

# **RoodMicrotec N.V.**

## **Annual Report 2012**

RoodMicrotec N.V.

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## EXTENDED SUPPLY CHAIN MANAGEMENT

RoodMicrotec's production-oriented one-stop-shop ASIC development & fabrication service.

In 2012 we expanded our supply chain management further by adding ASIC design in collaboration with Fabless Companies. This means we can offer an even more comprehensive one-stop-shop service. This initiative was created at the express request of our customers, and is being marketed as **eXtended SCM**. In this context we have expanded our professional team with a sales & marketing manager who is highly experienced in this area in order to liaise between our team and the design partner. The service has been welcomed in the market place and we have already gained many promising new customers.

OEMs and system designers face quite a challenge if they decide to control the design and production of an ASIC as part of their overall system on their own – this takes up valuable resources and carries high risks, as an intimate knowledge not only of technology, but also of the semiconductor market and its players is indispensable.

RoodMicrotec has developed a natural extension of its successful supply chain management (SCM) service creating an even more highly developed one-stop-shop offer, starting right at the chip definition stage all the way down to qualified production volume device shipments: **eXtended SCM**. In this concept, RoodMicrotec provides the overall project management from its inception until its standard SCM takes over, enabling a flawless flow from idea to product shipment.

Unlike other approaches in the market, RoodMicrotec embeds the expertise of optimally suited partners into its concept. Based on the insight that each application and each project has specific requirements for technology, process, design knowledge, packaging, qualification and test, RoodMicrotec combines the best selection of established foundry, design and assembly partners with its own back-end services, where RoodMicrotec has been strong for decades - ranging from rapid FIB prototype modifications via test development, industrialisation/qualification to order/shipment handling by its supply chain management.

This concept of a production-oriented ASIC design introduces another major benefit: DfT - Design for Testability. Bringing RoodMicrotec's test expertise right to the initial design phase by enabling discussions between test and design engineers creates a unique opportunity to influence the ASIC content with respect to later testability, potentially leading to higher yield and shorter test times – and therefore lower part prices.

In summary, RoodMicrotec's **eXtended SCM** concept offers the best of two worlds: full flexibility to set up a dedicated team of experts providing the best match for a specific customer project's unique requirements, while maintaining full transparency via an overall project coordinator and a single customer interface – from idea to volume shipments.

## 2012 HIGHLIGHTS

### Commercial/operational

- Strengthening of our position in Supply Chain Management by introducing extended Supply Chain Management: eXtended SCM
- Strengthening of our sales organisation by recruiting an additional sales & marketing manager.
- Extension of our engineering capabilities by establishing a design support department.
- Optimisation of our critical installed equipment base.
- Increase in the number of applications and orders in SCM.

### Financials

- Sales in 2012 of EUR 12 million fell by 24 % compared to 2011 (EUR 15.7 million).
- Operating expenses fell by approximately EUR 1.5 million compared to 2011.
- EBITDA: EUR 0.7 million; strong recovery in the second half with 272%.
- EBIT (operating result): EUR 181,000 negative; but recovery in second half to EUR 97,000.
- EBT: EUR 507,000 negative; recovery in second half to EUR 85,000 negative.
- Net income: EUR 82,000 negative.
- Solvency remained stable at 48% (2011: 48%).

## PROFILE

### Customer-oriented solutions

RoodMicrotec's strategy is aimed at powerful solutions, i.e. customer solutions aimed at serving the market optimally and providing maximum protection of products.

The background for this strategy is the fact that products developed in the West are increasingly being manufactured in low-wage countries. These products are often subject to intellectual property rights and must be protected against infringement. Our business model and positioning provide maximum protection.

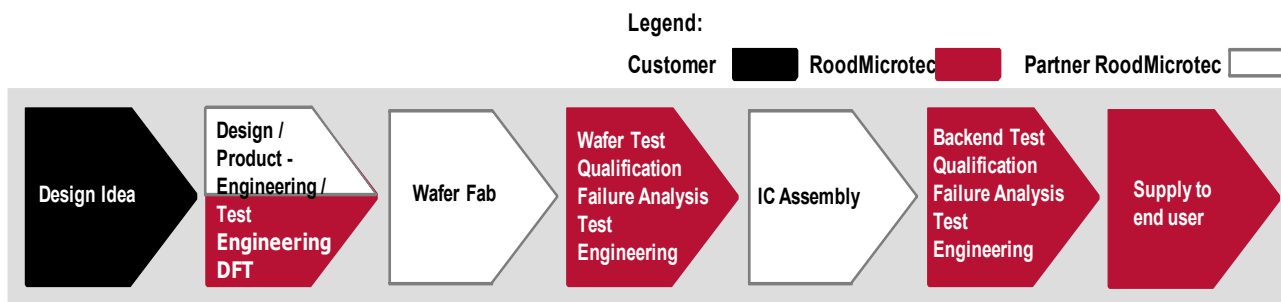
In addition, many Fabless Companies (FCs) find it hard to find the right partners who can guarantee the quality of the end-products.

This is why our strategy is aimed at aiding the successful marketing of designs by FCs and OEMs by (test) engineering these products, having them manufactured, and perform testing, qualification, failure analysis and distribution.

### 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 in 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. 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.

### SUPPLY CHAIN



## Services

RoodMicrotec distinguishes the following individual core services:

1. testing semiconductors (microchips), which represents the majority of sales, optoelectronics (image sensors, OASIC, 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 from wafer, package and board level;
7. reliability and environmental investigations of semiconductors, (assembled) printed circuit boards (PCBs).

In addition, RoodMicrotec offers 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 long-term experienced engineers gives us a unique position in the market.

### eXtended Supply Chain Management

**eXtended SCM** already begins in the chip specification phase – thus 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.

Of course **eXtended SCM** is by no means replacing any of RoodMicrotec’s individual services provided to our customers since many years, but rather an additional offer uniting multiple disciplines.

To summarize, RoodMicrotec’s **eXtended SCM** concept combines full turnkey service *and* full flexibility – the best of two worlds!

<b>eXtended Supply Chain Management</b>		
ASIC DESIGN PARTNER	Standard:	Selection by customer
	eXtended:	RoodMicrotec suggests ASIC partner matching your application
FOUNDRY PARTNER	Standard:	Selection by ASIC partner or customer
	eXtended:	RoodMicrotec suggests optimal ASIC design house/foundry combination for your project
TESTABILITY	Standard:	ASIC designers provide access to internal nodes
	eXtended:	RoodMicrotec test engineers discuss DfT with ASIC designers targeting specific testers - <i>before</i> chip spec is frozen
ASSEMBLY PARTNER	Standard:	Chosen by customer or ASIC design house
	eXtended:	RoodMicrotec selects and /or proposes optimal partner for specific project / volume
PROTOTYPES	Standard:	Debug by ASIC design house or by customer
	eXtended:	RoodMicrotec offers failure/technology analysis methods plus FIB for rapid modification
INDUSTRIALIZATION	Standard:	Customers' test department organizes flow
	eXtended:	RoodMicrotec offers yield optimization and customized qualification RoodMicrotec offers a smooth flow
TEST & SHIPMENT	Standard:	Customer organizes test, logistics, shipments
	eXtended:	RoodMicrotec provides full supply chain services

### Organisation

In the context of its strategy to offer customers to take care of 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. Our services comply with the industrial and quality requirements of the high reliability/space, automotive, telecommunications, medical, IT and electronics sectors. 'Certified by RoodMicrotec' concerns inter alia certification of products to the stringent ISO/TS 16949 standard concerning suppliers to the automotive industry. We also have an accredited laboratory for test activities and calibration to the ISO/IEC 17025 and ISO 1401000 standards.

### Collaboration with partners and customers

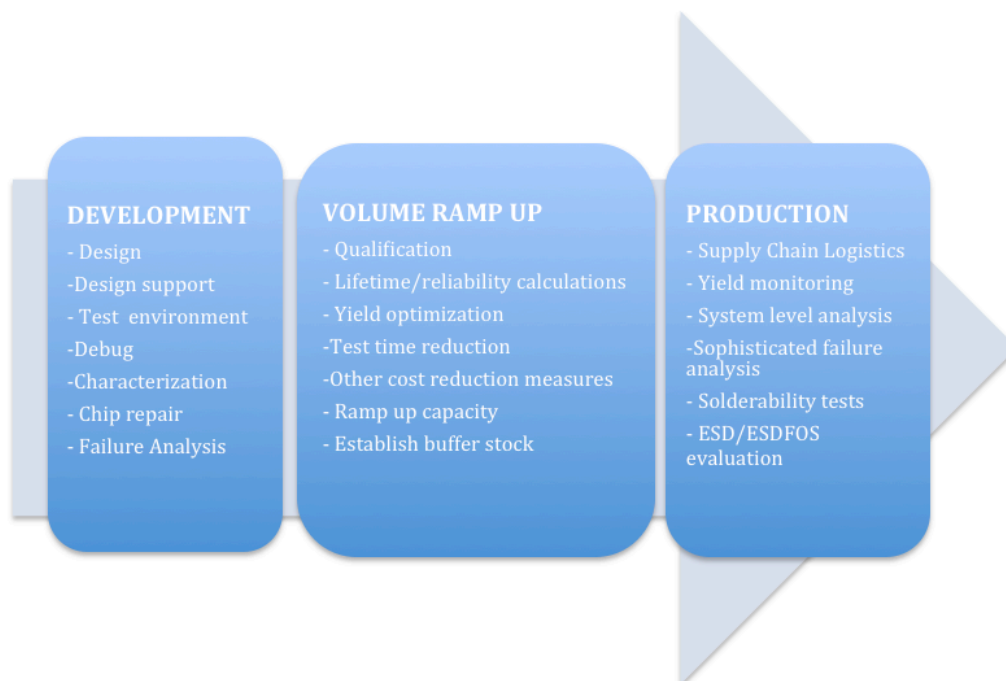
Key in our operations is not only collaboration with customers, also with partners. The entire semiconductor industry is dependent on collaboration within the production chain. For this purpose, we develop partnerships with our customers, such as FCs and OEMs in the field of design with our design partners,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

### 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 companies that are often vertically integrated, will shed non-core activities to lower their risk exposure. Such activities would include 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.

## RoodMicrotec - Services for the entire product lifecycle



## **Ambitions**

We have set ourselves the following goals:

- 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;
- 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.

## CONTENTS

<b>EXTENDED SUPPLY CHAIN MANAGEMENT</b>	<b>1</b>
<b>2012 HIGHLIGHTS</b>	<b>2</b>
<b>PROFILE</b>	<b>3</b>
<b>CONTENTS</b>	<b>7</b>
<b>I. ROODMICROTEC IN PERSPECTIVE - 2012</b>	<b>8</b>
<b>II. KEY FIGURES</b>	<b>11</b>
<b>III. KEY FIGURE CHARTS 2012</b>	<b>12</b>
<b>IV. SHAREHOLDER INFORMATION</b>	<b>13</b>
<b>V. REPORT OF THE CEO</b>	<b>15</b>
<b>VI. REPORT OF THE SUPERVISORY BOARD</b>	<b>20</b>
<b>VII. REPORT OF THE BOARD OF MANAGEMENT</b>	<b>22</b>
<b>VIII. CORPORATE SOCIAL RESPONSIBILITY</b>	<b>35</b>
<b>IX. RISK MANAGEMENT</b>	<b>38</b>
<b>X. CORPORATE GOVERNANCE</b>	<b>41</b>
<b>XI. MANAGEMENT STATEMENT</b>	<b>49</b>
<b>XII. ANNUAL ACCOUNTS</b>	<b>50</b>

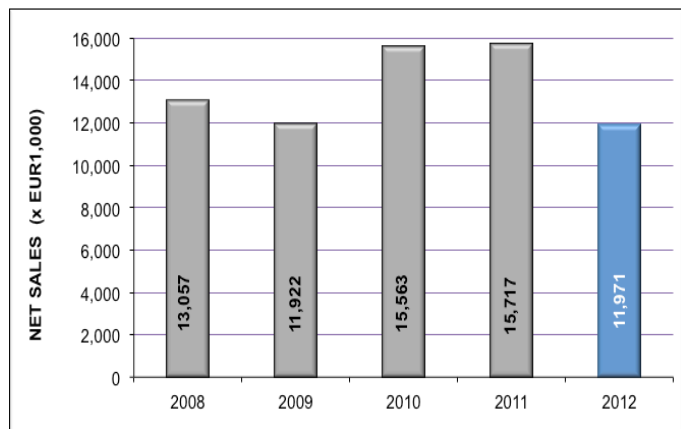


## I. ROODMICROTEC IN PERSPECTIVE - 2012

### SALES: EUR 12 MILLION

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

This is why volume growth and sales growth are needed for us to retain our intended market position. Sales growth allows us to finance the expert knowledge in the company and brings about essential costs reductions. The world market declined in 2012, which was one of the reasons why RoodMicrotec's sales slumped. As of 2013, RoodMicrotec's sales will increase again in parallel with the expected market growth.

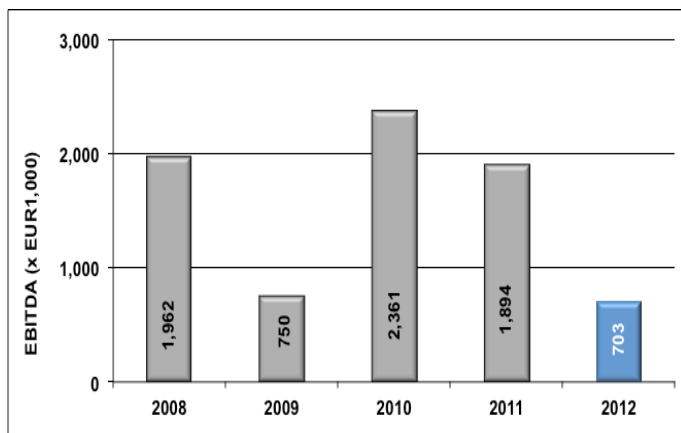


*Objective for 2013 - 2017:* In the long-term (2014 and beyond) we aim to continue to grow at the same rate as in the past few years (autonomous growth of between 3% and 13 %), i.e. at least at the same rate as the global market. The average semiconductor market growth in 2013 and 2014 is forecast at 4.5% and 5.2% respectively (WSTS, World Semiconductor Trade Statistics forecast).

### EBITDA: EUR 0.7 MILLION, OR 5.6 % 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. This is why strong growth of EBITDA over the next few years is one of our key objectives.

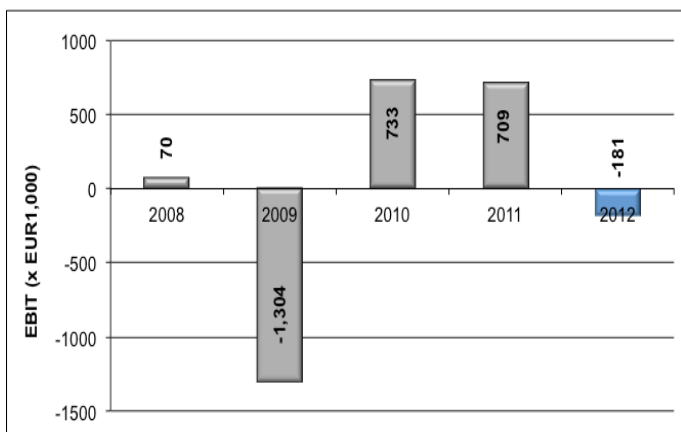
*Objective for 2013-2017:* EBITDA to rise to minimum 10-15 % of sales.



### EBIT: minus EUR 0.2 MILLION, OR minus 2 % 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 set itself the objective of further optimising its operations.

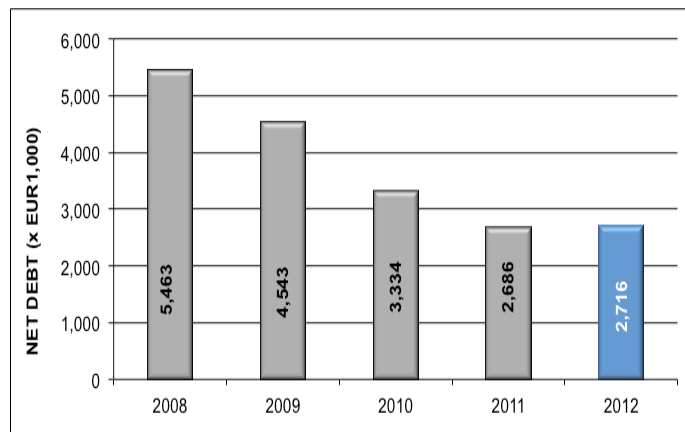
*Objective for 2013-2017:* EBIT growth to 5-10 % of sales.



### NET INTEREST-BEARING DEBT: EUR 2.7 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.

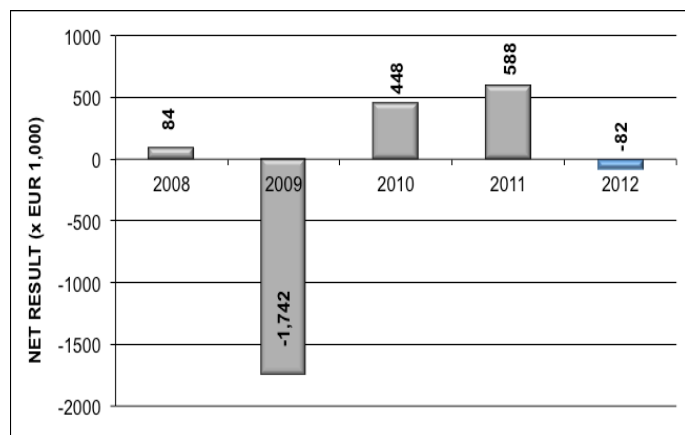
*Objective:* a moderate reduction of the debt position with banks based on the present business model.



### NET RESULT: EUR minus 0.1 MILLION

The net result is the eventual reward of all our activities. 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.

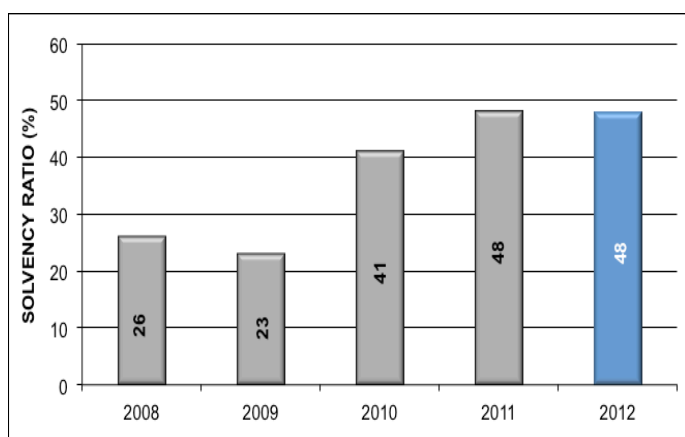
*Objective for the next five years:* to raise the net result step by step to a level between 4% and 10% of sales.



### SOLVENCY: 48 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.

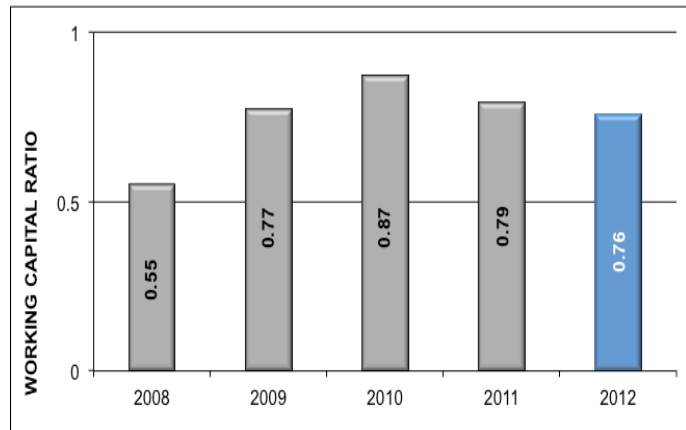
*Solvency target:* between 38% and 50%.



**WORKING CAPITAL RATIO: 0.7 (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.

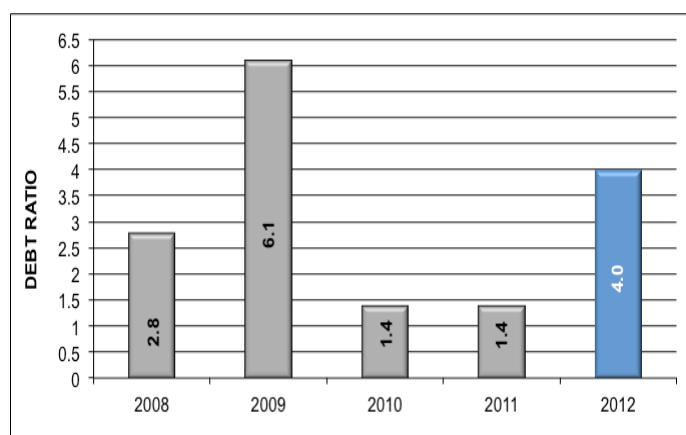


**DEBT RATIO: 4.0**

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 2.5 as a solid position that can be defended vis-à-vis the bank syndicates.

RoodMicrotec is in compliance with the banking syndicate agreements.



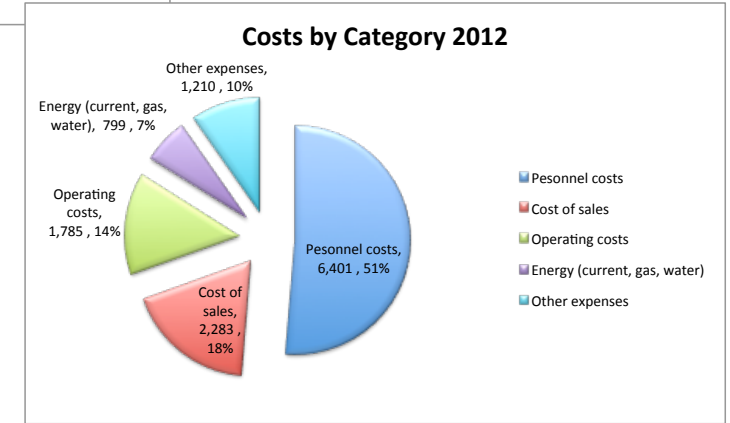
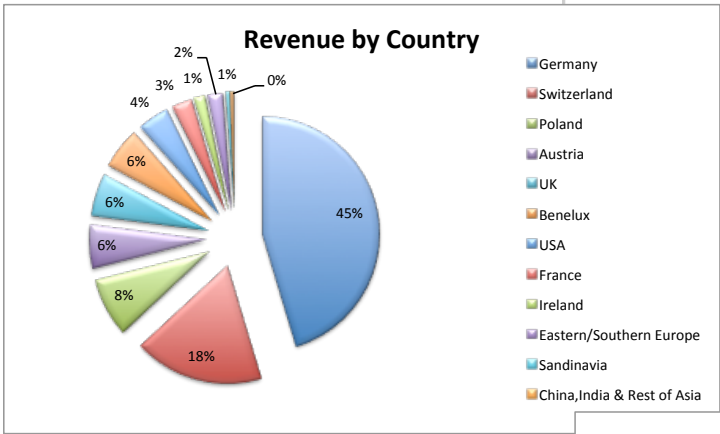
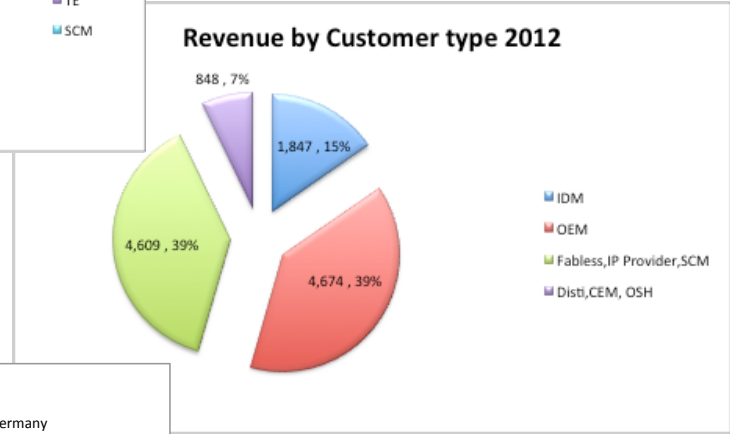
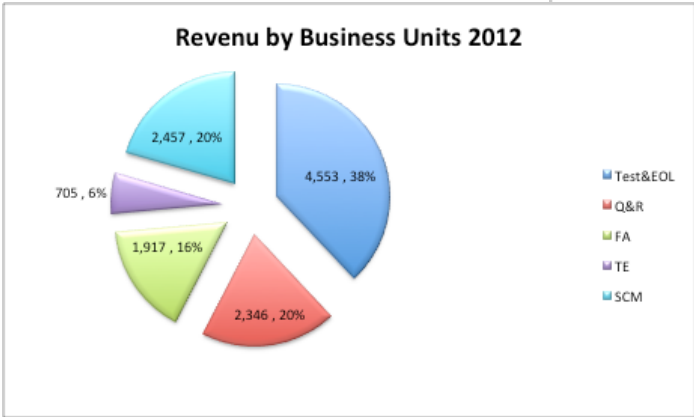
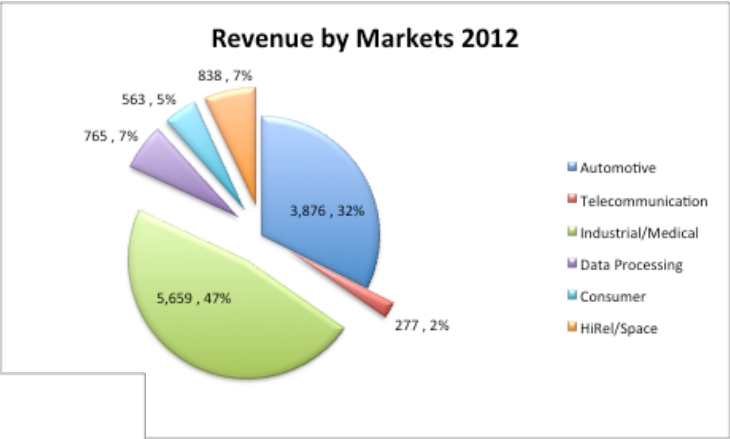
## II. KEY FIGURES

(x EUR 1,000)

	IFRS 2012	IFRS 2011	IFRS 2010	IFRS 2009	IFRS 2008
<b>Result</b>					
Net sales	11,971	15,717	15,563	11,922	13,057
Total operating income	11,909	15,464	15,684	12,076	13,019
Gross margin	9,688	12,342	12,242	9,821	11,307
EBITDA	703	1,865	2,361	750	1,962
EBIT (operating result)	-181	709	733	-1,304	70
EBT	-507	408	207	-1,744	-456
Cash flow (net result and depreciation)	803	1,744	2,076	312	1,976
Cash flow from operating activities	899	1,939	1,689	315	2,815
Net result	-82	588	448	-1,742	84
<b>Capital, Debt &amp; Liquidity Ratios</b>					
Total assets	13,135	12,857	13,726	13,713	16,107
Group equity	6,352	6,138	5,647	3,115	4,132
Convertible Debt	-	-	500	750	1,667
Group equity + convertible loans	6,351	6,138	6,147	3,865	5,799
Net debt	2,716	2,686	3,334	4,543	5,463
Capital (=net debt + equity)	9,067	8,824	8,981	7,658	9,595
Gearing ratio (net debt/ capital)	30%	30%	37%	59%	57%
Solvency (group equity / total liabilities)	48%	48%	41%	23%	26%
Debt ratio (net debt / EBITDA)	3.9	1.4	1.4	6.1	2.8
Net working capital	-921	-831	-569	-974	-2,994
Working capital ratio (current assets / current liabilities)	0.76	0.79	0.87	0.77	0.55
<b>Assets</b>					
Tangible fixed assets	6,347	5,732	5,710	6,629	8,367
Investments in tangible fixed assets	1,475	1,024	681	288	941
Investments in subsidiaries	-	-	-	-	2,987
Depreciation of tangible fixed assets	860	1,156	1,600	2,026	1,878
<b>Data per share (x EUR 1)</b>					
Capital and reserves	0.18	0.17	0.16	0.09	0.14
Operating results	-0.01	0.02	0.02	-0.04	0.00
Cash flow	0.03	0.05	0.05	0.01	0.09
Net result	0.00	0.02	0.01	-0.05	0.00
Share price: year-end	0.15	0.16	0.17	0.15	0.15
Share price: highest	0.23	0.31	0.19	0.57	0.57
Share price: lowest	0.15	0.14	0.15	0.12	0.12
<b>Issue of ordinary shares</b>					
At year end (x 1,000)	35,769	35,769	35,769	35,196	30,489
<b>Number of FTEs (Permanent)</b>					
At year-end	102	106	120	126	148
Average	103	111	124	128	125
Sales (total)/ Average FTEs (Permanent)	116	142	126	93	104

III. KEY FIGURE CHARTS 2012

(X EUR 1,000)



## 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 2012, RoodMicrotec had not received any reports in the context of the Major Holdings in Listed Companies Disclosure Act.

### **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 2012.

Our first priority is balanced debt management, without jeopardising RoodMicrotec's growth.

Changes in the number of shares in 2012 (x EUR 1,000):

Position as at 1 January 2012: 35,769. Position as at 31 December 2012: 35,769.

At 31 December 2012, 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 2012, in 2013 we will raise our profile 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](http://www.roodmicrotec.com), and our newsletter.

### **Liquidity provider**

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

**Annual general meeting of shareholders 2012**

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

**Financial agenda**

14 March 2013	Publication annual report 2012
25 April 2013	Annual general meeting of shareholders
14 May 2013	Publication trading update
9 July 2013	Publication sales figures first half 2013
29 August 2013	Publication interim report 2013
29 August 2013	Conference call for press and analysts
14 November 2013	Publication trading update
9 January 2014	Publication annual sales figures 2013
27 February 2014	Publication annual figures 2013
27 February 2014	Conference call for press and analysts
13 March 2014	Publication annual report 2013
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

## V. REPORT OF THE CEO

2012 was a difficult year for RoodMicrotec. Contrary to previous expectations, sales fell sharply in the second quarter. On top of a struggling market, we were faced with a loss of a key part of our sales, one particular IDM. Although we were aware we would lose this turnover in due time because the products we were testing were nearing the end of their lifecycle, it happened rather sooner than expected. In previous years we had been able to offset IDM volume reductions by new sales, in 2012 we were unfortunately not able to. We lost further sales as a consequence of a customer going bankrupt. This loss mainly affected the Test and Supply Chain Management business units. We are happy to say this situation resolved itself in the third and fourth quarter. The recovery came in fits and starts, which is common in the semiconductor market. Many companies decided to reduce their capacity significantly in the last weeks of December and the first week of January, often to reduce unused holidays. In response, we also decided to send much of our staff on holiday.

It was striking how our developments almost completely matched those of the global market. Turnover in the semiconductor industry declined sharply in the first half of 2012, but rebounded in the third and fourth quarter. In 2012, semiconductor market sales significantly lagged behind 2011.

For 2013 and to a greater extent for 2014, significant growth is forecast for the semiconductor market. In 2014 the forecast growth will once again approach the ten-year average of 6% per year. We believe that this forecast is quite realistic, both because the growth of the global market as a whole will show a recovery in 2014, but also because an ever increasing number of products contain semiconductors.

In 2012 we expanded our sales capacity by recruiting an additional sales & marketing manager who will operate in all of Europe, in particular in the OEM segment. Partly due to the experience of our new sales & marketing manager, we expect to be able to approach the OEM market better than before. We expect this improvement chiefly in the area of supply chain management, which will also give new momentum to our other services.

We will continue in 2013 to strengthen our sales and marketing organisation.

### **Philip Nijenhuis (CEO):**

*'The macroeconomic uncertainty impacts not only the developments of the semiconductor industry, but also RoodMicrotec's. Still, the semiconductor industry showed a positive development in the second half of 2012, as did RoodMicrotec. Looking back on 2012, it was a turbulent year, and the first half of 2012 was especially disappointing. We are experiencing a recovery in particular in the countries in which we directly or indirectly realise our sales, and this is being reflected in increasing sales activities. For this reason, we anticipate our business to recover in 2013, and expect this to occur chiefly in the second half of 2013. We remain convinced that with our strategy we are on the right track and that we will be able to profit from further growth in the global market from 2013 onwards.'*

Centralising Test in Nördlingen was successfully completed and has led to considerably greater manageability and quality levels. Optimising the Test business unit did take up a significant amount of engineering capacity in 2012. In addition, we have recruited new staff in Test Engineering.



**Reinhard Pusch (CSO):**

*'2012 was a year of structural changes. A major internal change was the introduction of a company-wide ERP system, which affected especially the members of the internal sales teams. It will help us to operate more consistently and improve reporting, which will improve our offer preparation. We received varying signals from the market: there was a major drop in business from one key customer, which was partly offset by new customers and additional business from within our current customer base. I am grateful to our colleagues in sales for their determined efforts that have made this new step possible.'*

We decided to recruit an ASIC designer who will further develop our supply chain management in the direction of **eXtended SCM**. This ASIC designer will liaise between our external design partners, subcontractors and our in-house service provision. In this way we hope to give additional momentum to the development of our supply chain.

**Norbert Wirth (CTO):**

*'Know-how, innovation, experience and excellent project control are the success factors for development teams. In early 2012 we were in a critical personnel situation in Nördlingen and Stuttgart due to a shortage of engineers. We were able to manage this problem by hiring highly skilled experts and young engineers directly from universities. I was positively surprised how fast we were able to overcome the staff bottlenecks. After twelve months of hard work the business units Test Engineering, Failure & Technology Analysis and Qualification & Reliability are now in a very much better state. Our target for 2013 is to improve our competences further in order to be well prepared for new challenges.'*

In the first half of the year, Failure & Technology Analysis was weak, partly due to a lack of capacity, but it recovered sharply in the second half. Meanwhile, we have gained a good position in this area, and will further stimulate it, also by recruiting additional specialised engineers. Qualification & Reliability showed stable development in 2012. We intend to continue our growth in this business unit, too. In 2012 we adapted and improved our internal organisation in various areas. For example, the payroll administration was contracted out, as well as part of our bookkeeping. This will allow us to focus specifically on our primary processes. Our listing and the related regulatory and control costs are a heavy burden for a company such as ours in terms of size. The board of management is actively looking for solutions for this issue. In this context, financial and/or strategic participation by other parties in RoodMicrotec is welcome, as well as a review of our current listing.

**Outlook for 2013**

After disappointing market developments in 2012, in 2013 4.5% growth of the global market is being forecast and 5.2% in 2014, according to the World Semiconductor Trade Statistics (WSTS). However, these figures are still below the multi-year average of 6%. Analogous to the forecasts of the WSTS for 2013 and beyond, RoodMicrotec anticipates a recovery of its business and the realisation of its growth objectives. We aim to grow at least at a faster rate than the global market, which we have done almost without fail in the last 9 years.

The ongoing increase of the number of applications backs up our confidence that in 2013 we will once again grow more strongly than the market.

However, the macroeconomic developments force us to remain cautious. For this reason, we do not pronounce any concrete predictions for 2013.

**Remy Cuny (CFO):**

*'2012 was a year marked by integration and big changes in a major part of our support departments. We merged two different ERP systems into one, and in the same period we also finalised the legal merger of our German legal entities. Furthermore, we contracted out our bookkeeping and payroll administration, while at the same time automating and digitising many administrative processes.'*

*This was achieved by our own people within a very short time, next to their regular activities. In spite of serious time constraints, they dedicated themselves 100% to achieving this goal, even though it meant that some employees' positions would be eliminated. We are very proud of what our employees have achieved. All this gives us the confidence that in 2013 we will be lean and mean, and can focus fully on supporting our business units in their sales and operational performance.'*

Long-term (as from 2014) we aim to maintain our growth at the least at the same level as the global semiconductor market.

## **Strategy, SWOT analysis and financial objectives**

### **General**

RoodMicrotec N.V. is listed on the Official Market of the NYSE Euronext Amsterdam stock exchange ( NYSE Euronext N.V.) since 1986.

With 44 years' experience as an independent value-added service provider in the area of micro and opto-electronics, we offer FCs, OEMs and other companies a one-stop-shop proposition. With our powerful solutions we have built up a strong position in Europe. Our customers are mainly based in Europe.

The activities have been grouped into the following business units:

- Supply Chain Management
- Test & End-of-Line Services
- Failure & Technology Analysis
- Test Engineering
- Qualification & Reliability
- Engineering/Consulting/ Project Management

At year-end 2012, the company had 102 full-time employees with an average of 103. In the 2012 financial year, sales of EUR 11,971 generated a net result of EUR 82,000 negative.

### **Strategy**

#### *General strategic objective*

We aim to position ourselves as a first-class one-stop-shop supply chain service provider to OEMs and FCs in Europe. We focus on strengthening our current specialist areas Supply Chain Management, Test Engineering, Failure & Technology Analysis, Qualification & Reliability, Engineering/Consultancy/Project Management and Test & End-of-Line Services for microelectronics, optoelectronics and printed circuit boards. Additionally, we aim to enhance partnerships in the area of wafer and back-end applications.

#### *Market choices*

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 approx. 6%. The market is expected to see strong growth of between 4% 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.

### Customer types

We distinguish four customer groups: IDMs (Integrated Device Manufacturers), OEMs (Original Equipment Manufacturer), FCs (Fabless Companies)/IP-providers and Distributors.

Our special focus is on OEMs and FCs.

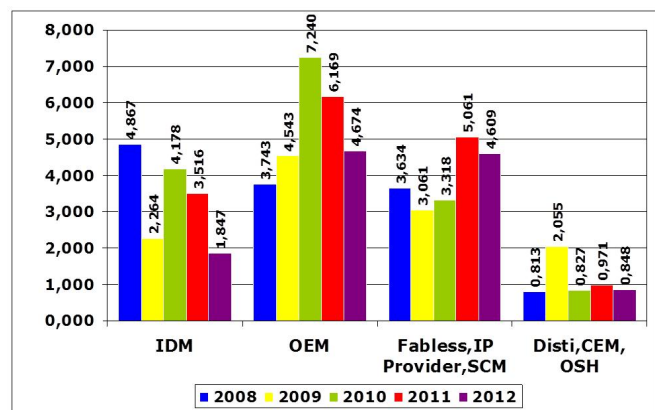
These OEMs are turning ever leaner. To achieve that goal, they contract out non-core activities, including semiconductor manufacturing facilities. It is vital for OEMs to have a supply of reliable highly qualified chips. Production continuity is of the essence. But they also often require unique solutions. 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 know-how 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.

**Revenue by customer type**



Note: 2008 including 2nd half figures of microtec

### Product choices

Our know-how and services are focused on the following 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 that 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. So we emphatically do not focus on toys, cheap consumer electronics, etcetera.

**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.

### Service provision choices

**Core activities:** Core services like Supply Chain Management, Test Engineering, Failure & Technology Analysis, Qualification & Reliability and Logistics as mentioned in profile on page 4. As product use in Europe will increase while production decreases, the volume of the semiconductor supply chain will rise in the next few years. We intend to expand our role in this supply chain.

**Back-end test and assembly services:** Offering assembly capacity is crucial in order to play a major role in the abovementioned supply chain. To ensure this, we have concluded partnerships in Europe and Asia. These partnerships enable us to offer a competitive integral solution.

Focus on consulting in the complete field of electronics: We will continue to exploit our broad range of know-how in the market of consulting and assessment of reliability, interconnection technology and ESD. Our recognised industry experts offer valuable solutions to the customer.

High-tech Test & Related Services: We will continue to focus on the mixed-signal and image sensors products that are used extensively in the automotive, industrial, High Rel/satellite, medical and telecom sectors. All these markets are strong in Europe.

### **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 position in the OEM and Fabless Company 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.

#### **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.
- 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.
- The semiconductor production in Europe is declining structurally.
- The cyclical character of the semiconductor business and a continuation of the downturn.
- 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 2012**

The objectives for 2012 were based on relatively optimistic worldwide semiconductor market forecasts of 2.6% growth. Unfortunately the market dropped with about 2.7%, which means a world market deduction of about

\$ 16 billion compared to the forecast. That has influenced the realisation of our objectives significantly. Nevertheless we were able to improve several financial objectives:

- reduction of inventories with about 25%;
- improvement of trade receivables with about 15%;
- improvement of cash and cash equivalents position;
- reduction of non-current liabilities.

#### **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;
- optimizing the debt position by means of long-term and short-term loans.

## **VI. REPORT OF THE SUPERVISORY BOARD**

We hereby present the 2012 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 25 April 2013 and to discharge the board of management of responsibility for their conduct of business in 2012 and the members of the supervisory board for their supervision of the management.

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

#### **RoodMicrotec in 2012**

2012 was a disappointing year for RoodMicrotec. Contrary to the original expectations, difficult market conditions and the disappearance of a large client hit the company. The company did benefit from the restructurings and new synergies created in 2011, and these helped the company to weather this difficult year. Following the completion of the relocation of the production between the two sites in Germany, focus for the year 2012 was on the implementation of a new growth strategy and the development of new markets.

The managing board 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 executive management and discussed. It was among others decided to put more resources and focus on the development of business in the Benelux and the United Kingdom.

RoodMicrotec remains a small player and the costs of being a listed company outweigh the benefits. It is therefore the shared opinion of the management board 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. No concrete results can be presented.

#### **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 seven times during 2012. In addition, meetings were held between individual supervisory board members and the board of management. 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;
- 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 also met without the board of management and reviewed the performance of the organisation, management issues and structural business developments.

The supervisory board met with the external auditor in the absence of the board of management to discuss audit issues. In this context the financial control system and the internal audits were reviewed.

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.

#### **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, sometimes after preparation by members of the supervisory board.

The supervisory board evaluated its own performance over the year 2012. Given the small size of the board and the company, this evaluation was performed without external assistance. Topics of discussion were the individual competences of the board members, internal communication and reporting procedures between supervisory board and board of management. 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. Internal communication and procedures within 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 2012.

Zwolle, 13 March 2013

#### **The supervisory board**

J.H.P.M. Stolker, chairman

V.G. Tee

W. Fluit

## VII. REPORT OF THE BOARD OF MANAGEMENT

### A. General

At the end of 2011, the outlook for 2012 was positive. World Semiconductor Trade Statistics (WSTS) forecast about 4% growth in 2012. Instead, the market contracted by over 2.7%. RoodMicrotec felt the worst drop in the second quarter of 2012. It was partly due to the state of the economy, but also to the fact that some products we used to test for a big IDM came to the end of their lifecycle and were discontinued, and to a major customer going bankrupt. Business recovered in the following quarters. Incidentally, the number of applications never dropped, even in the second quarter. In a market slump it is more difficult to find new customers. On top of that, projected sales to other key customers also fell below expectations.

These two occurrences together, being the market decline and the loss of sales due to end-of-lifecycle and bankruptcy, caused RoodMicrotec to adjust its costs maximally. However, the company has continued to invest in the future.

The loss of the abovementioned IDMs marks the end of an era in which a large part of RoodMicrotec's sales came from IDMs, such as Infineon, NXP and others. These companies have increased their presence in Asia and now subcontract little of their business in Europe. It was a trend we had predicted, and in fact anticipated.

After RoodMicrotec in 2011 had achieved growth at a rate above that of the then recovering global market, its growth in 2012 declined faster than the global market. This has happened before in the past.

### B. Key developments in 2012

Further development of our Supply Chain Management organisation by sharpening up our profile by introducing **eXtended SCM** (see also page 4). For this purpose, we have recruited additional engineering capacity and introduced a support product engineering group, which is to supervise product development projects. Both our centralised test activities in Nördlingen and our Failure & Technology Analysis group have shown good progress. In addition, we have contracted out some staff activities like payroll administration and part of our bookkeeping. We also installed a new mainframe and introduced and/or optimised various computer systems.

### C. Operational and commercial objectives achieved in 2012

The number of customers for Supply Chain Management increased over the past year, in line with our objectives. In the initial phase, the new customers are realising limited sales for now, but they are expected to grow in the future. Vital in that has been our presence at various seminars, exhibitions, fairs and industry magazines in various European countries. Furthermore, we have searched for new sales managers, which has led to the appointment at the end of 2012 of a European-oriented sales & marketing manager.

Due to the market slump caused by the ongoing economic crisis, Fabless Companies find it harder to find funding for their projects, which has affected our sales growth in this segment.

Our logistics system was introduced in our sites in Stuttgart and Nördlingen, which has brought about a significant improvement and allows us to monitor our orders far better. This was necessary to enhance customer satisfaction.

We have strengthened our project management in our organisation inter alia by laying down responsibilities for projects more clearly. Senior managers have been given responsibility for entire projects, from design to eventual delivery.

## D. Operational and commercial objectives for 2013

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.

### Market developments and market position

The following trends may be identified in the semiconductor industry:

- ongoing globalisation and corresponding pressure on prices;
- ongoing relocation of business to low-wage countries;
- customers reassessing their core competences.

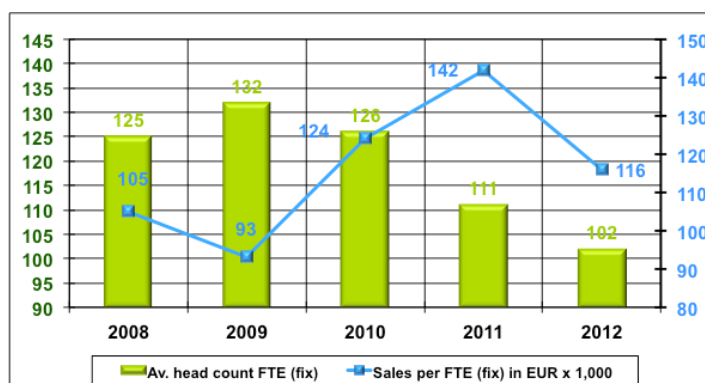
We respond to these developments by focusing specifically on:

- professionalism;
- project support by senior managers;
- broadening engineering support.

### Sales by employee and head count

The average full-time employees (FTE's) decreased by approx. 7% from 111 FTE in 2011 to 103 FTE in 2012.

Sales per full-time employee decreased by approx. 18% from EUR 142,000 in 2011 to EUR 116,000 in 2012.



## E. Sustainability

'People, planet and profit' are key elements in RoodMicrotec's strategy. In the area of 'people', we strive to explain the strategy of the company and the corresponding objectives to our employees so they can help the management realise them. Continuous training is a precondition for bringing this about. Another factor in the success of our organisation is a focus on the four basis principles of our social system. Adaptation to market changes, safeguarding company culture, goal-oriented operations and integration, i.e. matching procedures and actions.

Ultimately, any organisation can only achieve its goals by striving to establish a performance-oriented environment for its employees, so that they can use their talents in the realisation of the company's objectives.

RoodMicrotec strives to improve the employee assessment systems, and the corresponding introduction of objectives.



With regard to 'planet', RoodMicrotec has an active environmental policy in place introducing an environmental monitoring system and preventive actions to keep environmental risks at acceptable levels and to monitor them.

## F. 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 constant improvement of the reliability and reproducibility of our services and products and the efficiency of our processes. RoodMicrotec's integrated management system is derived from international standards.

Our location in Nördlingen is certified to the ISO 14001 standard and the ISO/TS 16949 standard. This certification is the result of collaboration between ISO and IATF (International Automotive Task Force) and is recognised by all automotive QS-9000 and VDA 6.1 oriented industries. The Qualification & Reliability and Failure & Technology Analysis 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

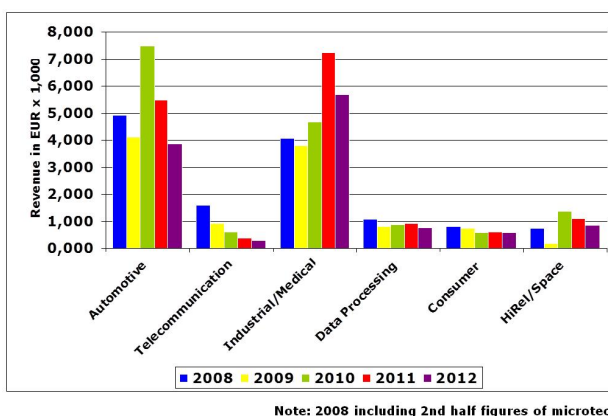
## G. Sales and result

In 2012, RoodMicrotec's sales decreased compared to 2011.

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

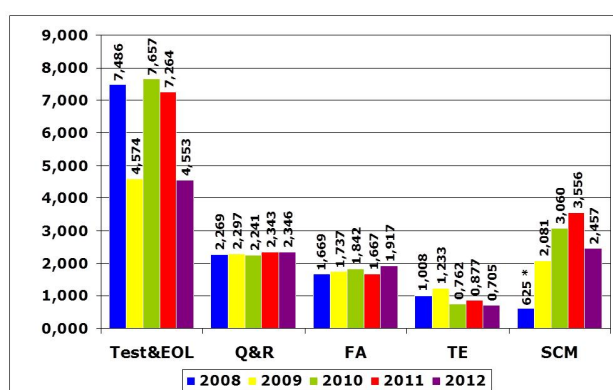
(x Eur 1,000)	2010	2011	2012
Automotive	7,473	5,491	3,870
Telecoms	590	385	277
Industrial/Medical	4,659	7,222	5,658
Electra Data Proc.	875	904	765
Consumer	586	610	563
Hi-rel/Space	1,380	1,105	838
<b>Total</b>	<b>15,563</b>	<b>15,717</b>	<b>11,971</b>

### Revenue by market segment



**The sales results of the business units were as follows:**

(x Eur 1,000)	2011	2012	Approx. change
Test	7,264	4,546	-37%
Supply Chain Management	3,556	2,457	-31%
Failure & Technology Analysis	1,667	1,917	+15%
Test Engineering	887	705	-21%
Qualification & Reliability	2,343	2,346	0%
<b>Total</b>	<b>15,717</b>	<b>11,971</b>	<b>-24%</b>

**Revenue by business unit**

Note: 2008 including 2nd half figures of microtec

\*: Calculation for SCM (Supply Chain Management) was changed in 2008

## H. Investments and financing

In 2012, investments in tangible fixed assets totalled EUR 1.475 million (2011: EUR 1.0 million). Depreciation was EUR 0.9 million (2011: EUR 1.2 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 6.4 million, a 5.2% increase as compared to year-end 2011 (EUR 6.1 million). Solvency remained stable at 48% (year-end 2011: 48%)

## I. Taxation

In 2012 we restructured our companies by reducing the number of GmbHs in Germany. We subsequently rationalised the companies and then harmonized the information structure (financial, commercial & operational), partly as a result of the above. In addition, our market position 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 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 included in the 2012 results.

## **J. Market developments**

### **Devices for aeronautical and space applications**

The application areas aeronautical and space technology place the highest demands on the total value creation chain in terms of quality and reliability. In most cases the lives of the astronauts or the success of the mission depend on the correct operation of all parts in the most demanding conditions. Repairs are often impossible during flight. Another challenge is to meet the highest reliability requirements also for low production numbers. The investigations and tests carried out by RoodMicrotec are adequate to meet the high demands of aeronautical and space applications: in particular the entire Qualification, Lot Acceptance Test (LAT) and Destructive Physical Analysis (DPA) for new developments, production parts and 'relifing'. Selection tests, upscreening and counterfeit analyses for parts that are no longer in production complete our portfolio. This applies to the entire spectrum of electronic components, from simple resistors and integrated circuits to complex optical sensors with detection logic.

The analytical as well as measurement and test activities are performed inter alia to the ESCC 9000 and 9100 standards in our ISO/IEC 17025 certified lab on hermetic and non-hermetic parts. RoodMicrotec serves a wide range of customers in the aeronautical and space industries, mainly in Europe. Since 2012, RoodMicrotec is also a direct supplier of ESA (European Space Agency), in conjunction with different partners. Furthermore, RoodMicrotec supports an increasing number of customers in the HI-REL areas aeronautical, space and satellites.

RoodMicrotec has been awarded a Certificate of Qualification No 307 for qualification work for our customer.

### **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 increasing the replacement of classical lighting. LEDs are used in flatscreen TV, automotive applications, general lighting, traffic and street lighting.

Besides other benefits, LEDs in general provide high reliability; lifetimes of over 1,000 hours can be reached. But poor workmanship in manufacturing and unfavourable operational conditions may reduce the reliability significantly. Avoiding failures and achieving fast resolutions of existing problems requires excellent knowledge of the failure mechanisms and suitable analytical methods.

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

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 the complexity, a failure analysis puts high requirements on 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 is available at RoodMicrotec since many years and is the best base to apply also for LED. It is the close teamwork of failure analysis people with opto- and reliability engineers that results in fast and effective root cause finding, providing recommendations for quality improvements.

RoodMicrotec regularly contributes to conferences and fairs with technical presentations, lectures & articles that promote its experience to a broad community. Our publications present the typical failure mechanisms, various types of analysis and corresponding ways to avoid failures. For example, in 2012 we attended seven fairs and workshops and made nine speeches. The feedback from the audience was very positive, especially the valuable tips and recommendations.

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, such as for street lighting. The objective is to contribute to energy and cost savings, improved lifetimes, and reduction of waste.

### **Summary**

Basically, the reliability of LEDs is high, but also very dependent upon technology, construction technology and application requirements. A systematic procedure to zero failures, suitable procedures and methods for analysis, the correct way to produce and interpret error patterns of LEDs and very importantly, the realisation of preventive measures for the avoidance of problems are vital in our work.

### **Quote Dieter Schreiber**

*'As value-added service provider, RoodMicrotec responds proactively to the demands of our markets. In this context, a few years ago we introduced the Supply Chain Management (SCM), in which we take care of production, assembly as well as logistics of the devices in addition to our standard services. This service was a growth segment for RoodMicrotec. Starting from scratch some years ago, it has increased to over 20% of revenue in 2012.*

*I have acquired several new projects for interesting applications; here are some examples:*

- an access control application in the area of security control;*
- a general industrial automation device to be used in an universal PLC (programmable logic controller). This standard device has an expected life time of 10-15 years. The annual offtake/quantities of this device are expected to start growing as of the time it has been engineered in several universal PLCs;*
- a professional chronograph with altimeter and GPS functionality;*
- a redesign of an ASIC into an ASSP device to be used in a general application environment.*

*For these and similar projects we usually utilise our partners for wafer production and assembling in Europe and the Far East. In some cases, e.g. with CMOS image sensors in optoelectronic packages, we need the highest level of excellence and know-how in order to be able to realise the requirements of our customers.*

*For these kind of projects we have performed software and hardware development, electrical testing of wafers and packaged devices, qualification of semiconductors and in some cases failure analyses as well.*

*For 2013 we expect to grow further in this segment. We are currently discussing new SCM projects with several new customers. At our customers' request we have strengthened our SCM services portfolio towards eXtended SCM, which has been highlighted elsewhere in this report.'*

### **Quote Mike Jarvis**

*'2012 was a positive year in the UK with the opening of the Remote Test and Sales Office here in Bath.. This along with some hard work over the past two years will see several projects begin in 2013. One of those is thanks to close cooperation with one customer in particular; RoodMicrotec has formed an alliance with a fabless company here in the UK. Engineering work is due to start shortly with first production runs. This opportunity links us to what could become a major player in the world module market. The second involves new developments in forensic analysis aimed at police forces here in the UK and around Europe, which should keep our engineers busy well into 2014 and beyond. In order to maintain our growth in the UK RoodMicrotec has enlisted Malkit Jhitta (formally of Delta) to strengthen the European team and in his role as sales & marketing manager his focus will be on eXtended SCM both here in the UK and mainland Europe. I look forward to working with him and expanding the European market.'*

**Quote Malkit Jhitta, Sales & Marketing Manager**

*'The last four years or so have been extremely tough for the semiconductor industry with a considerable amount of consolidation and downsizing. Some of this downsizing activity has and will continue to result in an increase in demand for the services provided by RoodMicrotec. As a supplier of a range of world class specialist skills and services in qualification, reliability, test and quality engineering RoodMicrotec is well positioned for growth in 2013. Combined with the uprated eXtended Supply Chain Management offering, as the latest addition to the sales & marketing team I expect a very busy and successful career at RoodMicrotec.'*

## **K. Research and Development projects**

### **HERMES project**

The technical project work on the innovative research fields of embedding and corresponding testing has been finalised with the official project end dated late February 2012. During a final review meeting in Leoben, Austria, the European Commission confirmed that HERMES has been a very successful project due to the excellent work of all project partners in their individual project tasks. The project achievements were presented at the meeting in a video and a public presentation. Within the project RoodMicrotec developed and verified new test concepts for the different project demonstrators.

### **Manos Project**

In 2012 a first step was made in which the specifications and the requirements for two planned sensor systems were laid down. These specifications include basic properties, range of functions and lifespan requirements.

The modular sensor concept was developed based on the requirements set by the specifications. Depending on the availability of certain required components, it was decided which technology could be used to embed them in the module. With available samples the first embedding tests were carried out.

In conjunction with the project partners, the requirements for adhesives were designed and tested in relation to various technologies, such as Lasercavity and Chip+. RoodMicrotec together with its project partners designed a concept for testing the 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 on stacks, i.e. stacked individual modules with different adhesives.

The key point for 2013 is the optimisation of various adhesives and construction of the first prototypes with corresponding initial qualification.

### **Objectives for 2013**

RoodMicrotec will improve its knowledge of LEDs and LED lamps to establish a certification process for LED 'retrofit lamps', general lighting and automotive applications. In addition to all the government safety regulations, this includes a complete optical characterisation of these kinds of lamps. This characterisation will form the basis for a proper selection of LED lamps for the European market.

## L. Report per business unit and division

### Supply Chain Management (SCM)

#### 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 and reliability, failure and 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.

#### Key developments in 2012

In 2012 we introduced a new business model called extended SCM (**eXtended SCM**). **eXtended SCM** starts in the chip specification phase. Our experienced engineers work together with the ASIC design engineers on a test concept targeting the selected test environment, potentially adding appropriate functional blocks to the ASIC. This DfT (Design for Testability) method can contribute significantly to higher yields and shorter test times once the device is in mass production.

#### Objectives realised in 2012

In the second half of 2012 we managed to increase the sales result by 47% compared to the first half of 2012.

Furthermore, the extension of a long-time partnership with one of our main customers was a great success in 2012, which reflects the confidence in the work of RoodMicrotec.

Compared to 2011, 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.

RoodMicrotec also presented its supply chain capabilities during different events, in particular the GSA European Executive Forum in Geneva, the Electronica in Munich and the SMT in Nuremberg.

#### Objectives for 2013

In 2013 we will focus on the branding of our new **eXtended SCM** business model, in which we expect strong growth in 2014. As an innovative company increasing the number of **eXtended SCM** projects is one of our main objectives for 2013. We aim for long-time partnerships, as well as one-off customers. Of course, we will also increase our efforts in offering our standard SCM services (from full SCM to assembly-only).

In terms of our overall SCM business we are aiming for a 25% increase in the number of customers and projects. In order to be able to offer a wider range of services to our customers and also to be even more flexible, we will increase the number of our partners and sub-partners in all market segments.

## Development Engineering / Project Management

### Introduction

RoodMicrotec's solution packages include Supply Chain Management for 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 design houses (external) on the one hand and operations like wafer production, backend assembly, test engineering and test on the other. The new engineering group will support 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. With this service RoodMicrotec has taken another step on its way towards the one-stop-shop approach for the semiconductor back-end market.

## 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 for Teradyne Flex, Credence D10/SZ /DUO, Advantest Digital as well as Lab View. Application know-how has been developed specifically 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 2012

In March 2012, the Hermes project was finalised successfully.

The move of the test area from Stuttgart to Nördlingen required a great deal of optimisation for the transferred test setup. A large part of this task was performed successfully and today the production is running ever more smoothly and efficiently.

A major space project required demanding know-how for RF production test and for the programming of the EDA Burn-In software. In both cases we are now in a situation to handle these challenges successfully in the future. Especially for EDA programming we invested in software and training in order to handle large test vector files. The project was finished successfully.

A third project was to develop a test solution for integrated magnetic field sensors. These devices are used increasingly in many applications. The sensors provide information, with contactless devices about the location of magnet fields in three dimensions using the Hall Effect. We were able to develop the program in time with high yield and excellent productivity.

A large number of new test boards was designed in Nördlingen. In Stuttgart we built up a second engineering facility in order to create redundancy. We consider it a great advantage to have the complete design flow in our own hands. This approach results in better optimised test hardware, fewer design issues, lower cost and faster development time. Our engineers have received excellent training. All new engineers are now familiar with D10 test systems.

### **Objectives for 2013**

Our target is to increase revenue strongly compared to 2012 by broadening our engineering business through external consultants. In 2013 we plan to optimise our test environment and expect to gain more activity and reliability.

## **Business unit Test & End-of-line Services (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 following markets: automotive, industrial, medical, telecommunication and Hi-Rel markets.

We intensified the good and long lasting business relationship resulting in many projects.

### **Objectives realised and key developments in 2012**

#### **Test**

During the past year we finalised the reorganisation of the test floor by rotating the clean room. This allows for process/flow-oriented operation, resulting in higher efficiency. We also improved in the area of wafer test by increasing the use of wafer maps instead of delivering inked wafers.

By installing more multisite testing capabilities we were able to contribute in making our prices more competitive. In addition, we spent time and money on health checks, maintenance and repair of testers and handlers, resulting in higher uptime and throughput.

By taking on more the number of flexible staff, we managed to react to market fluctuations. This was supported by the appointment of one technician and one field engineer. These measures resulted in higher equipment usage and efficiency.

#### **Programming**

We installed a variety of automatic socket modules and programming algorithms to broaden the programming capabilities for programmable devices like flash nano drives with state of the art packages like BGA and QFN.

#### **EOL**

We increased our competitiveness in this area by installing 3D scanning capability.

#### **Organisation**

The new operation manager introduced a new shift system and recruited a maintenance leader as well as a personal planner for BU Test & EOL.

### **Objectives for 2013**

Streamlining the test operation by deinstallation of obsolete and inefficient test equipment.

The vacated floor space allows us to further optimise the operation towards a process flow oriented structure.

To support the increasing requirements in the programming market segment we will appoint a programming engineer to oversee customer requirements.



## Business unit Failure & Technology Analysis

### Profile

RoodMicrotec's extensively equipped failure & technology analysis laboratory is capable of providing 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).

### *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 must be set up 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.

### *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 the influence of these environmental tests on 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 2012

PIND testing was introduced to complete our service for destructive physical analysis.

The enhancement of FIB modification on copper metallisation was acknowledged by several customers. One of them transferred his activities completely to RoodMicrotec.

Copper-FIB was introduced. Progress in IC technology development and further miniaturisation led to a significant part of copper modifications.

Reliability mechanisms and failure modes of high-power electronics are totally different from standard electronics. We are still looking for experienced people to start up this service. We have provided training to our own employees.

### Highlights 2012

In late 2011 and early 2012 we developed a new service to identify failures on ceramic capacitors during printed board assembly. With this method we can identify systemic production problems. Our investigations showed that all devices were affected by this problem and run the risk of fire. Affected daughter-boards were replaced by new ones after the manufacturing process was changed.

### Objectives for 2013

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

The business unit Qualification & Reliability focuses on investigating electrical components like semiconductors, passives and PCBs in various stress environments. The qualifications of customer components for automotive, space, telecommunication etc. are performed to various international specifications (AEC-Q, MIL, JEDEC, ESCC, Telecommunication). Furthermore, upscreening 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 testhouses in Europe. Most products are tested for the aerospace, automotive and medical sectors. Our main customers are in these sectors and in FC 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 qualifications in 2012

Prior to a production 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 2012.

a. Fivefold 3D magnetic field sensor in a QFN36 package.

The requested industrial qualification was performed to various JEDEC standards. This qualification includes development of the hardware for the stress tests.

Besides the necessary pre-conditioning (stress and solder simulation prior to stress tests) for a temperature cycling test (called TC) and a highly accelerated temperature and humidity stress test (called HAST), an early-life-failure-rate test (ELFR) and high/temperature operating life test (HTOL) were performed. Finally, different ESD (electrostatic discharge) tests and latch-up test completed this qualification. Part of the qualification was 1000 hour HTOL and several 48 hour ELFR runs.

b. Two different optical sensors in a PGA185 package.

This qualification was a customer-specific industrial qualification to various JEDEC standards of two optical sensors in parallel. The qualification was headed by the qualification & reliability department in collaboration by other RoodMicrotec business units as well as external partners. The qualification was performed in the fourth quarter of 2012.

The following tests were required:

- low-temperature-operating life test (LTOL)
- high-temperature-operating-life test (HTOL)
- low- and high temperature storage life test (LTSL & HTSL)

- temperature cycling (TC)
- liquid-to-liquid temperature shock test (TS)
- autoclave (AC)
- mechanical tests like shock, vibration, solderability
- resistance to solder, heat and seal test.

The duration of this qualification was two months due to the duration of the 1000 hour HTOL and temperature storage tests. Electrical tests of the sensors were performed by an external company.

c. Volume production burn-in LF-driver in a TQFP48 package

Starting end of 2011 the customer asked for a complex 6 different voltage groups 'safe-launch' burn-in solution. Besides the necessary hardware development with different stages for debugging, RoodMicrotec also had to prepare the monitoring burn-in software generation. RoodMicrotec is currently in the final ramp-up stage, resulting in 24 burn-in boards with 60 socket positions each and a maximum weekly capacity of approximately 8.5k units.

**Review of 2012**

The business unit Qualification & Reliability realised moderate positive growth in 2012 compared to 2011. This was the result of the objectives set for 2012 as well as a strong partnership with existing customers.

**Plans for 2013**

To continue and improve department growth at least in line with RoodMicrotec's targets. Activities to further improve the financial indicators of the business unit will be continued. Product and service-related objectives are focusing on new market segments as well as additional services in the burn-in area.

## **M. Events after balance sheet date**

No significant events have taken place after balance sheet date.

**Board of management**

**Ph.M.G. Nijenhuis**

**Zwolle, 13 March 2013**

## 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 health care, 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 the applicable laws and regulations of 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 law 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 an employee's 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 act 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 make 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 GBP 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](http://www.roodmicrotec.com)

Board of management

Ph.M.G. Nijenhuis

Zwolle, 13 March 2013

## 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. The 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 testhouse with having our sales and operations in the Netherlands and Germany and agents in Great Britain, France, Italy, Israel and Russia 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 occasion 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 internal 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 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 option of 2 years 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](http://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 provided 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 – 2.14 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](http://www.roodmicrotec.com).

RoodMicrotec complies with the Code's requirement of having a financial expert on the supervisory board in the person of J.H.P.M. Stolker.

All new members of the supervisory board are required to attend an induction program, 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 set out 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 comprising 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.

## **IV. 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 discharge 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 concerning 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 discharge 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 pursuant to corporate law and securities legislation.

Motions 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. Motions 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 to 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 – 1.3 Role, appointment, remuneration and assessment of the external auditor's performance**

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 2013

## 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 2012 (included in the chapter on Corporate governance), which is available on RoodMicrotec's website: [www.roodmicrotec.com](http://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 2012 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 2012. 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 IFRS STATEMENTS

### Consolidated income statement

(x EUR 1,000)		2012	2011
Net sales	1	11,971	15,717
Cost of sales	2	-2,283	-3,375
<b>GROSS MARGIN</b>		<b>9,688</b>	<b>12,342</b>
Personnel expenses	3	6,401	7,215
Other operating expenses	4	2,584	3,262
<b>OPERATING EXPENSES</b>		<b>8,985</b>	<b>10,477</b>
<b>EBITDA</b>		<b>703</b>	<b>1,865</b>
Depreciation and amortisation	5	884	1,156
<b>EBIT</b>		<b>-181</b>	<b>709</b>
Financial expenses	6	-326	-301
<b>RESULT BEFORE TAXATION</b>		<b>-507</b>	<b>408</b>
Taxation	7	425	180
<b>NET RESULT</b>		<b>-82</b>	<b>588</b>

### Earnings per share for profit attributable to the equity holders of the company during the year

Basic	17	0.00	0.02
Diluted	17	0.00	0.02

### Net result attributable to:

Owners of the company	-82	588
Non-controlling interests	-	-
<b>Net result for the year</b>	<b>-82</b>	<b>588</b>

## Consolidated statement of comprehensive income

(x EUR 1,000)		
	2012	2011
Income for the year	-82	588
Revaluation buildings	-	108
Mezzanine compensation	-233	-233
<b>Total comprehensive income for the year</b>	<b>-314</b>	<b>463</b>
Total comprehensive income attributable to:		
Owners of the company	-314	463
Non-controlling interests	-	-
<b>Net result for the year</b>	<b>-82</b>	<b>588</b>

**Consolidated balance sheet** (after appropriation of net result)

(x EUR 1,000)	Note	31 December 2012	31 December 2011
<b>ASSETS</b>			
Property, plant and equipment	8	6,347	5,732
Intangible assets	9	1,755	1,783
Deferred income tax assets	10	870	444
Retirement benefit assets	11	301	-
Financial assets	12	949	1,720
<b>Non-current assets</b>		<b>10,222</b>	<b>9,679</b>
Inventories	13	305	402
Trade and other receivables	14	2,089	2,431
Cash and cash equivalents	15	519	345
<b>Current assets</b>		<b>2,913</b>	<b>3,178</b>
<b>TOTAL ASSETS</b>		<b>13,135</b>	<b>12,857</b>
<b>EQUITY AND LIABILITIES</b>			
Issued capital	16	3,935	3,935
Share premium	16	17,751	17,723
Revaluation reserve	16	1,890	1,885
Retained earnings	16	-19,719	-19,399
Mezzanine capital	16	2,494	1,994
<b>Equity, attributable to shareholders</b>		<b>6,351</b>	<b>6,138</b>
Interest-bearing loans and borrowings	19	1,399	1,077
Retirement benefit obligations	20	1,550	1,633
<b>Non-current liabilities</b>		<b>2,949</b>	<b>2,710</b>
Bank overdrafts	15	1,381	1,115
Current portion of long-term debt	19	455	839
Trade account and other payables	21	1,977	1,846
Current income tax liabilities		22	209
<b>Current liabilities</b>		<b>3,834</b>	<b>4,009</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,135</b>	<b>12,857</b>

**Consolidated cash flow statement**

(x EUR 1,000)	Notes	2012	2011
EBITDA		703	1,865
Adjustments for:			
- Share based payments		28	28
- Change retirement benefit obligation & assets		110	48
- Accrued interest		-19	-41
- Other adjustments		2	-9
Changes in working capital			
- Inventories		97	252
- Trade and other receivables		342	609
- Changes trade/ other current liabilities		-57	-551
<b>Cash flow from operating activities</b>		<b>1,206</b>	<b>2,201</b>
Interest paid	6	-307	-262
Income tax paid		-	-
<b>Net cash generated from operating activities</b>		<b>899</b>	<b>1,939</b>
<b>Cash flow from investing activities</b>			
Investments in property, plant and equipment	8	-1,475	-1,024
Disposal of ground		-	21
Investments in pension assets	20	-493	-
Investment/received in financial assets	12	771	-55
<b>Net cash flow from investing activities</b>		<b>-1,196</b>	<b>-1,058</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of mezzanine capital	16	500	-
Payment of compensation mezzanine capital		-233	-233
Proceeds from borrowings		680	215
Repayment of borrowings		-742	-1,288
<b>Net cash flow from financing activities</b>		<b>205</b>	<b>-1,306</b>
<b>Net cash flow</b>		<b>-92</b>	<b>-425</b>
Cash -/- bank overdrafts at beginning of year	15	-770	-345
Cash -/- bank overdrafts at end of year	15	-862	-770
<b>Net cash flow</b>		<b>-92</b>	<b>-425</b>

**Consolidated statement of changes in equity**

(x EUR 1,000)	<i>Number of shares x1,000</i>	Issued capital	Share premium	Revaluation reserve	Retained earnings	Mezzanine capital	Equity, attributable to shareholder s
<b>Balance at 1 January 2011</b>	<b>35,769</b>	<b>3,935</b>	<b>17,695</b>	<b>1,552</b>	<b>-19,529</b>	<b>1,994</b>	<b>5,647</b>
Recognised profit for the year 2011	-	-	-	-	588	-	588
Revaluation	-	-	-	358	-250	-	108
Depreciation buildings	-	-	-	-25	25	-	-
Value of employee options granted	-	-	28	-	-	-	28
Mezzanine capital compensation	-	-	-	-	-233	233	-
Mezzanine capital compensation distribution	-	-	-	-	-	-233	-233
<b>Balance at 31 December 2011</b>	<b>35,769</b>	<b>3,935</b>	<b>17,723</b>	<b>1,885</b>	<b>-19,399</b>	<b>1,994</b>	<b>6,138</b>
<b>Balance at 1 January 2012</b>	<b>35,769</b>	<b>3,935</b>	<b>17,723</b>	<b>1,885</b>	<b>-19,399</b>	<b>1,994</b>	<b>6,138</b>
Recognised profit for the year 2012	-	-	-	-	-82	-	-82
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
<b>Balance at 31 December 2012</b>	<b>35,769</b>	<b>3,935</b>	<b>17,751</b>	<b>1,890</b>	<b>-19,719</b>	<b>2,494</b>	<b>6,351</b>



## **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 2012 comprises the company and its subsidiaries (jointly referred to as the 'Group'). The Group includes the wholly-owned subsidiaries until 6 September 2012:

RoodMicrotec Holding GmbH (Nördlingen, Germany),  
RoodMicrotec Nördlingen GmbH + Co. KG (Nördlingen, Germany),  
RoodMicrotec Beteiligungs GmbH (Nördlingen, Germany),  
RoodMicrotec Stuttgart GmbH (Stuttgart, Germany),  
RoodMicrotec Dresden GmbH (Dresden, Germany),  
RoodMicrotec International B.V. (Zwolle, the Netherlands).

As per 6 September 2012 RoodMicrotec Nördlingen GmbH+ Co. KG. RoodMicrotec Beteiligungs GmbH and RoodMicrotec Stuttgart GmbH have been merged effectively from 1 January 2012 with the parent company RoodMicrotec Holding GmbH. The new legal company name is RoodMicrotec GmbH.

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 notes are an integral part of the financial statements.

The 2012 financial statements were prepared by the board of management and released for publication on 13 March 2013. The 2012 financial statements were adopted and approved by the supervisory board on 13 March 2013 and will be submitted for approval to the annual general meeting of shareholders on 25 April 2013.

### **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.

### **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.

### **Accounting estimates**

The preparation of the financial statements in accordance with IFRS requires management to make judgements, 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 judgements 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 on 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 in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **Going Concern**

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 48%
- Positive operational cash flow in 2012 even at a 24% 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

### **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 2012.

**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 will result 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 could have a significant impact on the consolidated financial statements since it will depart from the corridor approach as currently applied by the Group in accounting for actuarial gains and losses. Recognising all profit and loss due to the revised IAS 19 is only a one time effect in 2013.

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 Group does not anticipate that the adoption of this amendment will have a material impact on the forthcoming financial statements.

Improvements to IFRS (May 2012) – effective on or after 1 January 2013

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:

-IAS 1 'Presentation of Financial Statements' – clarification on the minimum and the additional comparative information that is required to be presented in a set of financial statements.  
in accordance with IAS 16 when they meet the definition of property, plant and equipment.

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

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.

### **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.

### *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:

<b>Category</b>	<b>Years</b>
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.

Past service costs are recognised as an expense in the income statement on a straight-line basis over the average period until the benefits are vested. To the extent that benefits vest immediately, the expense is recognised immediately in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected remaining working lives.

### **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. Procurement for US dollar denominated customers took place in 2012. The average credit rating of the Group's customers is comparable to the industry. The Group operates internationally but in 2012 all sales transactions were concluded in euros. The exchange rate results during 2012 were minimal.

The table below summarises the sales in different currencies.

(x EUR 1,000)

	2012	2011
Euro denominated net sales	11,971	15,717
US dollar denominated net sales	-	-
Balance at 31 December	11,971	15,717

*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 18,000.

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	1,050	-
Long-term borrowings from other parties	804	-
Bank overdrafts	-	1,389
<b>Balance at 31 December 2012</b>	<b>1,854</b>	<b>1,389</b>

In 2012 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. The borrowings from other parties were from ICN part Rood B.V. (Netherlands) and private investors. In 2010 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 2012 result change of approximately EUR 42,000 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 31,000.

*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. These actuarial gains and losses are not all immediately recognised in the income statement, but spread over the expected remaining working lives of the

employees, which mitigates the impact of this risk. Disregarding this mitigation a 1% decrease in the market interest rate at year-end would increase pension costs by approximately EUR 793,000. A 1% increase of the market interest rate at year-end would lead to a decrease of pension costs by approximately EUR 653,000.

### 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 2012 is stated compared to 2011.

(x EUR 1,000)

	2012	2011
Total interest-bearing borrowings	3,235	3,031
Less cash and cash equivalents	-519	-345
<b>Net debt</b>	<b>2,716</b>	<b>2,686</b>
Total equity	6,352	6,138
<b>Total capital</b>	<b>9,068</b>	<b>8,824</b>
<b>Gearing ratio (net debt/capital x 100%)</b>	<b>30%</b>	<b>30%</b>

## 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 (EUR 13,000) 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)

	2012	2011
Test	4,547	7,264
Supply Chain Management	2,457	3,556
Failure & Technology Analysis	1,917	1,667
Test Engineering	705	887
Qualification & Reliability	2,346	2,343
<b>Total</b>	<b>11,971</b>	<b>15,717</b>

### *Net sales by country in 2012*

(x EUR 1,000)

	2012	2011
Germany	5,428	6,625
USA	510	2,560
Eastern Europe	1,065	1,930
China/ Asia	35	634
Rest of Europe	4,772	3,781
Rest of the world	162	187
<b>Total</b>	<b>11,971</b>	<b>15,717</b>

## 2. Cost of sales

(x EUR 1,000)

	2012	2011
Change in work in process capitalised	-62	-253
Cost of raw materials and consumables	-2,221	-3,122
<b>Total</b>	<b>-2,283</b>	<b>-3,375</b>

### 3. Personnel expenses

(x EUR 1,000)

	2012	2011
Salaries	5,396	6,145
Social security	836	938
Share options granted to directors and employees	28	28
Pension charges	141	104
<b>Total personnel expenses</b>	<b>6,401</b>	<b>7,215</b>

The average number of people employed by the Group in 2012 on a full-time basis was 103 (2011: 111). At year-end 2012 the Group employed 103 people (2011: 106). At year-end fewer people were employed by the Group compared to 2011, therefore personnel costs decreased significantly.

### 4. Other operating expenses

(x EUR 1,000)

	2012	2011
Other operating expenses	2,584	3,262
<b>Total</b>	<b>2,584</b>	<b>3,262</b>

#### Auditor's fee 2012

The task of the external auditor is to audit the annual accounts of RoodMicrotec N.V. Mazars Paardekooper Hoffman Accountants N.V. charges EUR 24,000 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	5	-	5
Non audit	10	21	31
<b>Total</b>	<b>39</b>	<b>61</b>	<b>100</b>

## 5. Depreciation and amortisation

(x EUR 1,000)

	2012	2011
Intangible fixed assets	28	28
Land and buildings	93	39
Machinery and equipment	669	991
Other fixed assets	94	98
<b>Total</b>	<b>884</b>	<b>1,156</b>

## 6. Financial expenses

(x EUR 1,000)

	2012	2011
Interest expenses:		
- bank borrowings	303	226
- other loans	14	64
- other financial expenses	9	11
<b>Total</b>	<b>326</b>	<b>301</b>
Interest paid	285	262
Interest accrued	41	39
<b>Total</b>	<b>326</b>	<b>301</b>

## 7. Taxation

(x EUR 1,000)

	2012	2011
Income tax current year	-	-
Recognition of tax losses carried forward	288	247
Change in deferred tax liability	137	-67
<b>Total</b>	<b>425</b>	<b>180</b>

As the major part of the activities are in Germany the company uses the German domestic tax rates of 27.5% (2011: 30%) in the reconciliation of the effective tax rate below

	2012	2011
<i>Result before tax</i>	<i>-507</i>	<i>408</i>
Expected taxation /use of tax assets (based on average statutory tax rates)	-139	-131
Change of tax rate from 30% to 27,5%	-37	-
Recognition of tax assets	538	378
Change in tax liability, temporary differences	63	-67
<b>Total</b>	<b>425</b>	<b>180</b>

## 8. Property, plant and equipment

(x EUR 1,000)	Land and buildings at fair value	Machinery and equipment	Other	Total
<b>1 January 2011</b>	4,727	22,255	2,292	29,274
Cost or valuation				
Accumulated depreciation	-1,384	-20,115	-2,065	-23,564
<b>Opening net book amount</b>				
<b>1 January 2011</b>	<b>3,343</b>	<b>2,140</b>	<b>227</b>	<b>5,710</b>
Additions	-	503	521	1,024
Disposals/ transfers	-21	-	-	-21
Adjustment depreciation prior years	38	-	-	38
Depreciation charge	-77	-991	-98	-1,166
Revaluation 2011	147	-	-	147
<b>Closing net book amount</b>				
<b>31 December 2011</b>	<b>3,430</b>	<b>1,652</b>	<b>650</b>	<b>5,732</b>
<b>1 January 2012</b>				
Cost or valuation	4,707	22,758	2,813	30,278
Accumulated depreciation	-1,277	-21,106	-2,163	-24,546
<b>Opening net book amount</b>				
<b>1 January 2012</b>	<b>3,430</b>	<b>1,652</b>	<b>650</b>	<b>5,732</b>
Additions	-	787	688	1,475
Depreciation charge	-77	-691	-92	-860
<b>Closing net book amount</b>				
<b>31 December 2012</b>	<b>3,353</b>	<b>1,748</b>	<b>1,246</b>	<b>6,347</b>
<b>31 December 2012</b>				
Cost or valuation	4,707	23,545	3,501	31,753
Accumulated depreciation	-1,354	-21,797	-2,255	-25,406
<b>Net book amount</b>				
<b>31 December 2012</b>	<b>3,353</b>	<b>1,748</b>	<b>1,246</b>	<b>6,347</b>
Useful economic life in years	30*	2-10	4-10	

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



*Land and buildings at historical cost*

(x EUR 1,000)

	2012	2011
Initial costs land and buildings	4,707	4,707
Accumulated depreciation	-4,062	-3,970
Net book amount	645	737

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 the building is based on a market valuation of land and rental value in combination with the technical life of the building. The next valuation is scheduled for December 2014.

*Impairment loss and subsequent reversal*

The company neither incurred nor reversed any impairment losses in 2012. In 2011, the land and building assets were revalued to their fair value.

*Assets under construction*

Assets under construction are included in the category 'other' and total EUR nil (2011: 277,000).

*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
<b>Opening balance</b>			
<b>1 January 2011</b>			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-70	-70
Net book amount 1 January 2011	1,741	70	1,811
<b>Year ended 31 December 2011</b>			
Opening net amount	1,741	70	1,811
Amortisation charge	-	-28	-28
Closing net book amount 31 December 2011	1,741	42	1,783
<b>31 December 2011</b>			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-98	-98
Net book amount 31 December 2011	1,741	42	1,783
<b>Opening balance</b>			
<b>1 January 2012</b>			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-98	-98
Net book amount 1 January 2012	1,741	42	1,783
<b>Year ended 31 December 2012</b>			
Opening net amount	1,741	42	1,783
Amortisation charge	-	-28	-28
<b>Closing net book amount 31 December 2012</b>	<b>1,741</b>	<b>14</b>	<b>1,755</b>
<b>31 December 2012</b>			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-126	-126
<b>Net book amount 31 December 2012</b>	<b>1,741</b>	<b>14</b>	<b>1,755</b>

Goodwill is tested annually for impairment. The goodwill was allocated to the Group's cash-generating unit RoodMicrotec Stuttgart 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 2013 and 2014 the sales forecasts are based on information of our sales team, means a bottom up approach.

For the years 2015 until 2017 we have calculated on the basis of 7% average sales growth. Cash flows beyond the five-year period are extrapolated 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 11.01%) used is pre-tax and reflects specific (market) risks and represents the current WACC of the company. 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
WACC increase to 15%	No
WACC increase to 17%	Yes
Growth sales 1%	No
Growth sales 0%	Yes
Growth Sales -5%	Yes

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. Netting the assets and liabilities of 2011 into one Deferred Tax Asset of EUR 443,000 without any result or equity impact.

(x EUR 1,000)

	2012	2011
Deferred income tax asset to be recovered > 12 months	1,573	1,130
Deferred income tax asset to be recovered < 12 months	71	226
<b>Deferred income tax asset (unnetted)</b>	<b>1,644</b>	<b>1,356</b>
Deferred tax liability to be recovered > 12 months	-774	-913
Deferred tax liability to be recovered < 12 months	-	-
<b>Deferred income tax liability (unnetted)</b>	<b>-774</b>	<b>-913</b>
<b>Deferred tax asset (netted)</b>	<b>870</b>	<b>444</b>

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
<b>Balance at 1 January 2011</b>	<b>1,108</b>
Charges (credited)	248
<b>Balance at 31 December 2011</b>	<b>1,356</b>
 <b>Balance at 1 January 2012</b>	 <b>1,356</b>
Changes due to change in tax rate	-113
Charges due to reassessment (credited)	401
<b>Balance at 31 December 2012</b>	<b>1,644</b>

Based on the further implementation of the strategy of becoming a full service supply chain provider, the integration of the business units end of 2011, the legal merger of the German entities as per 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 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 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 2012, according to IAS 12.60.

For the taxes in the Netherlands no deferred tax assets have been recognised. In Germany there is no limitation to the compensation term of tax loss carry forwards. The unrecognised tax losses in the Netherlands total approximately EUR 2.8 million (of which EUR 1.7 million usable up to 2013). The unrecognised tax losses in Germany total approximately EUR 15 million in 'Körperschaftssteuer' (indefinite in time) and approximately EUR 4 million in 'Gewerbe-ertragssteuer' (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)

	Accelerated Tax depreciation Land & Buildings	Fair value gains Land & buildings	Intangible assets	Other	Total
<b>Balance at 31 December 2010</b>	<b>58</b>	<b>689</b>	<b>27</b>	<b>72</b>	<b>846</b>
Depreciation land & buildings x 30%	5	-	-	-	5
Charged (credited) to the income statement	-	-	-	7	7
Revaluation buildings tax difference	-63	118			55
<b>Balance at 31 December 2011</b>	<b>-</b>	<b>807</b>	<b>27</b>	<b>79</b>	<b>913</b>
Change of tax rate	-	-67	-2	-7	-76
Charged (credited) to the income statement	-	-1	6	-68	-63
<b>Balance at 31 December 2012</b>	<b>-</b>	<b>739</b>	<b>31</b>	<b>4</b>	<b>774</b>

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. 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. Retirement benefit assets

These amounts concern overfunded retirement benefit obligations as mentioned in note 19 of this report. The company has determined that, in accordance with the terms and conditions of the defined benefit plans, and in accordance with statutory requirements of the plans of the respective jurisdictions, the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of the obligations. This determination is made on a plan-by-plan basis. As such, no decrease in the defined benefit asset is necessary as per 31 December 2012.

## 12. Financial assets

(x EUR 1,000)

	2012	2011
<b>Balance at 1 January</b>	1,720	1,665
Investments (proceeds)	-771	55
<b>Balance at 31 December</b>	949	1,720

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 operating cash flows. Consequently, these assets do not qualify as pension assets according to IAS 19.

## 13. Inventories

(x EUR 1,000)

	2012	2011
Raw materials and consumables	59	62
Work in progress	212	137
Finished services	34	203
<b>Total</b>	305	402

## 14. Trade and other receivables

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

(x EUR 1,000)

	2012	2011
Not overdue	962	1,390
< 30 days overdue	618	498
> 30 days and < 60 days overdue	172	75
> 60 days overdue	229	198
Provisions for bad debt	-124	-81
Trade receivables	1,857	2,080
Other receivables	232	351
<b>Trade and other receivables</b>	<b>2,089</b>	<b>2,431</b>

*Provisions for bad debt*

(x EUR 1,000)

	2012	2011
Balance at 1 January	-81	-12
Addition to the bad debt provision	-55	-76
Write-off bad debts	12	7
<b>Balance at 31 December</b>	<b>-124</b>	<b>-81</b>

## 15. Cash and cash equivalents

(x EUR 1,000)

	2012	2011
Cash at bank and on hand	519	345
Bank overdrafts	-1,381	-1,115
<b>Total</b>	<b>-862</b>	<b>-770</b>

As at 31 December 2012 € 500,000 was deposited with the UBS bank. This capital is not freely available to the company. It will be used for a transfer to the BRVK Unterstützungskasse in the context of outsourcing of pension liabilities in 2013.

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 2012 totalled EUR 1,575,000. The interest rates range from 6.7% to 9.1% (2011: 6.7% to 9.1%).

The credit line with the credit institutions in the Netherlands as of 31 December 2012 totalled EUR 75,000 without any security.

## 16. Share capital

*Authorised share capital*

At 31 December 2012 the authorised share capital comprised 50,000,000 ordinary shares (2011: 50,000,000). The shares have a nominal value of EUR 0.11 each. At 31 December 2012, 35,769,184 ordinary shares (2011: 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 969,999 shares in the company. The company holds 4,100 ordinary shares (2011: 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 (2011: < 0.01%).

*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. The amount will be transferred to the German pension fund during 2013.

An annual compensation of 11.70% may be paid but 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 for a payment and there are unpaid compensations ("compensation arrears"), then payment of these compensations should first 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.

## 17. 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)	2012	2011
Profit attributable to equity holders of the company	-82	588
Weighted average number of ordinary shares in issue (in thousands)	35,769	35,769
Basic earnings per share (x EUR 1)	0.00	0.02

*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)	2012	2011
Profit attributable to equity holders of the company	-82	588
Profit used to determine diluted earnings per share	-82	588
(x 1,000)		
Weighted average number of ordinary shares in issue	35,769	35,769
Adjustments for:		
- share options (in the money)	736	366
Weighted average number of ordinary shares for diluted earnings per share	36,504	36,135
Diluted earnings per share (x EUR 1)	0.00	0.02



## 18. 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 the date of the grant. 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:

- 31% volatility, 60 days
- Weighted average share price: 0.168
- 1% dividend yield
- 5% annual risk-free interest rate
- Expected option life of 3 years

The value of the granted options in 2012 was EUR 28,000 (2011: EUR 28,000).

### Share option rights

The overview of all option rights outstanding on 31 December 2010 is as follows:

Related to financial year	Options 31-12-11	Granted in 2012	Exercised in 2012	Expired in 2012	Options 31-12-12	Exercise price in € (average)	First date of exercise	Last date of exercise
2007	48,500	-	-	48,500	-	0.55	5 Jan 10	4 Jan 12
2010	180,000	-	-	-	180,000	0.17	07 Jul 10	07 Jul 13
<b>Employee Rights</b>	<b>228,500</b>	<b>-</b>	<b>-</b>	<b>48,500</b>	<b>180,000</b>	<b>0.25</b>		
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
<b>Rights Nijenhuis</b>	<b>365,888</b>	<b>370,000</b>	<b>-</b>	<b>-</b>	<b>735,888</b>	<b>0.11</b>		
<b>Total</b>	<b>594,388</b>	<b>370,000</b>	<b>-</b>	<b>48,500</b>	<b>915,388</b>	<b>0.12</b>		

### Options exercised in 2012 and effects on equity

In 2012 no options were exercised (2011: nil).

### Supervisory board

As at 31 December 2012, 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 2012 it had not yet been established to what extent the targets of the CEO had been achieved.

Regarding the options for the CEO for the first and second half of 2012 no options were granted and approved by the supervisory board as per 31 December 2012. Hereto a provision has been made for 370,000 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 (370,000) in 2012 are options for the first and second half year of 2011.

## 19. Interest-bearing loans and borrowings

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

(x EUR 1,000)

	2012	2011
Secured bank loans	1,050	1,240
Finance lease liabilities	257	426
Other loans	547	250
	<b>1,854</b>	<b>1,916</b>
Less: current portion of long-term loans	-455	-839
	<b>1,399</b>	<b>1,077</b>

### 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	1,050	230	820	460	260	100
Finance lease liabilities	257	125	132	47	85	-
Other loans	547	100	447	22	73	352
Total	<b>1,854</b>	<b>455</b>	<b>1,399</b>	<b>529</b>	<b>418</b>	<b>452</b>
<b>Total interest-bearing loans and borrowings</b>	<b>1,854</b>	<b>455</b>	<b>1,399</b>	<b>529</b>	<b>418</b>	<b>452</b>
Bank overdrafts	1,381	1,381	-	-	-	-
Trade and other payables	1,983	1,983	-	-	-	-
Current income tax liabilities	21	21	-	-	-	-
Total other current liabilities	<b>3,385</b>	<b>3,385</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>5,239</b>	<b>3,840</b>	<b>1,399</b>	<b>529</b>	<b>418</b>	<b>452</b>

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	19	10	9	5	4	-
Loan	312	93	219	75	124	-
<b>Total</b>	<b>331</b>	<b>103</b>	<b>228</b>	<b>80</b>	<b>128</b>	

*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 3,323,397, 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 2012 no new financial leases were contracted (2011: EUR 215,000).

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)

	2012	2011
Cost-capitalised finance leases	2,493	2,493
Accumulated depreciation	-2,186	-2,004
Net book amount	307	489

(x EUR 1,000)

	2012	2011
Gross financial lease liabilities	2,835	2,835
Lease terms paid	-2,578	-2,370
<b>Outstanding lease terms</b>	<b>257</b>	<b>465</b>
Within 1 year	136	188
Between 1 and 2 years	52	125
Between 2 and 5 years	89	152
<b>Outstanding lease terms</b>	<b>277</b>	<b>465</b>
Less interest expenses	-20	-39
<b>Present value of financial lease liabilities</b>	<b>257</b>	<b>426</b>

(x EUR 1,000)

	2012	2011
Present value of financial lease liabilities		
Within 1 year	125	169
Between 1 and 2 years	47	129
Between 2 and 5 years	85	128
<b>Present value of financial lease liabilities</b>	<b>257</b>	<b>426</b>

#### *Interest rates*

The average interests paid were as follows:

	2012	2011
Bank overdrafts	6.67% - 9.13%	6.67% - 9.13%
Bank loans	3.7% - 6.67%	6.67% - 7.90%
Finance lease liabilities	4.41% - 6.49%	4.41% - 6.49%
Other loan	8.00% - 10.00%	4.50% - 7.50%

## 20. Retirement benefit obligations

### Five year overview pension plan

(x EUR 1,000)

	2012	2011	2010	2009	2008
<i>Actuarial assumptions</i>					
Discount rate at 31 December	3.6%	5.4%	5.1%	5.5%	5.7%
Expected return on plan assets at 31 December	3.6%	4.0%	4.0%	4.0%	4.0%
Medical cost trend rate	0%	0%	0%	0%	0%
Future pension increases	1.0%	1.0%	1.0%	1.0%	1.0%
Inflation	1.0%	1.0%	1.0%	1.0%	1.0%
<i>Retirement benefit obligations and plan assets</i>					
Opening defined obligation	4,963	5,121	4,860	4,688	3,351
Acquisition of subsidiary	-	-	-	-	1,411
Service costs	24	24	28	28	21
Interest costs	260	253	260	261	220
Actuarial gain (-) or loss	1,113	-154	230	125	-141
Pension payments	-263	-281	-257	-242	-174
Present value of retirement benefit obligations	6,097	4,963	5,121	4,860	4,688
Opening fair value of plan assets	3,390	3,389	1,397	1,396	1,392
New asset plan	493	-	1,994	-	-
Expected return on plan assets	132	132	45	55	55
Actuarial gain (-) or loss	79	53	-	-7	-3
Contributions by employer	19	18	17	17	16
Benefits paid	-238	-202	-64	-64	-64
Closing fair value of plan assets	3,873	3,390	3,389	1,397	1,396
Net present value of unfunded obligations (pension obligations -/- plan assets)	2,224	1,573	1,732	3,463	3,292
Unrecognised actuarial gains and losses	-975	60	-147	-96	224
<b>Net retirement benefit obligations</b>	<b>1,251</b>	<b>1,633</b>	<b>1,585</b>	<b>3,367</b>	<b>3,516</b>
Of which overfunded plan assets, reclassified to assets	301	-	-	-	-
	<b>1,550</b>	<b>1,633</b>	<b>1,585</b>	<b>3,367</b>	<b>3,516</b>
	2012	2011	2010	2009	2008
Current service costs	24	24	28	28	21
Interest on obligation	260	253	260	261	220
Expected return on plan assets	-143	-132	-45	-55	-55
Actuarial losses recognised in the year	-	-41	83	-	-
<b>Expenses recognised in income statement</b>	<b>141</b>	<b>104</b>	<b>326</b>	<b>234</b>	<b>186</b>

Starting from the 2013 accounting period the Corridor method will not be used anymore due to new IFRS/IAS regulations. With the current market interest rate and disregarding the Corridor method the pension liabilities would have been EUR 975,000 higher. This would have a negative impact on the profit & loss for this amount.

*Funded and unfunded pension plans*

(x 1,000 EUR)

\* = These overfunded plans are presented as a retirement benefit asset in the balance sheet.

	<b>2012</b>			<b>2011</b>		
	(Partially) Funded plans	Unfunded plans	Total plans	(Partially) Funded plans	Unfunded plans	Total Plans
<i>Retirement benefit obligations</i>						
<i>obligation and plan assets</i>						
Opening defined obligation	3,389	1,574	4,963	3,513	1,608	5,121
Service costs	9	15	24	9	15	24
Interest costs	179	81	260	174	79	253
Actuarial gain (-) or loss	1,029	84	1,113	-106	-48	-154
Pension payments	-184	-79	-263	-202	-79	-281
Present value of retirement benefit obligations	4,422	1,675	6,097	3,388	1,574	4,963
Opening fair value of plan assets	3,390	-	3,390	3,389	-	3,389
New asset plan	493	-	493	-	-	-
Expected return on plan assets	132	-	132	132	-	132
Actuarial gain (-) or loss	78	-	78	53	-	53
Contributions by employer	19	-	19	18	-	18
Benefits paid	-238	-	-238	-202	-	-202
Closing fair value of plan assets	3,872	-	3,872	3,390	-	3,390
Net present value of unfunded obligations	550	1,675	2,224	-1	1,574	1,573
(pension obligations -/- plan assets)						
Unrecognised actuarial gains and losses	-851	-124	-975	84	-24	60
<b>Net retirement benefit obligations</b>	<b>-301*</b>	<b>1,551</b>	<b>1,250</b>	<b>83</b>	<b>1,550</b>	<b>1,633</b>

The discount rate has been established according to the standards of actuaries. The discount rate in 2012 has been adjusted in accordance with market interest rates as at 31 December 2012. The estimated pension payments for 2012 are EUR 262,000. 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 2012 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 211,000. (2011: EUR 185,000). 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.

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%.

## 21. Trade accounts and other payables

(x EUR 1,000)

	2012	2011
Suppliers and trade credits	1,229	936
Non-trade payables and accrued expenses	748	910
<b>Total</b>	<b>1,977</b>	<b>1,846</b>

## 22. Off-balance sheet commitments

*Operating leases as lessee*

(x EUR 1,000)

	2012	2011
Less than one year	118	114
Between one and five years	103	160
More than five years	-	-
<b>Total</b>	<b>221</b>	<b>274</b>

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 2012 were EUR 160,000 (2011: EUR 118,000). 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 240,000.

#### *Capital commitments*

During the year ended 31 December 2012 the Group entered into a contract to purchase property, plant and equipment for EUR nil (2011: EUR 280,000).

#### *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 daughter company form a fiscal unity for corporate tax. Each of the operating companies is severally liable for tax to be paid by all companies that belong to the fiscal unity.

## 23. 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 also participates in the Group's share option scheme.

(x EUR 1,000)

Mr Ph.M.G. Nijenhuis (CEO)	Fixed salary	Salary sacrifice	Bonus	Pension	Valuation options	<b>Total</b>
2012	150	-8	-	14	28	<b>184</b>
2011	150	-	-	14	28	<b>192</b>
2010	150	-9	-	14	27	<b>182</b>
2009	150	-15	-	14	27	<b>176</b>

Currently no private security is put up by the CEO in 2012. 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.



*Remuneration of the supervisory board*  
(x EUR 1,000)

	2012	2011
Mr J.H.P.M. Stolker (chairman)	13	13
Mr. V.G. Tee	8	8
Mr W. Fluit	8	4
<b>Total</b>	29	25

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.

Mr. J.H.P.M. Stolker holds a 1.25% participation in ICN Part Rood Fund B.V. ICN Part Rood Fund B.V. has provided a loan to the company (currently outstanding for an amount of EUR 81,000 EUR)

*Other related party transactions*

The Group has not entered into any joint ventures

## C. COMPANY FINANCIAL STATEMENTS

### Company balance sheet (before appropriation of net result)

(x EUR 1,000)	Note	31 Dec 2012	31 Dec 2011
<b>ASSETS</b>			
Property, plant and equipment		14	14
Investments in subsidiaries	1	3,971	2,979
Loans to group companies	2	2,300	3,851
<b>Non-current assets</b>		<b>6,285</b>	<b>6,844</b>
Group companies		144	-
Other receivables		191	186
Cash and cash equivalents		3	2
<b>Current assets</b>		<b>338</b>	<b>188</b>
<b>TOTAL ASSETS</b>		<b>6,623</b>	<b>7,032</b>
<b>EQUITY AND LIABILITIES</b>			
Issued capital		3,935	3,935
Share premium		17,751	17,723
Revaluation reserve		1,890	1,885
Retained earnings		-19,637	-19,987
Result for the year		-82	588
Mezzanine		2,494	1,994
<b>Equity, attributable to equity holders</b>	3	<b>6,351</b>	<b>6,138</b>
Bank overdrafts		62	56
Current portion of long-term debt		82	250
Group companies		-	394
Trade account and other payables		122	188
Current income tax liabilities		6	6
<b>Current liabilities</b>		<b>272</b>	<b>894</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,623</b>	<b>7,032</b>

### Company Income statement

(x 1,000 EUR)	Year ended 31 December,	
	2012	2011
Net profit from group companies	729	457
Other income	-811	131
<b>NET RESULT</b>	<b>-82</b>	<b>588</b>

## **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 Section 2:402 of the Netherlands 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 according to 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 2012 comprises the company and its subsidiaries (jointly referred to as the 'Group').

As per 6 September 2012 RoodMicrotec Nördlingen GmbH+ Co. KG, RoodMicrotec Beteiligungs GmbH and RoodMicrotec Stuttgart GmbH have been merged effectively from 1 January 2012 with the parent company RoodMicrotec Holding GmbH. The new legal company name is RoodMicrotec GmbH.

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)

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

RoodMicrotec Holding GmbH (Nördlingen, Germany),

RoodMicrotec Nördlingen GmbH + Co. KG (Nördlingen, Germany),

RoodMicrotec Beteiligungs GmbH (Nördlingen, Germany),

RoodMicrotec Stuttgart GmbH (Stuttgart, Germany),

RoodMicrotec Dresden GmbH (Dresden, Germany),

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

The 2012 financial statements were prepared by the board of management and released for publication on 13 March 2013. The 2012 financial statements were adopted by the supervisory board on 13 March 2013 and will be submitted for approval to the annual general meeting of shareholders on 25 April 2013.

*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)

	2012	2011
<b>Balance at 1 January</b>	2,979	2,653
Revaluation	-	102
Profit of group companies	729	457
Issue Mezzanine Capital	500	-
Mezzanine capital compensation	-233	-233
Other movements	-4	-
<b>Balance at 31 December</b>	3,971	2,979

## 2. Loans to group companies

This item relates to subordinated loans issued to the subsidiaries. The total subordinated amount is EUR 2,300,000. An amount of EUR 2,300,000 is subordinated to all other liabilities. The interest rate is 8%.

Movements in this item were as follows:

(x EUR 1,000)

	2012	2011
<b>Balance at 1 January</b>	3,851	3,851
Restructuring intercompany loan	-1,051	-
Waiving of loan to German entity	-500	-
<b>Balance at 31 December</b>	2,300	3,851

### 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 2012	Total 2011
<b>Balance at 1 January</b>	3,935	17,723	1,885	-19,399	1,994	6,138	5,647
Valuation options granted	-	28	-	-	-	28	28
Depreciation buildings	-	-	5	-5	-	-	-
Issued mezzanine capital	-	-	-	-	500	500	-
Mezzanine compensation	-	-	-	-	-233	-233	-233
Mezzanine comp. distribution	-	-	-	-233	233	-	-
	3,935	17,751	1,890	-19,637	2,494	6,433	5,550
Appropriation of result	-	-	-	-82	-	-82	588
<b>Balance at 31 December</b>	3,935	17,751	1,890	-19,719	2,494	6,351	6,138

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)

	Total 2012	Total 2011
<b>Balance as at 1 January</b>	1,885	1,552
Revaluation buildings	-	358
Depreciation buildings	5	-25
<b>Balance as at 31 December</b>	1,890	1,885

The revaluation reserve cannot be used for dividend payments.

Amsterdam, 13 March 2013

#### Board of management

Ph. M.G. Nijenhuis, CEO

#### Corporate management team

R. Pusch, Vice-president and CSO

N. Wirth, CTO

R.A. Cuny, CFO

#### Supervisory board

J.H.P.M. Stolker, Chairman

V.G. Tee

W. Fluit

## E. OTHER INFORMATION

### Independent auditor's report

To General Meeting of Shareholders of RoodMicrotec N.V.

#### *REPORT ON THE ANNUAL ACCOUNTS*

We have audited the Annual Accounts 2012 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 balance sheet as at 31 December 2012, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company annual accounts comprise the company balance sheet as at 31 December 2012, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

#### *Management's responsibility*

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.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *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 2012 and of its result and its cash flow 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 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

**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 2013

MAZARS PAARDEKOOPEL HOFFMAN ACCOUNTANTS N.V.

w.s. P.J. Steman RA

**Post balance sheet date events**

No significant events have taken place after balance sheet date.

**Profit appropriation**

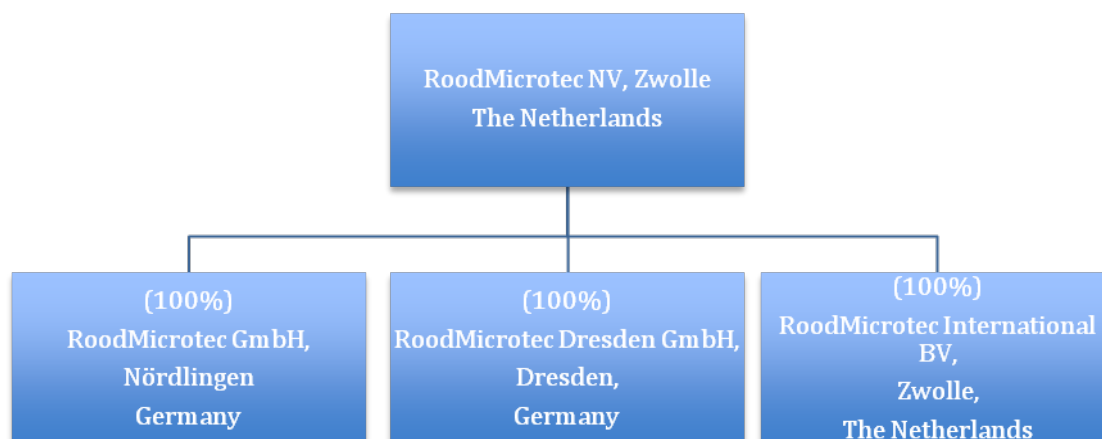
Article 27 of the articles of association includes the following provisions for profit appropriation:

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 Stuttgart & 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

## Addresses and personal details

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### **Board of Management**

Ph.M.G. Nijenhuis, CEO

### **Members of Corporate Management Team**

R. Pusch, VP and CSO

N. Wirth, CTO

R. Cuny, CFO



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