, including supervisory board members, and the external auditor, will be extended with the rules of the supervisory board.

The company shares the Tabaksblat Committee's views on the tasks and authority of a delegated member of the supervisory board.

III. 7.1 – 7.4 Remuneration

The remuneration of the supervisory board is subject to approval from the general meeting of shareholders (see also Article 24, paragraph 4 of the articles of association). Regarding the remuneration of the supervisory board, no shares and/or options on shares will be granted as part of the remuneration. The profile of the supervisory board, to be published on the company website, will be extended with the relevant articles of the Code.

In deviation from the Code, it has been determined that no member of the supervisory board will be permitted to hold direct or indirect interests amounting to more than 5% in the share capital of other listed companies or companies in the semiconductor industry. Furthermore, supervisory directors must report changes in shareholdings in other listed or semiconductor companies to the chairman of the supervisory board.

RoodMicrotec has not provided any personal loans or guarantees to members of the supervisory board.

II. The (general meeting of) shareholders

IV. 1.1 – 1.8 Scope of authority

The company complies with the Code regarding the decision-making of the general meeting of shareholders on the following items:

- Compliance with the Code is accounted for in the annual report in the context of the disregarding the dismissal of the board of management and the supervisory board.
- The chairman of the general meeting of shareholders is responsible for an orderly meeting, so as to facilitate meaningful discussions.
- The voting rights on preference shares.
- The public statement of and motivation for the board's point of view regarding a published, serious private offer on a company division or participation in the company with a value exceeding the limit stipulated in Book 2, Section 107(a) of the Dutch Civil Code, first paragraph, sub c.
- The allocation and dividend policy, the dividend distribution proposal, and granting dismissal to the CEO, managing directors and supervisory directors to be separate items on the agenda of the general meeting of shareholders.
- Setting a registration date for exercising voting and attendance rights.

IV. 2.1 – 2.8 Depositary receipts for shares

Since no depositary receipts for shares have been issued, this part of the Code is not applicable to RoodMicrotec.

IV. 3.1 – 3.13 Information provision / logistics of the general meeting of shareholders

RoodMicrotec complies with the best-practice provisions concerning informing shareholders and other parties in the financial market simultaneously and equally on issues that may affect the share price. However, based on a cost/benefit analysis, the company has decided against spending money on technology for attending meetings remotely.

The agenda of the general meeting shall list the items for discussion and the voting items.

The company will continue to provide the general meeting of shareholders with all relevant information required to properly exercise its rights and authorities, unless a material interest prevents it from disclosing certain information. In compliance with the Code, RoodMicrotec publishes presentations to analysts on its website after the event. If necessary, the company will ask for trade in RoodMicrotec shares to be suspended during such presentations.

RoodMicrotec will publish or make available all information required by corporate law and securities legislation.

Proposals to be approved or authorised by the general meeting will be explained in writing. In its explanation, the board of management will address all facts and circumstances relevant for the requested approval or authorisation. Proposals to be approved or authorised by the general meeting will be explained in writing.

Material changes to the articles of association of the company and nominations for managing directors and supervisory directors will be put to the general meeting separately.

The company offers shareholders and other parties with voting rights the option of giving a voting proxy or voting instructions to an independent third party prior to the general meeting.

The company has not formulated policies concerning bilateral contacts with shareholders and therefore does not publish any such policy on its website.

Furthermore, the company shall at first request make the minutes of any general meeting of shareholders available to all shareholders no later than three months after the date of the relevant meeting. Shareholders then have three months to submit their reactions to the minutes. Subsequently, the minutes will be signed by the chairman of the meeting and the person who prepared the minutes, in accordance with Article 31, paragraph 1 of RoodMicrotec's articles of association.

The company has not put in place any protective construction against takeovers. The reason for this is that for a relatively small company like RoodMicrotec, it would not be unfavourable either for the shareholders or the operational entity to be part of a larger organisation in the semiconductor industry.

IV. 4.1 – 4.6 Responsibility of institutional investors

RoodMicrotec currently does not have any institutional investors. If this should change in the future, RoodMicrotec will ask the institutional investors to apply these best-practice provisions of the Code. However, RoodMicrotec will not insist on compliance, since it does not wish to restrict potential institutional investors.

Shareholders must behave in accordance with standards of reasonableness and fairness. The following guidelines apply to all shareholders including institutional investors:

- a willingness to engage in discussion;
- the right to set agenda items should be exercised in consultation with the board of management; voting at one's discretion, taking an independent view of any voting recommendations;
- agenda items must be explained in the meeting.

V. The audit of financial reports and the position of the internal audit function and the external auditor

V. 1.1 – 1.3 Financial reporting

RoodMicrotec's supervisory board monitors the reporting and publication of the annual report, the annual accounts and other financial statements required by internal procedures. The board of management bears responsibility for the internal procedures that ensure the adequacy, accuracy and reliability of the external financial reporting.

V. 2.1 – 2.3 Role, appointment, remuneration and assessment of the external auditor

The external auditor will attend the general meeting of shareholders to answer questions regarding the accuracy of the annual accounts. The company's board of management reports annually to the supervisory board on developments in the relationship with the external auditor. According to the company's articles of association (Article 25, paragraph 2), the authority to appoint the external auditor lies with the general meeting of shareholders.

V. 3.1 – 3.3 Internal audit function

RoodMicrotec does not have an internal auditor. A new best-practice provision highlights the need for and importance of the internal audit function. The Committee holds that every listed company should in principle have an internal auditor in accordance with best practice provision V.3.1.

The audit committee/the supervisory board will annually assess the need for an internal auditor. The audit committee/the supervisory board will make recommendations to the management board, which will be recorded in the report of the supervisory board.

If an internal auditor is appointed, this officer will be accountable to the board of management.

V. 4.1 – 4.3 Relation and communication with the external auditor and the company's departments

The external auditor will at least once a year meet with the supervisory board to discuss the external auditor's report and the annual accounts. Furthermore, the external auditor will receive all financial information he/she requires to perform his/her tasks. The external auditor annually submits a management letter to the board of management and the supervisory board, which is discussed in a joint meeting of the board of management and the supervisory board.

Ph.M.G. Nijenhuis

CEO

Zwolle, 13 March 2014

XI. MANAGEMENT STATEMENT

Corporate Governance statement

This is a statement concerning corporate governance as referred to in article 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) effective as of 1 January 2010 (the 'Decree'). This statement forms part of RoodMicrotec's Annual Report 2013 (included in the chapter on Corporate governance), which is available on RoodMicrotec's website: www.roodmicrotec.com. The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree can be found in the following chapters, sections and pages of RoodMicrotec's Annual Report 2013 and are deemed to be included and repeated in this statement:

- the information concerning compliance with the Dutch Corporate Governance Code, as required by article 3 of the Decree, can be found in the chapter on 'Corporate governance';
- the information concerning RoodMicrotec's main features of the internal risk management and control systems relating to the financial reporting process, as required by article 3a sub a of the Decree, can be found in the chapter on 'Risk management';
- the information regarding the functioning of RoodMicrotec's general meeting, and the authority and rights of RoodMicrotec's shareholders and holders of certificates of shares, as required by article 3a sub b of the Decree, can be found in the chapter on 'Corporate governance';
- the information regarding the composition and functioning of RoodMicrotec's Board of Management, the Supervisory Board and its Committees, as required by article 3a sub c of the Decree, can be found in the relevant sections of the chapter on 'Corporate Governance' and the 'Report of the Supervisory Board';
- the information concerning the inclusion of the information required by the decree Article 10 EU Takeover Directive, as required by article 3b of the Decree, can be found in the chapter on 'Corporate Governance'.

True and fair view statement

This statement is an integral part of the annual report dated on 13 March 2014. This statement is based on Article 5:25 c Clause 2 sub C of the Financial Supervision Act. Our opinion of the annual accounts is that it gives a true and fair view of the assets, liabilities, financial position and the result of RoodMicrotec N.V. and the companies included in the consolidation. The annual report gives a true and fair view of the situation on balance sheet date and the developments during the financial year of RoodMicrotec N.V. and the group companies for which the financial information is recognised in its financial statements. The most important risks confronting RoodMicrotec N.V. are described in the annual report. The members of the board of management have signed the annual report and financial statements in fulfilment of their legal obligations arising from Article 5:25 c Clause 2 sub C of the Financial Supervision Act.

XII. ANNUAL ACCOUNTS

A. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss

(x EUR 1,000)		2012	
	Notes	2013	Restated*
Net sales	1	11,180	11,971
Cost of sales	2	-2,159	-2,283
Gross profit		9,021	9,688
Personnel expenses	3	-5,351	-6,401
Other operating expenses	4	-2,705	-2,584
Total operating expenses		-8,056	-8,985
EBITDA		965	703
Depreciation and amortisation	5	-883	-884
EBIT		82	-181
Financial expenses	6	-230	-326
Profit before tax		-148	-507
Taxation	7	-41	226
Net profit		-189	-281
Net profit attributable to:			
Owners of the company		-189	-281
Non-controlling interests		-	-
Net profit		-189	-281
Earnings per share			
Basic	16	-0.01	-0.01
Diluted	16	-0.01	-0.01

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to changes in accounting policy and prior period adjustments

Consolidated Statement of Comprehensive Income

(x EUR 1,000)		2012	
	Notes	2013	Restated*
Net profit		-189	-281
Changes in pension liability due to IAS 19 (Revision)	19	-	-975
Changes in Deferred Taxes due to IAS 19 (Revision)		-	280
Mezzanine compensation	15	-292	-233
Total comprehensive income		-481	-1,209

Total comprehensive income attributable to:

Owners of the company	-481	-1,209
Non-controlling interests	-	-
Total comprehensive income	-481	-1,209

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to changes in accounting policy and prior period adjustments

Consolidated Statement of Financial Position

(x EUR 1,000)	Notes	2013	2012 Restated*	As at 1 January 2012 Restated*
Assets				
Property, plant and equipment	8	5,446	6,347	5,732
Intangible assets	9	1,741	1,755	1,783
Deferred tax assets	10	910	951	444
Financial assets	11	497	949	1,720
Non-current assets		8,594	10,002	9,679
Inventories	12	283	305	402
Trade and other receivables	13	2,359	2,089	2,431
Cash and cash equivalents	14	711	519	345
Current assets		3,353	2,913	3,178
Total assets		11,947	12,915	12,857
Equity and liabilities				
Share capital	15	4,255	3,935	3,935
Share premium	15	17,851	17,751	17,723
Reserves	15	1,668	1,890	1,885
Retained earnings	15	-20,872	-20,613	-19,339
Mezzanine capital	15	2,494	2,494	1,994
Equity, attributable to shareholders		5,396	5,457	6,198
Loans and borrowings	18	279	1,399	1,077
Retirement benefit obligation	19	2,088	2,224	1,573
Non-current liabilities		2,367	3,623	2,650
Bank overdraft	14	1,537	1,381	1,115
Loans and borrowings	18	508	455	839
Trade and other payables	20	2,081	1,977	1,846
Current tax liabilities	18	58	22	209
Current liabilities		4,184	3,835	4,009
Total equity and liabilities		11,947	12,915	12,857

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to changes in accounting policy and prior period adjustments

Consolidated Statement of Changes in Equity

(x EUR 1,000)	<i>Number of shares x1,000</i>	Share capital	Share premium	Revaluation reserve	Retained earnings	Mezzanine capital	Total Equity
Balance at 1 January 2012	35,769	3,935	17,723	1,885	-19,399	1,994	6,138
Changes in pension liability due to IAS 19 (Revision)	-	-	-	-	60	-	60
Balance at 1 January 2012 Restated*		3,935	17,723	1,885	-19,339	1,994	6,198
Profit	-	-	-	-	-281	-	-281
Changes pension liability IAS 19R	-	-	-	-	-1,035	-	-1,035
Changes deferred taxes IAS 19R	-	-	-	-	280	-	280
Depreciation buildings	-	-	-	5	-5	-	-
Value of employee options granted	-	-	28	-	-	-	28
Mezzanine capital	-	-	-	-	-	500	500
Mezzanine capital compensation	-	-	-	-	-233	233	-
Mezzanine capital compensation distribution	-	-	-	-	-	-233	-233
Balance at 31 December 2012 Restated*	35,769	3,935	17,751	1,890	-20,613	2,494	5,457
Balance at 1 January 2013	35,769	3,935	17,751	1,890	-20,613	2,494	5,457
Profit	-	-	-	-	-189	-	-189
Issuance of ordinary shares	2,905	320	80	-	-	-	400
Sale of land	-	-	-	-227	227	-	-
Depreciation buildings	-	-	-	5	-5	-	-
Value of employee options granted	-	-	20	-	-	-	20
Mezzanine capital	-	-	-	-	-	-	-
Mezzanine capital compensation	-	-	-	-	-292	292	-
Mezzanine capital compensation distribution	-	-	-	-	-	-292	-292
Balance at 31 December 2013	38,674	4,255	17,851	1,668	-20,872	2,494	5,396

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to changes in accounting policy and prior period adjustments

Consolidated Cash Flow Statement

(x EUR 1,000)	Notes	2013	2012
EBITDA		965	703
Adjustments for:			
- Movements in provisions and pensions		-630	110
- Share based payments	17	20	28
- Accrued interest	6	-9	-19
- Other adjustments		-	2
Changes in working capital			
- Inventories	12	22	97
- Trade and other receivables	13	-270	342
- Trade and other accrued liabilities	18,20	140	-57
Cash generated from operating activities		238	1,206
Interest paid	6	-221	-307
Net cash from operating activities		17	899
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	-535	-1,475
Disposal of property, plant and equipment	8	567	-
Di-/Investments in pension assets	19	493	-493
Proceeds from financial assets	11	452	771
Net cash from investing activities		977	-1,197
Cash flows from financing activities			
Proceeds from issue of share capital	15	400	-
Payment of compensation mezzanine capital	15	-292	-233
Proceeds from issuance of mezzanine capital	15	-	500
Proceeds from borrowings		50	680
Repayment of borrowings		-1,116	-742
Net cash flow from financing activities		-958	205
Net cash flow		36	-92
Cash -/- bank overdrafts at 1 January	14	-862	-770
Cash -/- bank overdrafts at 31 December	14	-826	-862
Net cash flow		36	-92

B. Notes to the consolidated financial statements

General information

RoodMicrotec N.V. is a public limited liability company with its registered office in Zwolle, the Netherlands and publicly listed on the NYSE Euronext Amsterdam Stock Exchange since 1986. The consolidated financial statements of the company for the year ended 31 December 2013 comprises the company and its subsidiaries (jointly referred to as the 'Group').

After 6 September 2012 the Group includes the wholly-owned subsidiaries as follows:

RoodMicrotec GmbH (Nördlingen, Germany)

RoodMicrotec Dresden GmbH (Dresden, Germany)

RoodMicrotec International B.V. (Zwolle, the Netherlands)

The 2013 financial statements were prepared by the board of management and released for publication on 13 March 2014. The 2013 financial statements were adopted and approved by the supervisory board on 13 March 2014 and will be submitted for approval to the annual general meeting of shareholders on 24 April 2014.

Summary of significant accounting policies

The principal accounting policies used in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2012 is presented in these consolidated financial statements due to retrospective application of certain accounting policy and prior period adjustments.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS as endorsed by the European Union) and its interpretations as adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on historical cost basis, except that the following assets and liabilities are stated at their fair value: land and buildings, and the retirement benefits obligation resulting from defined benefit pension plans. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

Use of judgements and estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the result of which form the basis for making judgments about the carrying values of the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed in an on going basis. Most significant estimates are made with regard to reviews for impairment, deferred taxes, pension plans and share-based compensation. For each of these items the assumptions used are disclosed in the respective notes. Revisions of accounting estimates are recognized prospectively.

Going Concern Basis of Accounting

The consolidated financial statements have been prepared on 'a going concern' basis. We have based our opinion for 'going concern' on the following elements:

- Solvency is at a desired level with 45% as at 31 December 2013.
- Positive operational cash flow in 2013 even at a 7% decline in sales.
- Bank covenants are met.
- Integrated internal organisation and an improved cost structure.
- Strengthening of our sales department.
- Further implementation of new strategy and a growing market with services for promising high tech products.
- Further rationalisation of operating expenses and keeping salary increases to a minimum strengthens results.
- Customers' projects with a value of over EUR 2 million have been postponed in 2013. It is expected that these projects will be (re)started in 2014 on top of the expected growth in accordance with the development of the market.

In particular the sensitivity of goodwill for impairment as well as the deferred tax assets recognised at balance sheet date are heavily dependent on the aforementioned assumptions. Despite the negative results over 2012 and 2013, management is confident about the companies' ability to continue its operations as a going concern and the validity of the valuation of goodwill and the deferred tax asset.

Changes according to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Prior Period Adjustments

Changes in Accounting Policy

The Group applied, for the first time, IAS 19 revision that required restatement of previous financial statements. For the year ended 2012 as restated, the actuarial losses amounting to EUR 975,000 is recognized in OCI and the respective deferred tax liabilities effect amounting to EUR 280,000 is recognized in profit or loss. The Group adopts offsetting the deferred tax liabilities and deferred tax assets thus the effect is shown under deferred tax assets.

The opening balances at 1 January 2012 and comparative information for year ended 31 December 2012 have been restated in the consolidated financial statements. The quantitative impact on the financial statements is provided in detail below:

Impact on statement of profit or loss and OCI (increase/decrease (-) in profit):**Statement of other comprehensive income**

	2012
Changes in pension liability due to IAS 19 (Revision)	-975
Taxation	280
Total comprehensive income for the year	-695

Attributable to:

Owners of the company	-695
Non-controlling interests	-
Total comprehensive income for the year	-695

The transition did not have impact on statement of cash flows. There is no significant impact on the Group's basic and diluted EPS.

Impact on equity (increase/decrease (-) in net equity):

	As at 31 December 2012	As at 1 January 2012
Retirement Benefit Asset	-301	-
Deferred tax asset	280	-
Total non-current assets	-21	-
Retirement benefit obligation	-734	60
Total non-current liabilities	-734	60
Net impact on equity	-755	60
Attributable to:		
Owners of the company	-755	60
Non-controlling interests	-	-

Prior Period Adjustments

The deferred tax assets as at 31 December 2012 has to be adjusted. The comparative figures of 2012 have been restated to reflect this adjusted calculation. The effect of the restatement is summarized below:

Impact on statement of profit or loss (increase/decrease (-) in profit):

	2012
Taxation	-199
Net profit	-199
Attributable to:	
Owners of the company	-199
Non-controlling interests	-
Net profit	-199

The prior period adjustments did not have any impact on the OCI for the period, statement of cash flows or the Group's basic or diluted EPS.

Impact on equity (increase/decrease (-) in net equity):

	As at 31 December 2012	As at 1 January 2012
Deferred Tax Asset	-199	-
Total Non-current Assets	-199	-
Net impact on equity	-199	-

Application of new and revised IFRS/IAS standards

The Group has applied all new and amended standards and interpretations as set by the IASB and endorsed by the European Union that became applicable for the period started on 1 January 2013.

In the current year, the following revised standards, amendments and interpretations have been adopted, when applicable.

IFRS 7 (amendment) 'Financial instruments disclosures' – Enhancing disclosures about transfers of financial assets – effective on or after 1 July 2011

The amendment enhances disclosure requirements regarding transferred financial assets that are not derecognised, and require additional disclosure on an entity's continuing involvement in derecognised financial assets. The adoption of this amendment in the current year has not had a material impact on the Group's financial statements.

At the date of authorisation of these financial statements the following standards, amendments and interpretations are in issue but not yet effective. These standards, amendments, and interpretations have not been adopted early and have not been applied to these financial statements.

IAS 1 (amendment) 'Presentation of Financial Statements' – Revision to items presented within other comprehensive income – effective on or after 1 July 2012

The amendment states that items presented within other comprehensive income in the Statement of Comprehensive Income should be grouped together for those that may be reclassified to the profit or loss section, and those that may never be reclassified. The amendment also requires income tax which arises on the items of other comprehensive income, to be presented in line with the appropriate grouping. The amendment will therefore result in presentational changes for items of other comprehensive income on the face of the Statement of Comprehensive Income.

IAS 19 (amendment) 'Employee Benefits' – Revision to post-employment benefits and termination benefits – effective on or after 1 January 2013

The amendment provides three key changes to the requirements for post-employment benefits: firstly, the elimination of the option to defer the recognition of actuarial gains and losses, known as the 'corridor approach'; secondly improving the presentational requirements for movements in defined benefit plan assets and liabilities; and thirdly, enhancing the disclosure requirements to provide better information about the characteristics and risks of defined benefit plans. The presentational requirements will result in the service cost and net interest cost being presented within profit or loss, and all remeasurement changes to be presented with other comprehensive income. The amendment therefore resulted in a change to the amounts that are reported within profit or loss and through other comprehensive income for the defined benefit plan. The amendment has also changed the definition of a curtailment and requires all past service costs to be recognised immediately in profit or loss. Revised IAS 19 have a significant impact on the consolidated financial statements since it departs from the corridor approach as applied by the Group in accounting for actuarial gains and losses. On 1 January 2012 as restated, the Group has adopted the IAS 19 changes.

IFRS 10, 'Consolidated financial statements', IAS 27 Separate Financial Statements– effective on or after 1 January 2014

IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities, which resulted in SIC-12 being withdrawn. IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures, and associates in separate financial statements. IFRS 10 does not change consolidation procedures (i.e., how to consolidate an entity). Rather, IFRS 10 changes whether an entity is consolidated by revising the definition of control. IFRS 10 also provides a number of clarifications on applying the new definition of control, including the key points. The Group does not anticipate adopting the amendment prior to the mandatory effective date.

IFRS 11 Joint Arrangements, IAS 28 Investments in Associates and Joint Ventures - effective on or after 1 January 2014

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. Joint control under IFRS 11 is defined as the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. 'Control' in 'joint control' refers to the definition of 'control' in IFRS 10. IFRS 11 also changes the accounting for joint arrangements by moving from three categories under IAS 31 to the following two categories:

Joint operation — An arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement. In respect of its interest in a joint operation, a joint operator must recognise all of its assets, liabilities, revenues and expenses, including its relative share of jointly controlled assets, liabilities, revenue and expenses.

Joint venture — An arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. The option in IAS 31 to account for joint ventures as defined in IFRS 11 using proportionate consolidation has been removed.

Under these new categories, the legal form of the joint arrangement is not the only factor considered when classifying the joint arrangement as either a joint operation or a joint venture, which is a change from IAS 31. Under IFRS 11, parties are required to consider whether a separate vehicle exists and, if so, the legal form of the separate vehicle, the contractual terms and conditions, and other facts and circumstances. IAS 28 has been amended to include the application of the equity method to investments in joint ventures.

The Group does not anticipate adopting the amendment prior to the mandatory effective date.

IFRS 12 Disclosure of Interests in Other Entities - effective for annual periods beginning on or after 1 January 2014.

IFRS 12 applies to an entity that has an interest in subsidiaries, joint arrangements, associates and/or structured entities. Many of the disclosure requirements of IFRS 12 were previously included in IAS 27, IAS 31, and IAS 28, while others are new. The objective of the new disclosure requirements is to help the users of financial statements understand the following:

- The effects of an entity's interests in other entities on its financial position, financial performance and cash flows.
- The nature of, and the risks associated with, the entity's interest in other entities.

Some of the more extensive qualitative and quantitative disclosures of IFRS 12 include:

- Summarised financial information for each subsidiary that has non-controlling interests that are material to the reporting entity.
- Significant judgements used by management in determining control, joint control and significant influence, and the type of joint arrangement (i.e., joint operation or joint venture), if applicable.
- Summarised financial information for each individually material joint venture and associate.
- Nature of the risks associated with an entity's interests in unconsolidated structured entities, and changes to those risks.

The Group does not anticipate adopting the amendment prior to the mandatory effective date.

IFRS 13 'Fair Value Measurement' – effective on or after 1 January 2013

The standard sets out a comprehensive framework for defining and measuring fair value and also includes additional disclosure requirements about fair value measurements. The standard does not extend the use of fair value accounting, but brings together all the requirements for how to measure and disclose information about fair value under all circumstances into this one standard. The adoption of this amendment in the current year does not have a material impact on the Group's financial statements.

Improvements to IFRS – effective on or after 1 January 2014

There have been various amendments made to existing standards and interpretations as a result of the May 2012 improvements to IFRS, which provide clarifications to existing requirements. Amendments have been made to the following standards:

IFRS 7 (amendment) 'Financial instruments: Disclosure' Offsetting financial assets and financial Liabilities – effective on or after 1 January 2013 and IAS 32 (amendment) 'Financial instruments: Presentation' – effective on or after 1 January 2014

The amendment clarifies existing application issues as well as the requirement to provide increased information surrounding disclosures of financial instruments where they are presented on a net basis; thereby meeting the

offsetting criteria. The increased disclosure of information will enable users of financial statements to evaluate the effect of offsetting, including rights to set off recognised financial assets and financial liabilities. The Group does not anticipate adopting the amendment prior to the mandatory effective date.

IFRS 9 'Financial instruments: Classification and measurement' – effective on or after 1 January 2015

The standard is the first step in the process to replace IAS 39, 'Financial instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and financial liabilities and is likely to affect the accounting for financial instruments. In particular:

-For financial assets, there are no longer the 'held-to-maturity' and 'available-for-sale' classifications and consequently IFRS 9 requires financial assets to be classified into two measurement categories only: those measured at fair value and those measured at amortised cost. The classification, which is to be made at initial recognition, depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. This however is currently being redeliberated by the IASB and is therefore subject to change.

-For financial liabilities, IFRS 9 retains most of the current requirements, however the main amendment relates to where the fair value option is taken. The change in fair value due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The Group is yet to assess the full impact of IFRS 9 as the IASB have yet to finalise the standard in its entirety. Also, subject to the standard being finalised, the European Union have postponed their endorsement process and therefore the Group is unlikely to carry out an impact assessment until the final publication of IFRS 9. The Group does not anticipate adopting the new standard prior to the mandatory effective date.

IAS 36 (amendment) Recoverable Amount Disclosures for Non-Financial Assets - effective on or after 1 January 2014

The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. When IAS 36 Impairment of Assets was originally changed as a consequence of IFRS 13, the IASB intended to require disclosure of information about the recoverable amount of impaired assets if that amount was based on fair value less costs to sell. An unintended consequence of the amendments was that an entity would be required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit was significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. This requirement has been deleted by the amendment.

In addition, the IASB added two disclosure requirements:

- Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal.
- Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendment harmonises disclosure requirements between value in use and fair value less costs of disposal.

The Group does not have impaired assets as at 31 December 2013.

IFRIC 21, 'Levies', - effective on or after 1 January 2014

IFRIC 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Basis of consolidation

Subsidiaries are all entities in which the Group has the power to control the financial and operating policies, which are generally associated with a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Intercompany transactions, balances and unrealised gains and transactions between Group companies are eliminated. Unrealised losses are also eliminated, but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros, which is the company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Property, plant and equipment

Assets in ownership

Property, plant and equipment are stated at cost, except for land and buildings, which are carried at fair value, based on periodic valuations by an external independent valuator, less subsequent depreciation. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of directly allocated overheads. Property that is under construction or being developed for future use is classified as property, plant and equipment and stated at cost until construction or development are complete, at which time it is classified as property, plant or equipment. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items of property, plant and equipment.

Increases in the carrying amount arising from revaluation of land and buildings are credited to other reserves in equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revaluated carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from other reserves to retained earnings. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

Lease assets

Leases in which the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by means of a finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses.

Subsequent cost

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life. Land is not depreciated. The useful economical life of the different items of the (in-) tangible assets is set out below:

Category	Years
Buildings	30
Machinery and equipment	2-10
Other fixed assets	4-10
Intangible assets	3-5

The asset's residual value and useful life are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets

Internally generated assets

Expenditure on activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions is included in intangible assets. Goodwill on acquisitions is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to the cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Customer relations

Customer relations are valued using the excess operating profits method. Customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the costs of the customer relations over their estimated useful life.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite life are systematically tested for impairment at each balance sheet date.

Financial assets

Financial assets are stated at fair value and are not held for trading. At year-end the value is calculated with the net present value method.

Inventories

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs for in marketing, sale and distribution.

Work in progress

Work in progress concerning services rendered on work not yet completed is stated at cost plus a mark-up for directly attributable overheads. Costs include all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Trade and other receivables

Trade and other receivables are stated at fair value and subsequently measured at amortised cost less impairment losses. Due to short-term nature the fair value and amortized cost equal the face value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown separately on the balance sheet.

Impairment

The carrying amounts of assets, of non-financial assets and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is calculated. Intangible assets that are not available for use or assets that have an indefinite useful life are tested annually for impairment.

The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Share capital

Ordinary shares

Ordinary shares are classified as equity. The Group has not issued preference shares.

Share premium

The share premium is the consideration paid for shares in excess of the nominal value.

Dividends

Dividends are recognised as a liability in the period in which they are declared by the shareholders.

Mezzanine capital

Mezzanine capital is classified as equity against its nominal value.

Borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Deferred income tax

Deferred income tax is stated in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is calculated on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of temporary differences is controlled by the Group and it is probable that temporary differences will not be reversed in the foreseeable future.

Employee benefits

Defined contribution plan

Obligations for contributions to defined contribution pension plans and related plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans and related plans is calculated separately for each plan by calculating the present value of future benefits that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets and unrecognised actuarial results is deducted. The discount rate is the yield at balance sheet date on high-quality corporate or government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by qualified actuaries using the projected unit credit method.

The company considers investments (insurance policies) in the German Pension Funds (Unterstützungskasse) as plan assets if they are only available to reimburse the company for benefits paid to its retirees and if they are not available to the company's own creditors.

In 2012, the actuarial gains and losses are recognised in other comprehensive income according to IAS 19R. In 2013, the Group recognised curtailment gains arising from defined benefit plans and all expenses related to defined benefit plans in employee benefit expense in profit or loss due to change of plans.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service cost that had not previously been recognised.

Retirement benefit Assets

In case the total fair value of the plan asset exceeds the total present value of the obligations an asset is recorded for the amount that it is recoverable. This determination is made on a plan-by-plan basis

Share-based payment transactions

The share option programme allows employees of the Group to acquire shares in the company. The fair value of options is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with corresponding adjustments to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The share options are valued using the Black & Scholes Model.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation arising from a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Net sales

Net sales

Revenues from products sold are recognised in accordance with IAS 18, 'Revenue' when the conditions for revenue recognition are met. Revenues from services which relate to projects (Test Engineering, Qualification & Reliability and Failure & Technology Analyses) are allocated to the net sales on a pro rata basis in proportion to the completion of the project. Revenues from services which relate to production (Test & End-of-line Services and Supply Chain Management) are allocated to net sales on a pro rata basis. Revenue is recognised when delivery has occurred or services have been rendered, the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably, and collection of the related receivable can be reasonably assured.

Government grants

An unconditional government grant is recognised in the balance sheet when the grant becomes receivable. Any other government grant is initially recognised in the balance sheet as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions attaching to it. Grants that compensate the Group for expenses incurred are recognised as revenue in the income statement in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in the income statement as revenue over the useful life of the asset.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives are recognised in the income statement as an integral part of the total lease expenses.

Finance lease payments

Minimum lease payments are proportionally divided between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period in such way that this results in a constant periodical interest rate on the remaining balance of the liability during the lease term.

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method. The interest expenses component of finance lease payments is recognised in the income statement using the effective interest rate method.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax in respect of previous years.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Cash flow statement

The cash flow statement is prepared using the indirect method. It distinguishes between operating, investing and financing activities. Payments and receipts of corporate taxes and interest are included as cash flow from operating activities. Cash flow arising from divestment of financial interests in group companies and subsidiaries is included as cash flow from investing activities, taking into account the available cash in these interests. If applicable dividends paid are part of the cash flow from financing activities.

Non-recurring cash flows to German pension funds (Unterstützungskasse) are classified as cash flows arising from investing activities if the investment leads to recognizable assets or plan assets. Both the benefits paid to retirees and the receipt of the pension fund that relates to or reimburses this benefit payment are included as cash flow from operating activities. A receipt of the residual value of the insurance policy held by the pension fund is included as cash flow from investing activities.

Financial risk management and sensitivity analysis

The Group's activities are exposed to a variety of financial risks: market risks (including currency risk and interest rate risk), credit risks and liquidity risks. The Group's overall risk management programme focuses on the unpredictability of markets (debtor management) and tries to minimise potential adverse effects on the Group's financial performance. The Group makes limited use of derivative financial instruments to hedge certain risk exposures. Risk management is performed by the finance department.

Foreign currency risks and sensitivity analysis

Within the Group's customer portfolio, the Group is exposed to credit risk and currency risk. The management has set up credit control policies to reduce the credit risk and foreign exchange risk as much as possible. The foreign exchange

risk is mitigated by exchange rate clauses in most of the Group's contracts and sales. The average credit rating of the Group's customers is comparable to the industry. In 2013, the Group has sales in US dollar currency however this has minimal a effect.

The table below summarises the sales in different currencies:

(x EUR 1,000)	2013	2012
Euro denominated net sales	10,861	11,971
US dollar denominated net sales	319	-
Balance at 31 December	11,180	11,971

Borrowing risks and sensitivity analysis

All of the Group's long-term borrowings have fixed interest rates partially realised by way of interest rate swaps. The bank overdrafts carry a floating rate. The value of these swaps is approximately EUR 6,200 negative.

Generally, the Group raises new long-term borrowings at fixed rates.

The table below sets out the Group's borrowings position:

(x EUR 1,000)	Fixed rate	Floating rate
Long-term borrowings from banks	656	-
Long-term borrowings from other parties	132	-
Bank overdrafts	-	1,537
Balance at 31 December 2013	788	1,537

In 2013 the larger part of the long-term borrowings from banks were from Hypo- und Vereinsbank AG (Donauwörth), rated A and VR Leasing (Germany), rated A by Standard & Poor's. In July 2013, the borrowings from ICN part Rood B.V. (Netherlands) was paid in full. In 2013 the floating-rate bank overdrafts were obtained from the Hypo- und Vereinsbank AG (Donauwörth) and Commerzbank (Augsburg). As a result of the current financial position and capital structure of the company, the Group's interest risks are in the short term (1 year) limited to interest changes for the credit facility carrying a floating interest rate. A change in the interest rate of 3% would lead to a 2013 result change of approximately EUR 46,000 assuming that all other variables, especially exchange rates, remain constant. Long-term interest risks (starting from one year) are limited as the interest rates are fixed by interest rate swaps. Upon a renewal of interest rate swaps, long-term interest rates changed by 3% would result in an increase or decrease of approximately EUR 20,000.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate credit facility. Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents. Furthermore, liquidity planning is one of the major elements in the Group's budget cycle. Due to company's working capital ratio and market conditions, management has tight monitoring procedures in place regarding direct cash flows. Both the cash position and sales forecasts are frequently reviewed.

Market interest rates and pensions

Changes in discount rates used in pension calculations are related to the changes in capital market interests. Changes in discount rates will result in actuarial gains or losses. According to IAS 19 (Revision), these actuarial gains and losses are immediately recognized in profit or loss. Disregarding this mitigation a 1% decrease in the market interest rate at year-end would increase pension obligation by approximately EUR 637,000. A 1% increase of the market interest rate at year-end would lead to a decrease of pension costs by approximately EUR 539,000.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may, if and when applicable, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with other parties in the industry, the group monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. Below the gearing ratio of 2013 is stated compared to 2012.

(x EUR 1,000)	2013	2012
Total interest-bearing borrowings	2,324	3,235
Less cash and cash equivalents	-711	-519
Net debt	1,613	2,716
Total equity	5,396	5,457
Total capital	7,009	8,173
Gearing ratio (net debt/capital x 100%)	30%	50%

Fair value measurement

The Group measures its non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1. Net sales

The Group is active in one operating segment. Sales are reported internally as well as externally in different product/services groups. Every month a consolidated profit & loss statement is prepared, based on which an analysis and management report is communicated. Monthly profit & loss statements per product/service group are not available. Ad-hoc segmented information is prepared if and when necessary. Only a small part of the fixed assets amounting to EUR 11,000 is located in the Netherlands. The bulk of the tangible fixed assets is located in Germany.

Net sales by business unit

(x EUR 1,000)	2013	2012
Test	4,527	4,547
Supply Chain Management	2,455	2,457
Failure & Technology Analysis	1,448	1,917
Test Engineering	592	705
Qualification & Reliability	2,158	2,346
Total	11,180	11,971

Net sales by country

(x EUR 1,000)	2013	2012
Germany	4,632	5,428
USA	25	510
Eastern Europe	896	1,065
China/ Asia	19	35
Rest of Europe	5,606	4,772
Rest of the world	2	162
Total	11,180	11,971

2. Cost of sales

(x EUR 1,000)	2013	2012
Change in work in process capitalised	1	-62
Cost of raw materials and consumables	-2,160	-2,221
Total	-2,159	-2,283

3. Personnel expenses

(x EUR 1,000)	2013	2012
Salaries	5,037	5,337
Social security	939	836
Share options granted to directors and employees	20	28
Pension charges	-645	200
Total	5,351	6,401

The average number of people employed by the Group in 2013 on a full-time basis was 99 (2012: 103). At year-end 2013 the Group employed 96 people (2012: 103). At year-end fewer people were employed by the Group compared to 2012 and the Group adopted IAS 19 'Employee Benefits' (revision 2011) as of 1 January 2012. The pension charges decreased significantly compared to 2012 for further details we refer to note 19.

4. Other operating expenses

(x EUR 1,000)	2013	2012
Housing and equipment costs	1,644	1,567
Selling and administrative expenses	1,061	1,017
Total	2,705	2,584

Auditor's fee 2013

The task of the external auditor is to audit the annual accounts of RoodMicrotec N.V. Mazars Paardekooper Hoffman Accountants N.V. charges EUR 24,600 for the statutory audit. Tax advice is in principle given by specialist firms or specialised departments of local audit firms, which are rarely involved in the audit of the annual accounts of the relevant subsidiary. Other than these advisory services, RoodMicrotec N.V. makes only limited use of external advisors. If such services are required, specialists are engaged that are not associated with the external auditor. The fees for the above mentioned services, which are included in 'other operating expenses' are evaluated regularly and in line with the market.

(x EUR 1,000)	Statutory	Other auditor	Total
Audit of annual accounts	24	40	64
Other assurance services	-	-	-
Non audit	-	20	20
Total	24	60	84

5. Depreciation and amortisation

(x EUR 1,000)	2013	2012
Intangible fixed assets	14	28
Land and buildings	97	77
Machinery and equipment	673	691
Other fixed assets	99	88
Total	883	884

6. Financial expenses

(x EUR 1,000)	2013	2012
Interest paid	221	307
Interest accrued	9	19
Total	230	326

(x EUR 1,000)	2013	2012
Interest expenses:		
- bank borrowings	193	303
- other loans	48	14
- other financial expenses /income (-)	-11	9
Total	230	326

7. Taxation

(x EUR 1,000)	2013	2012 Restated*
Recognition of tax losses carried forward	37	89
Change in deferred tax liability	-78	137
Total	-41	226

As the major part of the activities are in Germany the company uses the German domestic tax rates of 27.5% (2012: 27.5%) in the reconciliation of the effective tax rate below:

	2013	2012 Restated*
<i>Result before tax</i>	<i>-148</i>	<i>-507</i>
Expected taxation /use of tax assets (based on average statutory tax rates)	-40	-139
Change deferred tax liability	-78	63
Change of tax rate from 30% to 27.5%	-	-37
Recognition of tax assets	16	339
Total	-41	226

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to changes in accounting policy and prior period adjustments

8. Property, plant and equipment

(x EUR 1,000)	Land and buildings at fair value	Machinery and equipment	Other	Total
1 January 2012				
Cost or valuation	4,707	22,758	2,813	30,278
Accumulated depreciation	-1,277	-21,106	-2,163	-24,546
Opening net book amount				
1 January 2012	3,430	1,652	650	5,732
Additions	-	787	688	1,475
Depreciation charge	-77	-691	-92	-860
Closing net book amount				
31 December 2012	3,353	1,748	1,246	6,347
31 December 2012				
Cost or valuation	4,707	23,545	3,501	31,753
Accumulated depreciation	-1,354	-21,797	-2,255	-25,406
Net book amount				
31 December 2012	3,353	1,748	1,246	6,347
1 January 2013				
Cost or valuation	4,707	23,545	3,501	31,753
Accumulated depreciation	-1,354	-21,797	-2,255	-25,406
Opening net book amount				
1 January 2013	3,353	1,748	1,246	6,347
Additions	4	417	114	535
Disposals	-500	-67	-	-567
Depreciation charge	-101	-669	-99	-869
Closing net book amount				
31 December 2013	2,756	1,429	1,261	5,446
31 December 2013				
Cost or valuation	4,211	23,895	3,615	31,721
Accumulated depreciation	-1,455	-22,466	-2,354	-26,275
Net amount historical cost				
31 December 2013	2,756	1,429	1,261	5,446
Useful economic life in years	30*	2-10	4-10	

*Until 2010 a depreciation period of 70 years was used. As of the revaluation of the buildings in 2011, management applies the economical life as at year-end, which is estimated at 30 years.

Land and buildings at historical cost

(x EUR 1,000)	2013	2012
Initial costs land and buildings	4,707	4,707
Disposals	-80	-
Accumulated depreciation	-4,159	-4,062
Net book amount	468	645

According to the valuation report dated 9 December 2011 prepared by Diplom-Betriebswirt (FH) Friedrich Kiefer, the fair value of the building is EUR 3,430,000 (valuation in 2008: EUR 3,535,000). The valuation of land and building is based on a market valuation of land and rental value in combination with the technical life of the building. The land has been valued against EUR 41 per square meter. The annual rental value of the building has been determined on approximately EUR 172.000.

The next valuation is scheduled in December 2014. According to IFRS 13 fair value measurement hierarchy, the revalued land and building belongs to Level 3 – Significant Unobservable Inputs. In December 2013, part of the land with a historical cost amounting to EUR 80,000 was sold for EUR 555,000. The sell price of the land per square meter was EUR 46.

In November 2013, the Group acquired a machine from a customer with an initial measurement at fair value of EUR 150,000. In exchange of this purchase transaction we agreed for a discount 150.000 to be utilised in the next 3 years. With reference to note 20 a liability is recorded for the same amount of the fair value of the capitalisation.

The subsequent measurement of the machine is using the cost model and depreciated in a straight line basis for 5 years. According to IFRS 13 fair value measurement hierarchy the initial fair value measurement of the machine belongs to Level 3 – Significant Unobservable Inputs since the input for the machine is not based on observable market data.

Impairment loss and subsequent reversal

In 2011, the land and building assets were revalued to their fair value. The company neither incurred nor reversed any impairment losses in 2013.

Assets under construction

Assets under construction are included in the category 'other' and total nil EUR (2012:nil).

Security

The following types of security have been provided for long-term and current liabilities:

- a mortgage totalling EUR 3,323,379 on the real estate situated at Oettinger Strasse 6, Nördlingen, Germany;
- a pledge on machinery and equipment.

Lease assets

The company leases production equipment and other assets under a number of finance lease agreements. Some leases provide the company with the option to purchase the assets at a beneficial price. The lease assets secures lease obligations.

9. Intangible assets

(X EUR 1,000)	Goodwill	Customer relations	Total
Opening balance			
1 January 2012			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-98	-98
Net book amount 1 January 2012	1,741	42	1,783
Year ended 31 December 2012			
Opening net amount	1,741	42	1,783
Amortisation charge	-	-28	-28
Closing net book amount 31 December 2012	1,741	14	1,755
31 December 2012			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-126	-126
Net book amount 31 December 2012	1,741	14	1,755
Opening balance			
1 January 2013			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-126	-126
Net book amount 1 January 2013	1,741	14	1,755
Year ended 31 December 2013			
Opening net amount	1,741	14	1,755
Amortisation charge	-	-14	-14
Closing net book amount 31 December 2013	1,741	-	1,741
31 December 2013			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-140	-140
Net book amount 31 December 2013	1,741	-	1,741

Goodwill is tested annually for impairment. The goodwill was allocated to the Group's cash-generating unit RoodMicrotec GmbH until the 2011 financial year. After the legal merger of the German entities the goodwill is allocated to RoodMicrotec GmbH as the next cash-generating unit. The recoverable amount of this cash-generating unit is determined using value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. For the years 2014 and 2015 the sales forecasts are based on information from our sales team, i.e. a bottom-up approach. For the years 2016 until 2018 we have calculated on the basis of 6% average sales growth. Cash flows beyond the five-year period are extrapolated for an additional 5 years at a flat sales growth. The in the calculation used growth-rate is higher than the average market growth-rate. We concentrate on these market segments with a higher growth than the average market growth. For example we concentrate on Fabless Companies and OEMs which have significant higher growth rates. Management determines the budgets based on past performance and expectations of market developments. The discount rate (WACC of 9.76%) used is pre-tax and reflects specific (market) risks and represents the current WACC. The proportion of the equity and

debt used in the WACC calculation is based on the optimum capital structure. The following data have been used for the calculation of the WACC:

Cost of Equity = Risk Free Rate + (Beta * Market Risk Premium)

Industry beta: 1.8%

Risk free rate: 2.3%

Liquidity: 2.0%

Market risk Premium: 5%

Sensitivity Analysis Goodwill

Impairment Indication Yes/No	Growth Sales -5%	Growth Sales 0%	Growth Sales 3%	Growth Sales 4%	Growth Sales 5%	Growth Sales Business Plan
WACC current 9.76%	Yes	Yes	Yes	No	No	No
WACC to 11%	Yes	Yes	Yes	No	No	No
WACC to 13%	Yes	Yes	Yes	No	No	No
WACC to 15%	Yes	Yes	Yes	Yes	No	No
WACC to 17%	Yes	Yes	Yes	Yes	No	No
WACC to 19%	Yes	Yes	Yes	Yes	Yes	No

There are no indications for a reasonably possible change in the key assumptions mentioned above.

The changes in the assumptions in this sensitivity analysis are used to determine the point where an impairment indication would be necessary.

10. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The amounts offset are attributed to the following items in the table. The deferred income tax assets and liabilities originate from different tax jurisdictions. Due to the legal merger of the German entities only one jurisdiction is applicable and therefore the comparable figures have been adjusted.

	2013	2012 Restated*
(x EUR 1,000)		
Deferred income tax asset to be recovered > 12 months	1,313	1,397
Deferred income tax asset to be recovered < 12 months	169	48
Deferred income tax asset (unnetted)	1,482	1,445
Deferred tax liability to be recovered > 12 months	-572	-494
Deferred tax liability to be recovered < 12 months	-	-
Deferred income tax liability (unnetted)	-572	-951
Deferred tax asset (netted)	910	951

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to changes in accounting policy and prior period adjustments

The movement in deferred tax assets and liabilities during the year, not taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets

(x EUR 1,000)	Total capitalized carry forward losses
Balance at 1 January 2012	1,356
Changes due to change in tax rate	-113
Charges due to reassessment (credited)	401
Restate new calculation	-199
Balance at 31 December 2012	1,445
Balance at 1 January 2013	1,445
Charges for the bookyear	37
Balance at 31 December 2013	1,482

Based on the further implementation of the strategy to become a full service supply chain provider, the integration of the business units at year-end 2011, the legal merger of the German entities as of September 2012 and the strongly improved cost structure due to cost measures taken in 2012, management has reassessed the unrecognised taxes in accordance with IAS 12.37.

In addition, our market position has changed very quickly from a subcontractor for the large device manufacturers towards an integrated service provider with 'supply chain management' as its driver. This change of character has fundamentally altered our order horizon: as a subcontractor of major device manufacturers our order horizon was very short indeed; most of our orders served to deal with peak loads, and such orders could change or dry up very quickly. As an integrated supply chain provider we build up long-term relationships with our customers, i.e. from the design phase until the end of the lifecycle of a product. The developments described above led to a review of the estimation period, extending it from 3 to 5 years. This adjusted estimation period as well as the review of the company's outlook had the effect of increasing the deferred tax assets on the carry forwards tax losses. The effect of the review has been fully recognized through the income statement of 2013, according to IAS 12.60.

No deferred tax assets have been recognised for taxes in the Netherlands. In Germany there is no limitation on the compensation term of tax loss carry forwards. The unrecognised tax losses in the Netherlands total approximately EUR 1.2 million (of which EUR 0.5 million usable up to 2013). The unrecognised tax losses in Germany total approximately EUR 10 million in (indefinite in time). The applicable tax rate in Germany is 27.5%. Deferred tax assets are netted with deferred tax liabilities when possible.

Deferred tax liabilities

(x EUR 1,000)	Fair value Gains		Other	Total
	Land & buildings	Intangible assets		
Balance at 31 December 2011	807	27	79	913
Change of tax rate	-67	-2	-7	-76
Charged (credited) to the income statement	-1	6	-68	-63
Restatement due to IAS 19	-	-	-280	-280
Balance at 31 December 2012	739	31	-276	494
Charged (credited) to the income statement	-108	47	139	78
Balance at 31 December 2013	631	78	-137	572

As a result of the revaluation of land and buildings a provision for deferred tax liabilities has been recognised amounting to 27.5% of the difference between the fiscal and commercial valuation. The adjustment to the opening balance relates to the difference between commercial and fiscal valuation of intangible assets that were recognised at the Microtec acquisition in 2008. As at 1 January 2012, the Group adopted IAS 19 (Revision) and deferred tax liabilities amounting to EUR 280,000 are recognised. Deferred tax assets of the comparative figures have been adjusted due to the merger of the German entities as per 6 September 2012. All deferred tax liabilities are within the same jurisdiction.

11. Financial assets

(x EUR 1,000)	2013	2012
Balance at 1 January	949	1,720
Net investments (proceeds)	-452	-771
Balance at 31 December	497	949

The financial assets comprise life insurance policies. These policies were concluded in order to finance future pension liabilities. However, the insurance contracts do not place the company under any formal and legal obligations towards pension liabilities and pensioners. The company is free to use these cash flows in the company's regular cash flows. Consequently, these assets do not qualify as pension assets according to IAS 19. According to IFRS 13 fair value measurement hierarchy the initial fair value measurement of the financial assets belongs to Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities.

12. Inventories

(x EUR 1,000)	2013	2012
Raw materials and consumables	96	59
Work in progress	23	212
Finished services	164	34
Total	283	305

13. Trade and other receivables

The table below shows the Group's outstanding trade & other receivables positions.

(x EUR 1,000)	2013	2012
Not overdue	930	962
< 30 days overdue	320	618
> 30 days and < 60 days overdue	52	172
> 60 days overdue	92	229
Provisions for bad debt	-140	-124
Trade receivables	1,254	1,857
Other receivables	1,105	232
Total	2,359	2,089

As at 31 December 2013, other receivables increased significantly due to receivable from sale of land amounting to EUR 555,000.

Provisions for bad debts

(x EUR 1,000)	2013	2012
Balance at 1 January	-124	-81
Addition to the bad debt provision	-16	-55
Write-off bad debts	-	12
Balance at 31 December	-140	-124

14. Cash and cash equivalents

(x EUR 1,000)	2013	2012
Cash at bank and on hand	711	519
Bank overdrafts	-1,537	-1,381
Total	-826	-862

As at 31 December 2013, € 500,000 is held by the UBS bank. This cash is not freely available to the company. The security stated under long-term liabilities has also been provided to German credit institutions for the current liabilities. The credit line with these banks as of 31 December 2013 totalled EUR 1,700,000. The interest rates range from 6.7% to 9.1% (2012: 6.7% to 9.1%).

The credit line with the credit institutions in the Netherlands as of 31 December 2013 totalled EUR 75,000 without any security.

15. Share capital

Authorised share capital

At 31 December 2013 the authorised share capital comprised 50,000,000 ordinary shares (2012: 50,000,000). The shares have a nominal value of EUR 0.11 each.

On 25 September 2013 an agreement was signed with an investor to issue - if RoodMicrotec deems it necessary - shares in monthly tranches of EUR 100,000 with a maximum of EUR 500,000. RoodMicrotec has the option of extending this agreement twice over the next five years, raising the total amount to EUR 1.5 million.

In 2013, the ordinary shares issuances are as follows:

Date of Issuance	Nominal Value	Number of Shares
01-10-2013	0.11	740,485
01-11-2013	0.11	715,536
02-12-2013	0.11	701,358
30-12-2013	0.11	747,286
Total		2,904,665

At 31 December 2013, 38,673,849 ordinary shares (2012: 35,769,184) were in issue. At this date, the members of the supervisory board did not hold any shares in the company. The board of management holds 1,409,682 shares in the company. The company holds 4,100 ordinary shares (2012: 4,100) in its own share capital. The number of shares held by the company at the end of the year under review was less than 0.01% of the issued and paid-up capital (2012: < 0.01%).

As at 31 December 2013, there is a commitment from the investor regarding the issuance of ordinary shares on 30 January 2014 for an amount of EUR 100,000.

As at 31 December 2013 3,311,933 warrants provided to all shareholders are outstanding. The exercise price of each warrant is EUR 0.15

In January 2014, 74,818 of these warrants are exercised with an exercise price of EUR 0.15 each and the respective cash received amounted to EUR 11,222.

Share premium

The share premium reserve relates to the issuance of shares above par and granting of options to employees and management.

Revaluation reserves

As a result of the revaluation of land and buildings a revaluation reserve has been recognised. The revaluation reserve cannot be used for dividend payments.

Mezzanine capital

In November 2010 the group issued a perpetual bond of EUR 1,994,000. On 27 December 2012 the group issued additionally a perpetual bond of EUR 500,000 to Plentum Luxembourg S.à.r.L (owner) for the financing of the pension liabilities of RoodMicrotec GmbH. This capital was received and placed on deposit with the UBS Bank.

An annual compensation of 11.70% may be paid, but this is at the discretion of the company. Compensations become due only if, and insofar as, RoodMicrotec decides on such a payment. If RoodMicrotec decides against a payment, it is not obliged to pay compensation. If RoodMicrotec decides on a payment and there are unpaid compensations ("compensation arrears"), then payment of these compensations must occur before any dividends or capital can be paid or distributed to the normal shareholders. Only the company can unilaterally call in this bond. The bond does not entitle the owner to any RoodMicrotec N.V. shareholder rights. If an annual compensation payment leads to an annual net loss for the company in the business year to which the determining profit period refers, or increases a net loss, the claim to this compensation does not arise for the accounting period.

16. Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

(x EUR 1,000)	2013	2012 Restated*
Profit attributable to equity holders of the company	-189	-281
Weighted average number of ordinary shares in issue (in thousands)	36,225	35,769
Basic earnings per share (x EUR 1)	-0.01	-0.01

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to take into account conversion of all potentially dilutive ordinary shares. The company has one category of potentially dilutive ordinary shares: share options. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (defined as the average annual market price of the company's share) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares as calculated above is compared with the number of shares that would have been issued if the share options had been exercised.

(x EUR 1,000)	2013	2012 Restated*
Profit attributable to equity holders of the company	-189	-281
Weighted average number of ordinary shares in issue	36,225	35,769
Adjustments for:		
- Warrants (in the money)	3,312	
- Share options (in the money)	894	736
Weighted average number of ordinary shares for diluted earnings per share	40,431	36,505
Diluted earnings per share (x EUR 1)	-0.00	-0.01

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to changes in accounting policy and prior period adjustments

17. Options

Share options

Share options are granted to directors and to selected employees. The exercise price of the granted options is equal to the market price of the shares on granting date. The exercise price of the granted options for the CEO is 0.11 cent. Options are conditional on the employee completing three years' service (vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash. The share options granted have no vesting period. The share options are valued using the Black and Scholes valuation model. The following data have been used for the calculation:

- 48% volatility, 60 days
- Weighted average share price: 0.156
- 1% dividend yield
- 5% annual risk-free interest rate
- Expected option life of 3 years

The value of the granted options in 2013 was EUR 20,000 (2012: EUR 28,000).

Share option rights

The overview of all option rights outstanding on 31 December 2013 is as follows:

Related to financial year	Options 31-12-12	Granted in 2013	Exercised in 2013	Expired in 2013	Options 31-12-13	Exercise price in € (average)	First date of exercise	Last date of exercise
2010	180,000	-	-	180,000	-	0.17	07 Jul 10	07 Jul 13
Employee								
Rights	180,000	-	-	180,000	-	0.17		
2009	175,888	-	-	175,888	-	0.11	2 Mar 10	2 Mar 13
2010	190,000	-	-	-	190,000	0.11	30 Dec 11	30 Dec 14
2011	370,000	-	-	-	370,000	0.11	26 Apr 12	26 Apr 15
2012	-	333,440	-	-	333,440	0.11	13 Jun 13	13 Jun 16
Rights								
Mr. Nijenhuis	735,888	333,440	-	175,888	893,440	0.11		
Total	915,888	333,440	-	355,888	893,440	0.11		

In 2013 no options were exercised (2012: nil).

Supervisory board

As at 31 December 2013, the members of the supervisory board did not hold any options on shares in the company.

Mr. Ph.M.G. Nijenhuis

During the time of his employment contract, Mr Ph.M.G. Nijenhuis, CEO of the Group, will be granted 100,000 options per half year plus a maximum of 100,000 options per half year depending on the achievement of certain targets related to the Group's performance. In general the options will be granted in half-yearly portions. The targets are defined by the supervisory board. At the time of preparation of the annual report 2013 it had not yet been established to what extent the targets of the CEO had been achieved.

Regarding the options for the CEO, no options had been granted and approved for the first and second half of 2013 by the supervisory board as of 31 December 2013. In this context, a provision has been made for 350,000 potential options rights for the CEO. A scheme has been put in place for exercising the share options, which stipulates that the exercise price of the share options must be paid at the time when they are cashed in. The granted options (333,440) in 2013 are options for the first and second half year of 2012.

18. Loans and borrowings

This note provides information on the contractual terms of the Group's interest-bearing loans and borrowings.

(x EUR 1,000)	2013	2012
Secured bank loans	655	1,050
Finance lease liabilities	132	257
Other loans	-	547
	787	1,854
Less: current portion of long-term loans	-508	-455
Total	279	1,399

Terms and debt repayment schedule

(x EUR 1,000)	Total	Current liabilities	Non-current liabilities	1 to 2 Years	2 to 5 Years	More than 5 years
Secured bank loans	655	461	194	59	135	-
Finance lease liabilities	132	47	85	45	40	-
Other loans	-	-	-	-	-	-
Bank overdrafts	1,537	1,537	-	-	-	-
Total interest-bearing loans and borrowings	2,324	2,045	279	104	175	-
Trade and other payables	2,081	2,081	-	-	-	-
Current income tax liabilities	58	58	-	-	-	-
Total other current liabilities	2,139	2,139	-	-	-	-
Total	4,463	4,184	279	104	175	-

The fair values of the interest-bearing loans and borrowings are approximates to the nominal value (book value).

Interest expenses repayment schedule

(x EUR 1,000)	Total	Current liabilities	Non-current liabilities	1 to 2 Years	2 to 5 Years	More than 5 years
Lease	13	9	4	3	1	-
Loan	36	29	7	2	5	-
Total	49	38	11	5	6	-

Secured bank loans

The bank loans and the current liabilities to credit institutions are secured by a mortgage on land and buildings, with a carrying amount of EUR 3,323,379, pledges on machinery and equipment, pledges on trade receivables and inventories and corporate guarantees for liabilities of subsidiaries of EUR 300,000.

Finance lease liabilities

The Group leases certain equipment; leases for which the Group bears substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised upon the commencement of the lease at the lower of the fair value of the leased equipment and the present value of the minimum lease payments.

In 2013 and 2012 no new financial leases were contracted.

Each lease payment is divided proportionally between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. The corresponding rental obligations, net of financial charges, are included in other short-term and other long-term payables. The interest component of the financial expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under finance leases is depreciated over the useful life of the asset.

Machinery and equipment includes the following amounts where the Group is a lessee under a finance lease:

(x EUR 1,000)	2013	2012
Cost-capitalised finance leases	2,493	2,493
Accumulated depreciation	-2,368	-2,186
Net book amount	125	307

(x EUR 1,000)	2013	2012
Gross financial lease liabilities	2,835	2,835
Lease terms paid	-2,716	-2,578
Outstanding lease terms	119	257
Within 1 year	47	136
Between 1 and 2 years	45	52
Between 2 and 5 years	40	89
Outstanding lease terms	132	277
Less interest expenses	-13	-20
Present value of financial lease liabilities	119	257

(x EUR 1,000)	2013	2012
Present value of financial lease liabilities		
Within 1 year	38	125
Between 1 and 2 years	42	47
Between 2 and 5 years	39	85
Present value of financial lease liabilities	119	257

Interest rates

The average interests rates were as follows:

	2013	2012
Bank overdrafts	6.67% - 9.13%	6.67% - 9.13%
Bank loans	3.7% - 6.67%	3.7% - 6.67%
Finance lease liabilities	4.41% - 6.49%	4.41% - 6.49%
Other loan	8.00% - 10.00%	8.00% - 10.00%

19. Retirement benefit obligations*Five year overview pension plan*

(x EUR 1,000)	2013	2012 Restated*	As at 1 January 2012 Restated*
<i>Actuarial assumptions</i>			
Discount rate at 31 December	3.70%	3.60%	5.40%
Expected return on plan assets at 31 December	3.70%	3.60%	4.00%
Salary increase	1.00%	2.00%	2.00%
Medical cost trend rate	0.00%	0.00%	0.00%
Future pension increases	0.00%	1.00%	1.00%
<i>Retirement benefit obligations and plan assets</i>			
Opening defined obligation	6,097	4,963	5,121
Service costs	25	24	24
Interest costs	214	260	253
Curtailment gain	-572	-	-
Actuarial gain (-) or loss	-	1,113	-154
Pension payments	-290	-263	-281
Present value of retirement benefit obligations	5,474	6,097	4,963
<i>Opening fair value of plan assets</i>	3,873	3,390	3,389
New asset plan /divestment	-493	493	-
Expected return on plan assets	137	130	132
Curtailment gain	175	-	-
Actuarial gain or loss (-)	-	79	53
Contributions by employer	-42	19	18
Benefits paid	-264	-238	-202
Closing fair value of plan assets	3,386	3,873	3,390
Net present value of unfunded obligations (pension obligations -/- plan assets)	2,088	2,224	1,573
Unrecognised actuarial gains and losses (-)	-	-975	60
Net retirement benefit obligations	2,088	1,249	1,633
Re-measurement gains (-) and losses	-	975	-60
Total	2,088	2,224	1,573

- Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to changes in accounting policy and prior period adjustments

(x EUR 1,000)	2013	As at1 January	
		2012	2012
Current service costs	25	24	24
Interest on obligation	214	260	253
Expected return on plan assets	-137	-143	-132
Curtailment gain	-747	-	-
Actuarial losses recognised in the year	-	59	-41
Expenses recognised in income statement	-645	200	104

According to IFRS 13 fair value measurement hierarchy the initial fair value measurement of the Pension liabilities and plan assets belongs to Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities.

Due to changes of plans for pensioners and employees the actuarial assumptions have been adjusted. For example salary increases for employees have been decreased from 2% to 1%, the future pension increases have been decreased from 1% to 0%. The total positive effect due to these kind of changes is approximately EUR 747,000.

The Group applied for the first time the IAS 19 (Revised) that requires restatement of previous financial statements. In this restatement, the Group recognised EUR 60,000 actuarial gain as at 1 January 2012 and recognised EUR 975,000 actuarial loss as at 31 December 2012 in other comprehensive income.

In the 2013 accounting period, the corridor method was not used anymore due to adoption of a revised IAS 19. The Group recognised service costs and interest costs of EUR 25,000 and EUR 214,000 respectively in the profit or loss. With the current market interest rate and disregarding the corridor method the pension obligation was EUR 2,088,000 as at 31 December 2013 (2012: EUR 2,224,000).

A quantitative sensitivity analysis for the discount rate as at 31 December 2013 is as shown below:

Assumption	Discount Rate	
	1% increase	1% decrease
Sensitivity level		
Impact on defined benefit obligation in EUR	-539	637

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The discount rate has been established according to the standards of actuaries. The discount rate in 2013 has been adjusted in accordance with market interest rates as at 31 December 2013. The estimated pension payments for 2013 are EUR 290,000. The Group makes contributions to a number of defined benefit plans that provide pension benefits for employees upon retirement in Germany. In Germany the defined benefit pension plan comprising final pay arrangements and arrangements congruently matched by an insurance policy are partly reinsured. In determining the annual costs the nature of the plan is recognised which includes (conditional) indexation of pension benefits insofar as the return on the separated investments surpasses the required actuarial interest. The reserves required for these obligations are recognised, net of plan assets, in the balance sheet. Not all insurances qualify as insurance policies as defined in IAS 19 'employee benefits'. The fair value of insurance policies that do not qualify as plan assets have been presented as financial assets. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on 31 December 2013 by Mercer Deutschland GmbH, Mülheim an der Ruhr. The present value of the defined benefit obligation and the related current service costs and past service costs have been measured using the projected unit credit method. The charge for the year is included in the employee benefits expense in the income statement. The actual return on plan assets was EUR 310,000. (2012: EUR 211,000). The plan assets do

not include any of the Group's own financial instruments, nor any property occupied by or other assets used by the Group. The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by the NYSE Stock Exchange. The overall expected rate of return was calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

In 2012, by transferring the pension liabilities to the German pension fund, the pension fund concluded an insurance policy with an annual rate of return of 10%. In 2013, the pension liabilities transferred to the German pension fund are reverted back to RoodMicrotec GmbH.

20. Trade accounts and other payables

(x EUR 1,000)	2013	2012
Suppliers and trade creditors	1,346	1,229
Non-trade payables and accrued expenses	735	748
Total	2,081	1,977

The non-trade payables and accrued expenses include the fair value of a machine amounting to EUR 150,000. This will be reduced accordingly in a 3 year sales contract with the customer.

21. Off-balance sheet commitments

Operating leases as lessee

(x EUR 1,000)	2013	2012
Less than one year	118	118
Between one and five years	103	103
More than five years	-	-
Total	221	221

The Group leases a number of vehicles and equipment under various operating lease agreements. The leases typically run for an initial period of between two and five years, with an option to renew the lease after that date. Lease payments are increased annually to reflect market rentals. None of the leases includes contingent rentals. The operating lease expenses in 2013 were EUR 227,000 (2012: EUR 160,000). There are no sublease contracts or conditional lease payments.

The Group does not, in principle, act as a lessor.

Rental commitments

The Group rents its office in Zwolle (the Netherlands) and in Stuttgart (Germany) for a period of five years with renewal rights. The annual rent is EUR 219,000.

Capital commitments

During the year ended 31 December 2013 the Group entered into a contract to purchase property, plant and equipment for EUR nil (2012: nil).

Security

The following types of security have been provided to banks for long-term and current liabilities:

- a mortgage totalling EUR 3,323,379 on the property situated at Oettinger Strasse 6, Nördlingen, Germany;
- a pledge on machinery and equipment.

Contingencies

The holding company has issued a guarantee for EUR 7,800 to a third party. The holding company and the Dutch subsidiary company form a tax unity for corporate tax. Each of the operating companies is severally liable for tax to be paid by all companies that belong to the tax unity.

22. Related parties

Remuneration of the managing director and senior management

In addition to the salary, the Group contributes to a post-employment defined benefit plan on behalf of the managing director. The CEO - Mr Ph.M.G. Nijenhuis also participates in the Group's share option scheme.

(x EUR 1,000)	Fixed salary	Salary sacrifice	Bonus	Pension	Valuation options	Total
2013	150	-18	-	14	20	166
2012	150	-8	-	14	28	184
2011	150	-	-	14	28	192
2010	150	-9	-	14	27	182

Currently no private security has been put up by the CEO in 2013. The CEO has been provided with a monthly car compensation comparable to lease and fuel payments. The remuneration of the CEO is determined by the supervisory board. In determining the number of options granted, the realisation of Group and personal targets are taken into account. The supervisory board defines the targets every six months. There are no further guarantees or obligations vis-à-vis the CEO. The information about the options granted to members of the board of management is provided on an individual basis.

Starting in 2004, as the employment of the CEO, he waived and lost the following benefit rights:

- Pension rights upon joining RoodMicrotec N.V. amounting to EUR 200,000
- Option rights based on Black and Scholes valuation amounting to EUR 336,000
- Salary amounting to EUR 56,000

The rights and salaries waived and lost totalling EUR 592,000 are due to commitments in favour of the company to support future plans and administrative issues.

Remuneration of the supervisory board

(x EUR 1,000)	2013	2012
Mr. V.G. Tee	13	8
Mr J.H.P.M. Stolker	3	13
Mr W. Fluit	2	8
Total	18	29

No options have been granted and no assets are available to the members of the supervisory board. There are no loans outstanding to the members of the supervisory board, nor have any guarantees been given on behalf of members of the supervisory board.

In 2013, Mr. Stolker and Mr. Fuit resigned as supervisory board members of the Group. As at 31 December, only Mr. Tee remained. In early 2014, the Group will be appointing a new member of its supervisory board.

Other related party transactions

As at 31 December 2013, the Group has not entered into any joint ventures.

C. PARENT COMPANY FINANCIAL STATEMENTS

Statement of Financial Position

(x EUR 1,000)	Notes	2013	2012 Restated*	1 January 2012 Restated*
ASSETS				
Property, plant and equipment		11	14	14
Investments in subsidiaries	1	2,767	3,077	3,039
Loans to group companies	2	2,321	2,300	3,851
Non-current assets		5,099	5,391	6,904
Group companies		128	144	-
Other receivables		113	191	186
Cash and cash equivalents		190	3	2
Current assets		431	338	188
Total assets		5,530	5,729	7,092
EQUITY AND LIABILITIES				
Issued capital		4,255	3,935	3,935
Share premium		17,851	17,751	17,723
Revaluation reserve		1,668	1,890	1,885
Retained earnings		-20,683	-20,332	-19,927
Result for the year		-189	-281	588
Mezzanine		2,494	2,494	1,994
Equity, attributable to equity holders	3	5,396	5,457	6,198
Bank overdrafts		-	62	56
Current portion of long-term debt		-	82	250
Group companies		-	-	394
Trade account and other payables		128	122	188
Current income tax liabilities		6	6	6
Current liabilities		134	272	894
Total equity and liabilities		5,530	5,729	7,092

Statement of Profit or Loss

(x 1,000 EUR)	2013	2012 Restated*
Net profit or loss (-) from group companies	-18	530
Parent company income or loss (-)	-171	-811
Net profit	-189	-281

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to changes in accounting policy and prior period adjustments

D. Notes to the company financial statements

General

As the financial data pertaining to RoodMicrotec N.V. have been incorporated into the consolidated financial statements, the company has opted to apply the exemption granted under Article 2:402 of the Dutch Civil Code with respect to its own income statement. On this basis, the specification only states the net result from participating interests and the company's own net result.

Accounting principles and determination of profit or loss

Assets and liabilities have been valued and results determined in accordance with the valuation criteria contained in the accounting policies stated above. RoodMicrotec N.V. makes use of the option provided in Section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of RoodMicrotec N.V. are the same as those applied for the consolidated financial statements. Participating interests over which the company exercises significant control are accounted for by the equity method. The consolidated financial statements are prepared in accordance with the standards set by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as EU IFRS).

Financial fixed assets

Subsidiaries of RoodMicrotec N.V.

(Including registered office and interest)

RoodMicrotec N.V. is a public limited liability company with its registered office in Zwolle, the Netherlands. The consolidated financial statements of the company for the year ended 31 December 2013 comprises the company and its subsidiaries (jointly referred to as the 'Group').

After 6 September 2012 the Group includes the wholly-owned subsidiaries:

RoodMicrotec GmbH (Nördlingen, Germany)

RoodMicrotec Dresden GmbH (Dresden, Germany)

RoodMicrotec International B.V. (Zwolle, the Netherlands)

The 2013 financial statements were prepared by the board of management and released for publication on 13 March 2014. The 2013 financial statements were adopted by the supervisory board on 13 March 2014 and will be submitted for approval to the annual general meeting of shareholders on 24 April 2014.

Loans to group companies

Long-term receivables included here are stated at nominal value less any provisions considered necessary.

1. Investments in subsidiaries

This item relates to wholly owned subsidiaries. Movements in this item in the year under review were as follows:

(x EUR 1,000)	2013	2012 Restated*
Balance at 1 January	3,077	3,039
Profit of group companies	-18	530
Changes in pension liability due to IAS 19 R	-	-1,035
Changes in Deferred Taxes due to IAS 19 R	-	280
Issue Mezzanine Capital	-	500
Mezzanine capital compensation	-292	-233
Other movements	-	-4
Balance at 31 December	2,767	3,077

2. Loans to group companies

This item relates to subordinated loans issued to the subsidiaries. The total subordinated amount is EUR 1,580,000. An amount of EUR 1,580,000 is subordinated to all other liabilities. The interest rate is 8%.

Movements in this item were as follows:

(x EUR 1,000)	2013	2012
Balance at 1 January	2,300	3,851
Addition	346	-
Payment	-75	-
Waiving of loan to German entity	-250	-500
Restructuring intercompany loan	-	-1,051
Balance at 31 December	2,321	2,300

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to changes in accounting policy and prior period adjustments

3. Equity, attributable to shareholders

The movements in equity were as follows:

(x EUR 1,000)	Issued share capital	Share Premium	Revaluation reserve	Retained Earnings	Mezzanine capital	Total 2013	Total 2012 Restated*
Balance at 1 January	3,935	17,751	1,890	-20,613	2,494	5,457	6,198
Appropriation of profit	-	-	-	-189	-	-189	-281
Issue of ordinary shares	320	80	-	-	-	400	-
Changes pensions IAS19R	-	-	-	-	-	-	-1,035
Changes deferred taxes IAS19R	-	-	-	-	-	-	280
Sale of land	-	-	-227	227	-	-	-
Depreciation buildings	-	-	5	-5	-	-	-
Valuation options granted	-	20	-	-	-	20	28
Mezzanine capital	-	-	-	-	-	-	500
Mezzanine capital compensation	-	-	-	-292	292	-	-233
Mezzanine capital compensation distribution	-	-	-	-	-292	-292	-
Balance at 31 December	4,255	17,851	1,668	-20,872	2,494	5,396	5,457

As a result of the revaluation of land and buildings of RoodMicrotec GmbH (formerly RoodMicrotec Nördlingen GmbH + Co. KG), a statutory reserve has been formed.

Revaluation reserve

(x EUR 1,000)	2013	2012
Balance as at 1 January	1,890	1,885
Revaluation buildings	-	-
Sale of land	-227	-
Depreciation buildings	5	5
Balance as at 31 December	1,668	1,890

The revaluation reserve cannot be used for dividend payments.

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer to changes in accounting policy and prior period adjustment

Zwolle, 13 March 2014

Board of management

Ph. M.G. Nijenhuis, CEO

Supervisory board

V.G. Tee, Chairman

Corporate management team

R. Pusch, Vice-president and CSO

N. Wirth, CTO

R.A. Cuny, CFO

E. OTHER INFORMATION

Independent auditor's report

To: the General Meeting of Shareholders of RoodMicrotec N.V.

Report on the annual accounts

Opinion with respect to the consolidated annual accounts

In our opinion, the consolidated annual accounts give a true and fair view of the financial position of RoodMicrotec N.V. as at 31 December 2013, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company annual accounts

In our opinion, the company annual accounts give a true and fair view of the financial position of RoodMicrotec N.V. as at 31 December 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section Auditor's Responsibility. We are independent of RoodMicrotec N.V. within the meaning of the relevant Dutch ethical requirements as included in the 'Verordening gedrags- en beroepsregels accountants' (VGBA) and the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our engagement

We have audited the annual accounts 2013 of RoodMicrotec N.V., Zwolle. The annual accounts consist of the consolidated annual accounts and the company annual accounts. The consolidated annual accounts comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit and loss 2013, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and the notes, comprising a summary of the significant accounting policies and other explanatory information. The company annual accounts comprise the company statement of financial position as at 31 December 2013, the company statement of profit and loss for the year then ended and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibilities

Management is responsible for the preparation and fair presentation of the annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Board of Management in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error.

The notes are an integral part of the financial statements

Auditor's responsibility

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement in case it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with Dutch Standards on Auditing, we exercise professional judgment and maintained professional skepticism throughout the planning and performance of the audit. We also:

- Identified and assessed the risks of material misstatement of the annual accounts, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Evaluated the overall presentation, structure and content of the annual accounts, including the disclosures, and assessed whether the annual accounts represent the underlying transactions and events in a manner that results in a fair presentation;
- Obtained sufficient appropriate audit evidence regarding the financial information of the company and business activities within the company to express an opinion on the annual accounts.

We are required to communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We are also required to provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to affect our independence, and where applicable, related safeguards.

The key audit matters in our audit

Key audit matters are those matters that, in our professional judgment, are of most significance in our audit of the annual accounts. Key audit matters are selected from the matters communicated with the Board of Management and the Supervisory Board, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the annual accounts as a whole. Our opinion on the annual accounts is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

The valuation of goodwill

The amount of goodwill related to the Microtec acquisition in 2008 on the group's statement of financial position is significant. Under IFRS as adopted by the European Union, the company is required to annually test the amount of

goodwill for impairment. This annual impairment test was significant to our audit in view of the developments in the market, decreasing sales in recent years and because the assessment process is complex and judgmental. We verified the data on which the test was based and assessed the reasonableness of the assumptions. Furthermore we have assessed the adequacy of the company's disclosures about the assumptions and the outcome of the impairment test. The disclosures regarding goodwill are included in note 9 to the consolidated annual accounts. This note specifically indicates that the fair value is higher than the carrying amount of the goodwill. It also provides a sensitivity analysis, which shows that if the company is not able to realize the expected increase of sales in 2014 of more than 5%, or in case of significant negative changes in key assumptions such as the WACC, an impairment would be required.

The recognition and valuation of deferred tax assets

The amount of the deferred tax asset on the group's statement of financial position is significant. Under IFRS as adopted by the European Union, the company is required to annually determine the valuation of deferred tax positions. This area was significant to our audit because of the related complexity and subjectivity of the assessment process, which is based on assumptions that are affected by expected future market or economic conditions. As a result, our audit procedures included, amongst others, evaluating the assumptions and methodologies used by the company. In particular we assessed the recoverability of deferred tax assets related to operations in Germany by reviewing their profitability, management's forecasts and local fiscal developments. As part of this review of profitability, we have discussed and assessed the ability of management to provide convincing evidence in accordance with IAS12. We also reviewed the adequacy of the company's disclosures on deferred tax positions and assumptions used. The Company's disclosures concerning income taxes are included in note 10 to the consolidated annual accounts.

Sensitivities with respect to the changes in key assumptions in the pension liabilities

The amount of the pension liabilities on the group's statement of financial position is significant. Under IFRS as adopted by the European Union, the company is required to annually determine the valuation of these retirement benefit obligations. This area was significant to our audit because of the related complexity and subjectivity of the assessment process, which is based on actuarial calculations that were affected by the changes in key assumptions. As a result, our audit procedures included, amongst others, evaluating the assumptions and methodologies used by the company. In particular we assessed the acceptability of the changes in key actuarial assumptions in relation to current developments in the employee benefits and local legal requirements and developments. We also focused on the adequacy of the company's disclosures on the key changes and the related sensitivity. The company's disclosures concerning the changes in key assumptions in the pension liabilities are included in note 19 to the consolidated annual accounts.

Going concern

The annual accounts have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Based on our audit work performed, we concur with management's use of the going concern basis of accounting in the preparation of the annual accounts. Management has not identified a material uncertainty that might cast significant doubt on the company's ability to continue as a going concern, and accordingly none is disclosed in the annual accounts. Management's arguments for assuming the company to be able to continue its operations as a going concern are disclosed in the Notes to the consolidated annual accounts. Based on our audit of the annual accounts, we have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the company's ability to continue as a going concern.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Board of Management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Report of the Board of Management, to the extent we can assess, is consistent with the annual accounts as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 13 March 2014

MAZARS PAARDEKOOPER HOFFMAN ACCOUNTANTS N.V.

w.s. P.J. Steman RA

Post balance sheet date events

In the beginning of 2014 1,395,345 shares have been issued according to an agreement with an investor, which was concluded in September 2013.

Profit appropriation

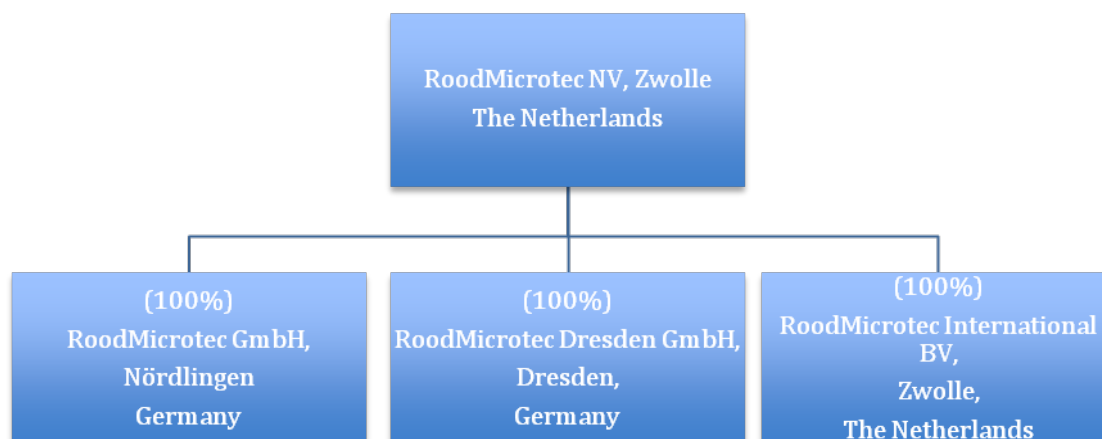
Article 27 of the articles of association includes the following provisions for profit appropriation:

1. the company may pay dividends and make other distributions only to the extent that its equity exceeds the amount of the paid-up and called-up portion of the share capital plus the reserves which must be maintained by law and under these articles;
2. subject to the prior approval of the supervisory board, the board of management is authorised to add any profit in whole or in part to the reserves;
3. any profit remaining after reservation referred to in the preceding paragraph will be at the disposal of the annual general meeting of shareholders;
4. to the extent that the general meeting of shareholders does not resolve to distribute the profit for any financial year, such profit will be added to the reserves.

Proposed profit appropriation

In accordance with article 27 of the articles of association, we propose to add the entire result to the reserves

Group Structure



RoodMicrotec GmbH, (locations in Stuttgart and Nördlingen)

- Supply Chain Management
- Test & Related Services
- Test Engineering
- Qualification & Reliability
- Failure & Technology Analysis
- Opto-electronics
- Contracting
- Consultancy

RoodMicrotec Dresden GmbH & RoodMicrotec International BV

- Contracting
- Test Engineering

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Members of Corporate Management Team

R. Pusch, VP and CSO

N. Wirth, CTO

R. Cuny, CFO

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