



RoodMicrotec
powerful solutions





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powerful solutions

ROOD TESTHOUSE INTERNATIONAL N.V.

Annual Report 2009



Fabless world

In the 1980s the semiconductor industry was vertically integrated. That is to say that semiconductor companies performed the entire business process in-house, from silicon wafer production and process technology for chip manufacture all the way to assembly and testing.

This situation changed in the 1990s, when smaller, more specialised companies were formed that increasingly contracted out production. This marked the beginning of the fabless semiconductor companies.

These include semi-fabless companies – which still perform test activities or back-end activities, but have contracted out production – and pure fabless companies. Many innovative start-ups come into the latter category.

In order to promote the fabless business model globally, Jodi Shelton founded the Fabless Semiconductor Association (FSA) in 1994. At that time, there were only three fabless companies with total sales of USD 250 million. In the following years, many companies, including larger IDMs (Integrated Device Manufacturers) converted to the total fabless model. Currently, the FSA has over 500 corporate members in 25 countries, and the fabless companies make up a large part of the global sales in the semiconductor industry. In 2008, the 5 biggest realised approximately USD 20 billion in sales. The sector is showing significant growth in Europe.

RoodMicrotec is uniquely equipped to support these companies with its superior quality-oriented business units Qualification & Reliability Investigation, Failure & Technology Analysis, Test Engineering, Test and Supply Chain Management.

Certified by RoodMicrotec!
February 2010





RoodMicrotec certifies the integrity of customers' applications

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Chamber of Commerce
number 33251008

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Car industry, LED,

RoodMicrotec investigates LEDs for applications in:

- lighting
- advertising
- automotive
- industry
- medical systems

Profile of RoodMicrotec

General

Rood Testhouse International N.V. (RoodMicrotec) is listed on the Official Market of the Euronext Amsterdam stock exchange (Euronext N.V.) since 1986. RoodMicrotec was formed in July 2008 in a merger between Rood Technology and Microtec.

With 40 years' experience as an independent value-added service provider in the area of micro and optoelectronics, to Integrated Device Manufacturers (IDMs) in particular, we offer fabless companies, Original Equipment Manufacturers (OEMs) and other companies a one-stop shopping proposition. With our powerful solutions we have built up a strong position in Europe.

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 that applies to suppliers to the automotive industry. We also have an accredited laboratory for test activities and calibration to the ISO/IEC 17025 standard.

The core activities of Test & Related Services consist of the development, production and service provision to the semiconductor industry, including:

- supply chain management (SCM), facilitating the purchasing, testing and acceptance of semiconductors for sale in Europe; managing the complete supply chain from wafer to final product including logistics around the world; activities in Asia will mostly take place through the strategic partnership with Millennium Microtech concluded in 2007;
- testing semiconductors (microchips), which represents the majority of sales, optoelectronics (image sensors, OASIC, LEDs) and printed circuit boards;
- end-of-line manufacture and service;
- developing test software for semiconductors;
- qualifying semiconductors and printed boards as well as printed boards assemblies;
- qualifying production processes relating to interconnection technologies and ESD sensitivity;

- analysing failures at wafer, package and board level;
- reliability, environmental investigations of semiconductors, (assembled) printed circuit boards (PCBs).

This complete service package with long-term experienced engineers gives us a unique position in the market.

The activities have been grouped into the following business units:

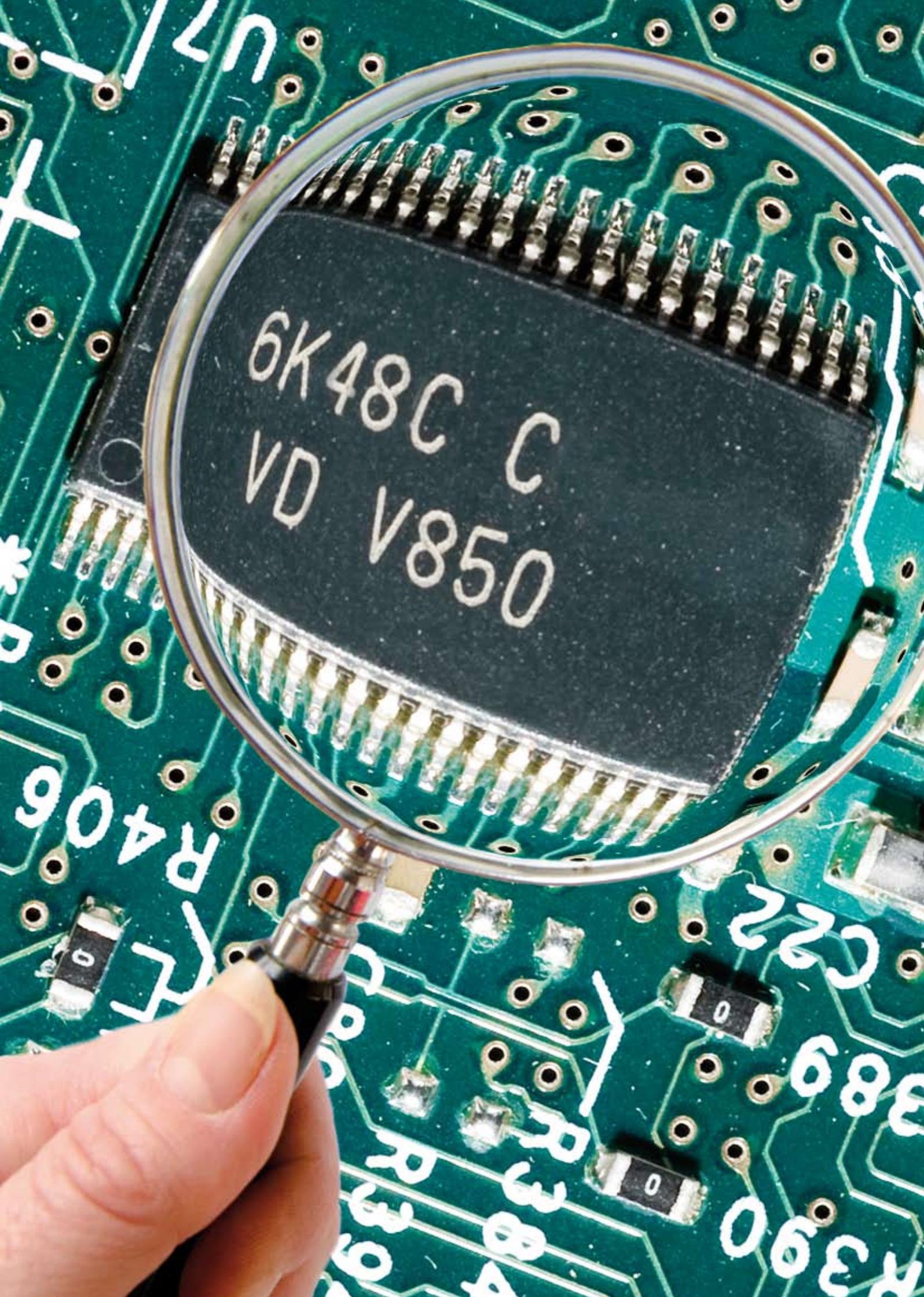
- Supply Chain Management
- Test & End-of-line Services
- Failure & Technology Analysis
- Test Engineering
- Qualification & Reliability Investigation

A strong sales organisation with test engineers enables customers to profit maximally from the company's development work and expertise.

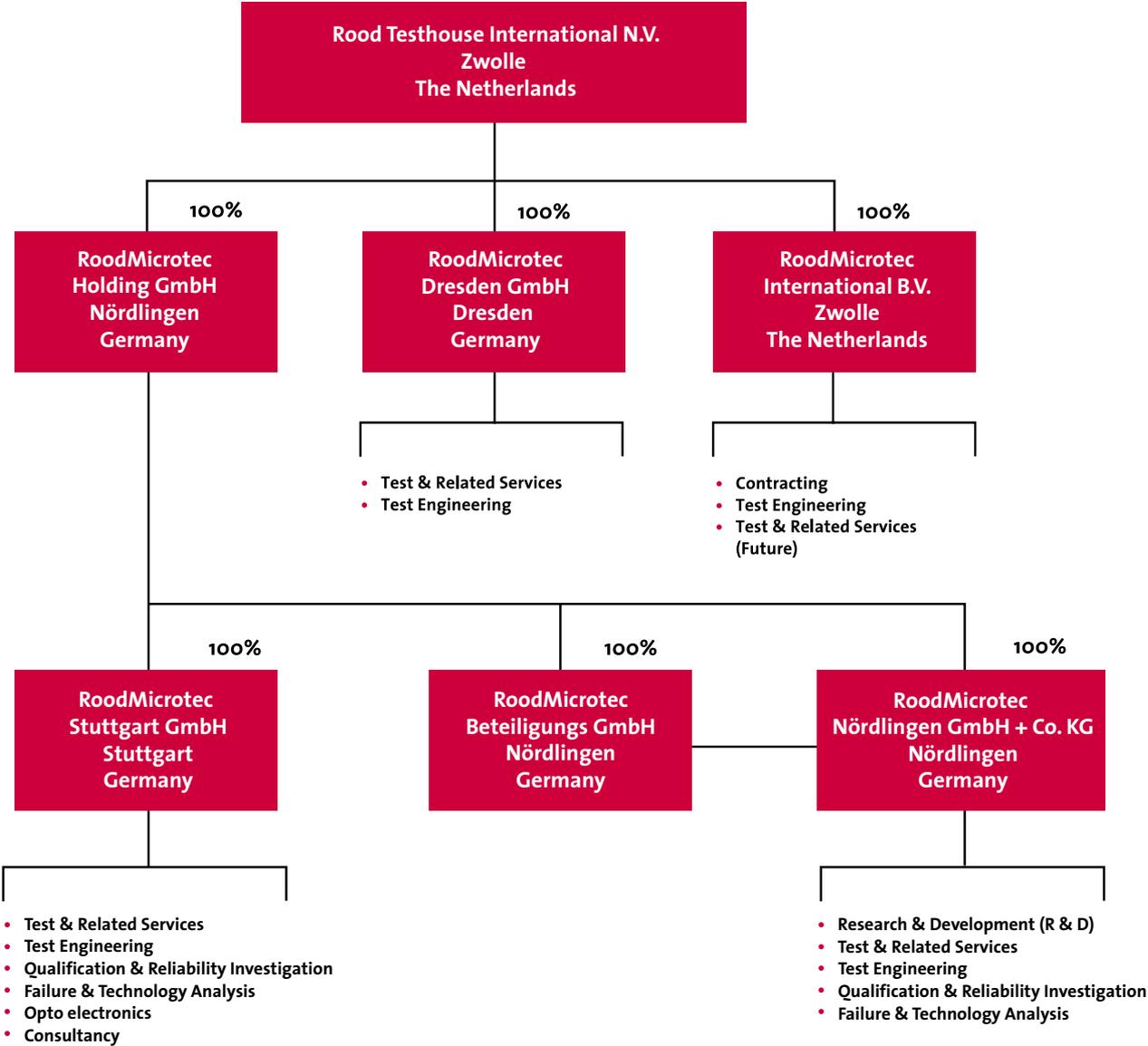
At year-end 2009, the company had 126 (FTE) employees on permanent staff. In the 2009 financial year, sales of EUR 11,922,000 generated a net result of EUR -1,742,000.

Market and market position

Our customers are mainly based in Europe. The high level of know-how in the organisation and the comprehensive portfolio of services, together with our foundry and back-end service partners, enable us to strongly support the supply chain of fabless companies and the OEM segment. As one of the largest European independent testhouses we focus on more complex products in space and aeronautical, industry, automotive and telecommunications. With our focus on the complete field of electronics (micro and opto) from wafer to assembled board, we are the independent test-house in Europe capable of providing Qualification & Reliability Investigation, Test, Test Engineering, Failure & Technology Analysis and consultancy services to the semiconductor industry as a whole and the fabless market and the OEMs in particular. The majority of our customers operate in the automotive sector (approximately 35%), the industry/ medical (approximately 32%) and Hi-Rel/ Space (approximately 14%).



Group Structure



Old Name	New Name
Rood Technology Service GmbH	RoodMicrotec Holding GmbH
Rood Technology Dresden GmbH	RoodMicrotec Dresden GmbH
Rood Technology International B.V.	RoodMicrotec International B.V.
Microtec GmbH testlab for opto + microelectronics	RoodMicrotec Stuttgart GmbH
Rood Technology Deutschland Beteiligungs GmbH	RoodMicrotec Beteiligungs GmbH
Rood Technology Deutschland GmbH + Co	RoodMicrotec Nördlingen GmbH + Co. KG

Planned to be effected in Q2 2010

Corporate management team

Board of management



Philip M.G. Nijenhuis (1945)

Nationality: Dutch

Chief Executive Officer since September 2004

Previous positions: senior management and board positions with BESI, DTS, Schlumberger, AT Kearney, ITT/Alcatel, Scania and Wavin.

Corporate management team



Reinhard Pusch (1953)

Nationality: German

Vice President and Chief Sales Officer

Member of corporate management team since July 2008

Previous positions: senior management positions with Alcatel and General Manager of Microtec GmbH.



Hans-Peter Neuber (1958)

Nationality: German

Chief Operating Officer

Member of corporate management team since July 2008

Previous positions: Operations

Manager and authorised officer with Microtec GmbH since 1986.



Thorsten Bucksch (1968)

Nationality: German

Chief Technology Officer

Member of corporate management team since 2007

Previous positions: senior management positions with Elmos, Siemens Semiconductor/Infineon and Qimonda.

Previous positions: senior management positions with Elmos, Siemens Semiconductor/Infineon and Qimonda.



Sebastiaan G. Hollenberg (1974)

Nationality: Dutch

Chief Financial Officer

Member of corporate management team since August 2007

Previous positions:

management positions with Eurofiber and Falcon Leven.

Supervisory board



Cees W.M. Koot (1936)

Nationality: Dutch

Chairman of the supervisory board since 1998

Reappointed in 2005

Term of office ends in 2010

Previous positions: senior management and board positions with Philips Components, Communications and Semiconductors.



Jan H.P.M. Stolker (1955)

Nationality: Dutch

Member of the supervisory board

Appointed on 26 March 2009

Term of office ends in 2013

Previous positions: senior management and board positions with ABN Amro Bank, NeSBIC Investment Funds II and a number of private companies.

Current position: manager/advisor of a number of private companies, program director Erasmus University Rotterdam, supervisory board member of Medinova NV, board member of Flowmaster Group NV.



Victor G. Tee (1943)

Nationality: British

Member of the supervisory board

Appointed on 26 March 2009

Term of office ends in 2013

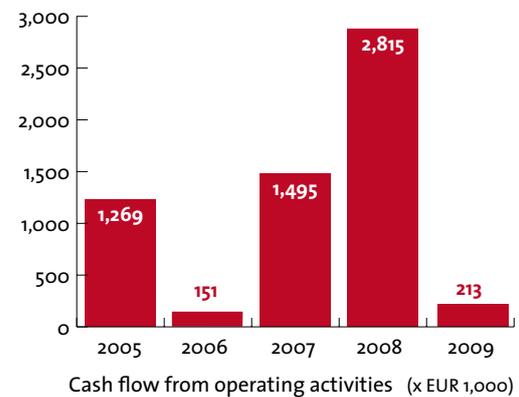
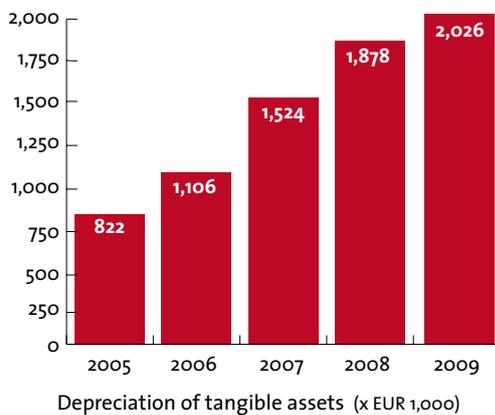
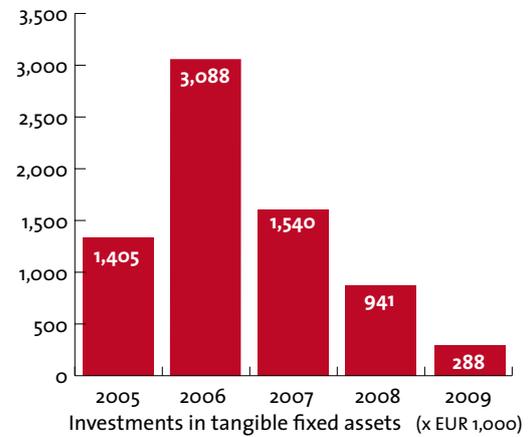
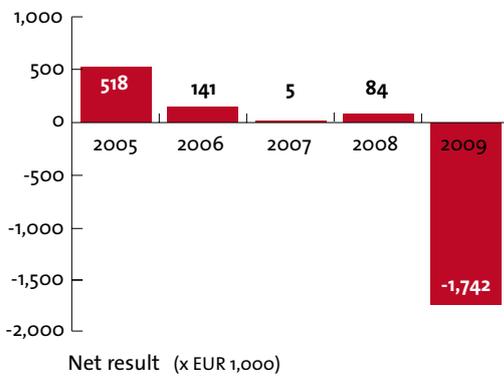
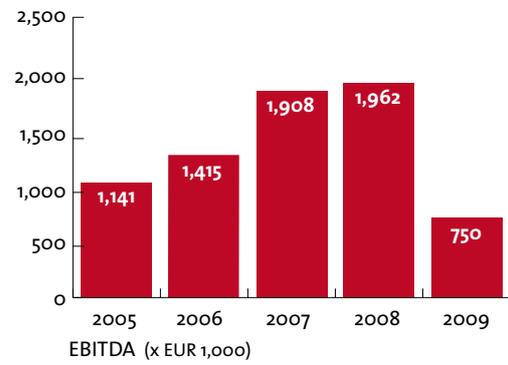
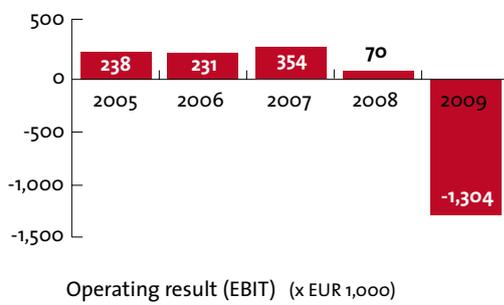
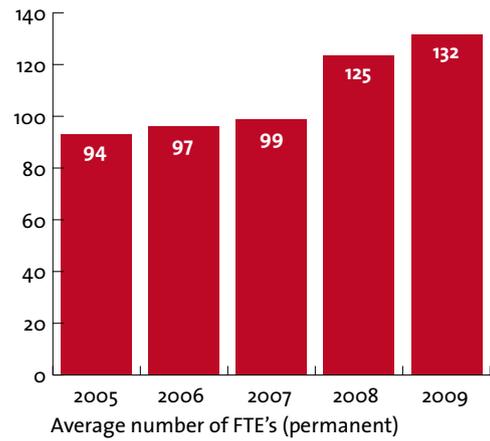
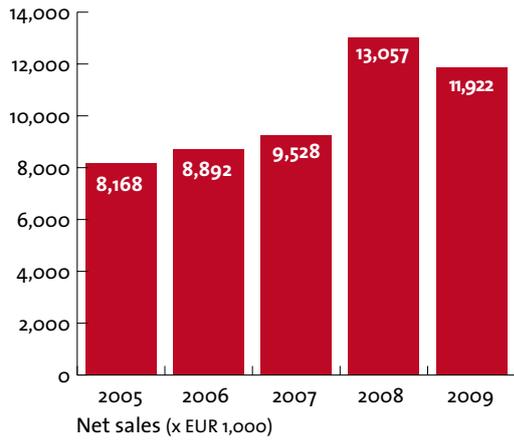
Previous positions: several senior management positions with Philips and Siliconix.

Current position: president and CEO of Millennium Microtech Group.

Key figures

(X EUR 1,000)

	2009	2008	2007	2006	2005
Result					
Net sales	11,922	13,057	9,528	8,892	8,168
Total operating income	12,076	13,019	9,539	8,872	8,149
Gross margin	9,821	11,307	8,657	7,948	7,470
Operating result/EBIT	-1,304	70	354	231	238
EBITDA	750	1,962	1,908	1,415	1,141
Cash flow (net result and depreciaton)	312	1,976	1,559	1,325	1,421
Cash flow from operating activities	213	2,815	1,495	151	1,269
Net result	-1,742	84	5	141	518
Capital					
Total assets	12,449	14,675	11,295	11,144	8,630
Group equity	3,115	4,132	3,344	3,335	3,075
Convertible debt	750	1,667	1,000	1,000	1,475
Group equity + convertible loans	3,865	5,799	4,344	4,335	4,550
Group equity + convertible loans as a percentage of total assets	31.0	39.5	38.5	38.9	52.7
Net debt as a percentage of equity	155.7	145.2	144.2	143.5	64.8
Net debt as a percentage of total assets excluding convertible loans	32.9	29.5	33.8	33.9	6.0
Assets					
Tangible fixed assets	6,629	8,367	8,449	8,433	6,597
Investments in tangible fixed assets	288	941	1,540	3,088	1,405
Investments in subsidiaries	0	2,876	0	0	0
Depreciation of tangible fixed assets	2,026	1,878	1,524	1,106	822
Data per share (x EUR 1.-)					
Capital and reserves	0.09	0.14	0.13	0.12	0.15
Operating results	-0.04	0.00	0.01	0.01	0.01
Cash flow	0.01	0.09	0.06	0.01	0.08
Net result	-0.05	0.00	0.00	0.01	0.03
Share price: year end	0.15	0.15	0.57	0.66	0.56
Share price: highest	0.57	0.57	0.66	0.96	0.73
Share price: lowest	0.12	0.12	0.43	0.55	0.45
Issue of nominal shares					
At year end (x 1,000)	35,196	30,489	26,741	26,741	19,867
Number of FTE's (permanent)					
At year end	126	148	100	104	95
Average	132	125	99	97	94
Sales (total)/ average FTE's (permanent)	93	104	96	92	87
Sales (core-business)/ average FTE's (permanent)	93	104	96	92	87



Report of the CEO

In early 2009, the market was expected to decline by 5% to 6%. In reality, the decrease proved to be much worse, making 2009 one of the hardest years in the semiconductor industry, and consequently also for us.

Test & Related Services in particular was hit by the crisis; some key customers did not supply products to us for months. As a result, the equipment load fell sharply. There were also bankruptcies in the industry. We have been able to compensate this loss partially with new customers. On balance, these matters have negatively affected our sales, especially in supply chain management and test.

At the same time we note that the merged company RoodMicrotec is in a much more stable position than before.

We are well placed to profit from a market recovery. In view of the crisis, we have scrutinised a large number of our activities, implemented reorganisations and optimisation processes and made sweeping cutbacks, inter alia through short-time working. This last point, however, must be qualified. Although short-time working did lead to considerable savings, it also caused unease and tension among our staff. This was compounded by the fact that sales and the sales support departments came under pressure, especially in the second half of the year, from the high number of applications, while the hitrate – the number of

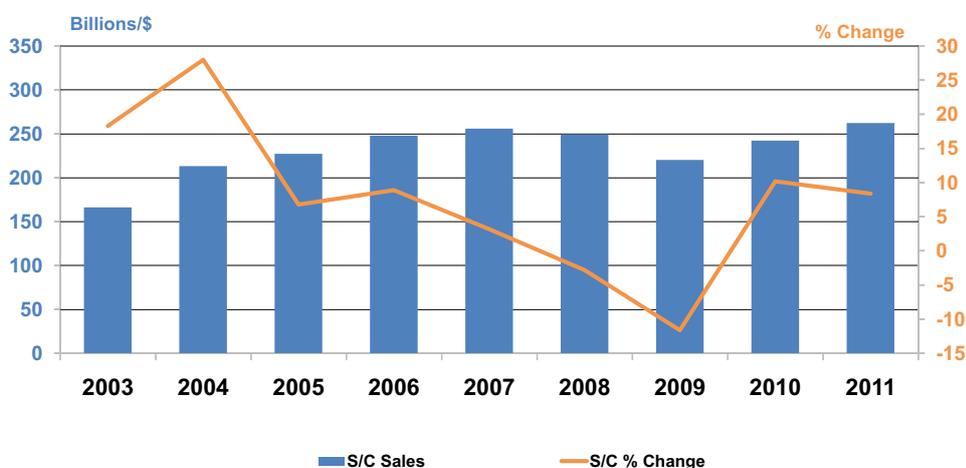
applications resulting in actual contracts – decreased. The higher number of applications concerned the fabless segment in particular. Furthermore, we have achieved a long-term decrease of the breakeven point and have taken measures to start working with temporary staff on a long-term basis in some sectors.

These processes were not completed during the reporting year, and will be rolled out further in the course of 2010.

Our insight into our market position has also been refined. In the future, we will focus more on our services to the fabless and OEM markets. In this context, we will also increasingly position ourselves as a first-class one-stop shopping service provider. Our core services Supply Chain Management, Failure & Technology Analysis, Qualification & Reliability Investigation and Engineering are perfectly suited to this goal. Furthermore, we will further develop partnerships with FABs that are key for us, such as X-FAB and back-end manufacturers in Asia, like Millennium Microtech.

With the critical mass created in many sectors by the merger Rood Technology-Microtec, we will continue our strategy of a growth rate of between 5% and 15% per year. We will also focus more on improving the operational result and the net result of the company.

Ph.M.G. Nijenhuis
CEO



Source: SIA Fall 2009 Forecast



Shareholder information

Financial agenda

11	March 2010	Publication annual report 2009
25	March 2010	Annual general meeting of shareholders
12	May 2010	Publication trading update
6	July 2010	Publication sales figures first half 2010
31	August 2010	Publication interim report 2010
31	August 2010	Conference call for press and analysts
11	November 2010	Publication trading update
11	January 2011	Publication sales figures full year 2010
24	February 2011	Publication annual figures 2010
24	February 2011	Conference call for press and analysts
10	March 2011	Publication annual report 2010
24	March 2011	Annual general meeting of shareholders
11	May 2011	Publication trading update
7	July 2011	Publication sales figures first half 2011
31	August 2011	Publication interim report 2011
31	August 2011	Conference call for press and analysts
10	November 2011	Publication trading update

Major Holdings in Listed Companies Disclosure Act

As at 31 December 2009, 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 in the next few years to grow and to further improve its financial health. The management prefers to use the company's own resources to finance growth, and strives to increase 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. Due to the financial results, the company proposes to the shareholders not to distribute a dividend for the 2009 financial year. The economic crisis of 2009 has made dividend distributions unlikely for the immediate future.

Currently, further debt reduction is our first priority.

Changes in the number of shares in 2009

Position as at 1 January: 30,489,148.

Position as at 31 December: 35,196,185.

As at 31 December 2009, 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 pursued a more active investor relations policy since 2006, organising meetings and conference calls with press, analysts and investors.

In 2010, we intend to advertise our core activities more proactively through events like seminars focusing on our core activities such as supply chain management for fabless companies and OEMs and the corresponding services. The objective is to communicate our specific knowledge and share it with our customers and partners. We will also give more attention to publicity.

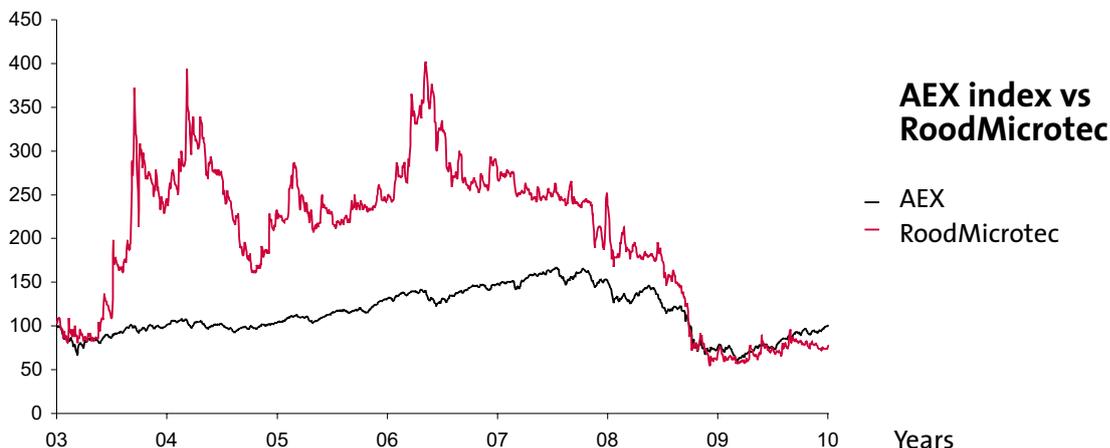
Communication with the various target groups is provided through the company's website, www.roodmicrotec.com, and the newsletter introduced in 2007.

Liquidity provider

In order to promote the trade in the Rood Testhouse International N.V. shares and to optimise the company's relationship with its shareholders, SNS Securities N.V. in Amsterdam was engaged as liquidity provider on 16 January 2006.

Annual general meeting of shareholders 2009

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



Vision, ambitions, objectives and strategy

Vision

We expect an increasing number of original equipment manufacturers to focus on market segments in which they are strong, but also that many of those companies, mostly vertically integrated ones, will shed non-core activities to mitigate their corporate risk profile. Such activities would include testing, assembly and engineering. This will create a specialised market for service providers focusing on supporting leaner OEMs and fabless companies. We anticipate that these companies will increasingly shop around to obtain the product development that is right for them. We have the know-how to provide them with high-quality products and as a result we anticipate strong growth potential.

Ambitions

We have set ourselves the following goals:

- position ourselves as a first-class one-stop-shopping supply chain service provider for OEMs and fabless companies;
- offer the highest quality Failure & Technology Analysis, Qualification & Reliability Investigation, Test Engineering, Supply Chain Management and Test & End-of-line services;
- develop into a major player in the semiconductor supply chain to Europe;
- position ourselves as a leading innovative test-house in Europe;
- achieve a substantial improvement of the financial results.

This requires that we:

- generate annual growth above the market growth of the semiconductor industry;
- ensure an adequate financial structure and cash flow to guarantee continuity and growth;
- have dedicated and motivated employees who are optimally qualified for the tasks entrusted to them;
- keep expanding our high-quality customer base to secure our competence levels.

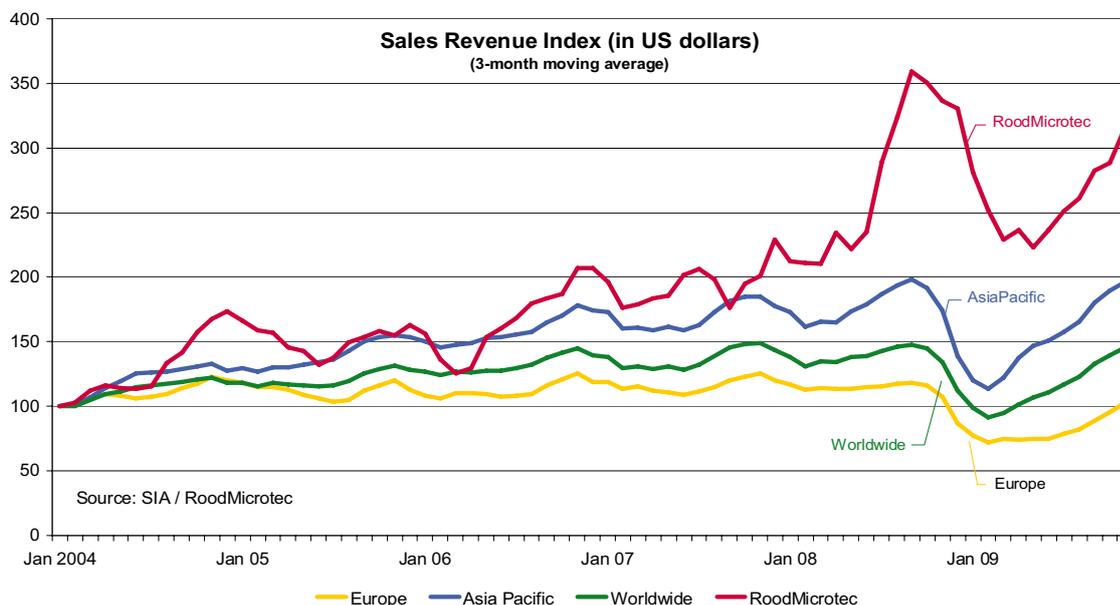
Financial objectives realised in 2009

The objectives for 2009 were based on an overly optimistic market analysis. Market forecasts were adjusted downwards several times in the course of the year. As a result, our objectives proved to be unrealistic. We have begun to focus primarily on generating positive operational cash flow. Adequate cash planning has allowed us to achieve that, resulting in an operational cash flow of EUR 213,000.

Additionally, we have realised the following results:

- sales of EUR 11.922 million, a reduction of 8.7%;
- a decreased operating result of EUR 1.304 million;
- reduced solvency 25.0 % (2008 28.2%);
- 15% sales growth in the second half of 2009;
- ongoing integration of the business units and a decreased result due to lower sales;
- successful management based on results per employee.

RoodMicrotec lags behind the market trend by 3 months



Long-term objectives

- Sales growth of between 5% and 15% per year with a double-digit average based on an average market growth of 8% per year.
- Annual improvement of the operating result.
- Further development of the markets for 'advanced packages' such as MEMS (Micro-Electro-Mechanical Systems), Multi-die- and radio frequency(RF) packages and KGD technology (Known Good Dies).
- Further growth in consulting in the field of electronics including the boards.
- Optimising the debt position by means of long-term and short-term loans.
- Expanding our geographical coverage.

Strategy

General strategic objective

We aim to position ourselves as a first-class one-stop-shopping supply chain service provider to OEMs and fabless companies. We focus on strengthening our current specialist areas supply chain management, test engineering, failure & technology analysis, qualification & reliability investigation, consulting and test of microelectronics, optoelectronics and printed circuit boards. Additionally, we focus on further extension of partnerships in the area of wafer and back-end applications.

Market choices

After the sharp decline of the semiconductor market in 2009, we anticipate that in 2010 it will grow significantly to a level approaching the volume of 2008. Within the semiconductor market we will continue to focus on the fastest growing

segments in order to grow at least at the same rate as the market as a whole.

Customer types

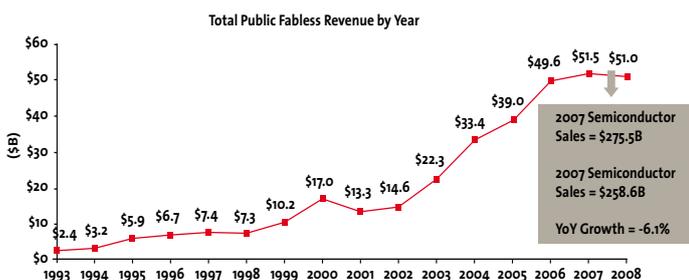
- **Fabless companies**
We focus on fabless companies that have shown double-digit growth for a number of years. There are more than 400 of these fabless companies in Europe, of which a large number is active in the more complex mixed-signal chips.
- **OEMs**
OEMs are getting leaner. To achieve that goal, they often contract out their non-core activities, including semiconductor manufacturing facilities.

Product choices

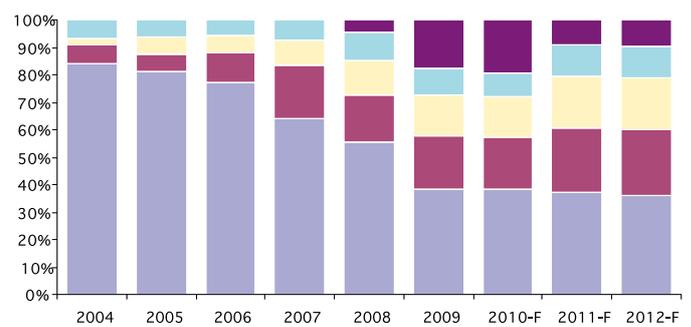
Our know-how and services focus on the following products:

- **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 (mixed-signal) and that are used in the space and aeronautical, automotive, medical and connection technologies as well as in other industrial applications. These applications demand high reliability. So we emphatically do not focus on toys, on cheap consumer electronics, etcetera.
- **Optoelectronics**
Optical electronics is a booming business which will be 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

Revenue Fabless Semiconductor Companies



Product choices



■ Testing ■ Qualification and Reliability ■ Failure Analysis ■ Test Engineering ■ Supply Chain Management

often produced in limited series, but to very high quality requirements. We have the specialists capable of doing that.

- **Printed Circuit Boards**

Developing and testing printed circuit boards for high-quality industrial applications is a developing market for us. The distinction between printed circuit boards and chips are becoming smaller and more complex in view of the rapid technological developments. The quality requirements are very high, especially in space and aeronautical applications. We expect significant growth in this market.

Service provision choices

- **Core activities**

Our core services are Supply Chain Management, Test Engineering, Failure & Technology Analysis and, Qualification & Reliability Investigation as mentioned in the profile on page 6. Since product use in Europe will increase as 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 a strategic partnership with Millennium Microtech in Asia. This partnership enables us to offer a competitive integral solution.

- **Focus on consulting in the complete field of electronics**

Based on our broad know-how we have entered the market of consulting and assessment of reliability, interconnection technology and ESD. Our industry experts offer valuable solutions to the customer.

- **High-tech Test & Related Services**

We will continue to focus on Test & Related Services related for mixed-signal and RF devices and image sensors, which are used extensively in the automotive, industrial, high reliability/satellite, medical and telecom sectors. The demand for these services remains strong in Europe.

Internal assessment of the company

SWOT analysis

The 2007 and 2008 annual reports contained reports based on an internal assessment of the company.

An update of those reports is set out below.

Strengths

- Our staff is highly motivated and their dedication has remained high during the crisis.
- Our company's location in southern Germany, which has achieved the necessary critical mass per service.
- The staff's (intercompany) know-how and quality awareness are very high. This increases the synergy effects.
- Positive operational cash flow.

Weaknesses

- We consider the company's balance sheet in the short term to be weak. This was caused by the recession. However, we were able to secure a long-term bank loan in the middle of 2009.

- Short-time working is considered by some to be onerous. In certain situations it causes unease among employees. It may also in some cases affect communication.

Opportunities

- There are significant opportunities in the market for services to fabless companies and OEMs.
- A key opportunity is to develop further as a first-class European one-stop-shopping supply chain provider in Europe and to act as the partner for leading high-tech FABs.
- Participation in the fast growing LED market.

Threats

The decline of economic development is a clear threat to us. The development of the dollar is also problematic, despite our limited exposure to this. If the dollar stays low, there is a risk that development of new products will be moved from Europe to Asia. That would spell danger for the entire OEM industry, which in turn might affect us negatively. We have not yet observed any such development, however.

Critical success factors

Several critical success factors have been identified within the company, which are measured periodically. These include: sales, order intake, order hitrate, staff motivation, customer assessment, cash position and our relationship with our banks.

Some of those measurements are quantitative, others are qualitative; the indicators are periodically adjusted to changing circumstances. The management and the supervisory board draw conclusions based on this information.

Report of the supervisory board

We hereby present the 2009 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 audit opinion by Mazars Paardekooper Hoffman Accountants N.V. and subsequently discussed with the board of management in the presence of Mazars. We propose to our shareholders that they adopt these financial statements in the general meeting of shareholders on 25 March 2010 and also to endorse the management exercised by the board of management and the supervision exercised by our board.

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

The consequences of the financial crisis have been felt extensively during the year 2009, but the management of RoodMicrotec has succeeded in keeping the company in business as a going concern.

The combination of the integration process and adapting to a serious market downturn was an extreme challenge. The depth of the downturn combined with its duration in Europe has made it especially problematic.

The anticipated recovery, which has already arrived in Asia, still remains elusive in our part of the world, even if our order book already shows signs of improvement.

Given this business environment, the supervisory board has decided for the direct future to continue with two members after Mr Cees Koot steps down as chairman during the general meeting of shareholders of 25 March, 2010 and will evaluate

its composition in 2010.

The supervisory board had five meetings with the board of management during 2009. In these meetings, the following topics were reviewed and discussed extensively: business updates, operational and financial targets, the company's financial position, relevant investments and insurance issues, the scope and strategy of the company, the consequences of the merger for the organisation, the integration plans, the company's structure and strategic partnerships, the refinancing following the merger of Rood Technology and Microtec, financial scenarios for 2009 and 2010, cost measures contemplated to resolve the effects of the global financial crisis, relevant press releases and corporate governance issues such as risk management, auditing, remuneration and appointments.

Specifically, there has been close cooperation between the board of management and the supervisory board on the issue of integrating the company after the merger and downsizing at the same time. The consequences of the policy implementation to focus on the supply chain management market had to be taken in consideration as well. Addressing the various risk profiles was another important topic in this process.

The supervisory board also met without the board of management, reviewing the performance of the organisation, fundamental business developments and discussing audit issues with the external auditor. They also paid a visit to the plants in Germany. The financial control system and internal audits were reviewed as part of the audit committee's tasks.

The supervisory board highly values good corporate

governance practice. Given the difficult business environment, much attention was given to risk management related to cash flow, corporate finance, the corporate cost structure and the risk profile of our business segments.

Since the board will continue with two members, the separate remuneration and audit committee will be discontinued as all topics are discussed in or around the joint meetings with the board of management.

The supervisory board would like to thank the board of management and all staff of the company for their great dedication and support during 2009.

We sincerely wish all the employees the best of luck in addressing the challenges arising from implementing the new structures and putting the company in the right shape to exploit the opportunities that 2010 will bring.

Remuneration report

The remuneration committee of the supervisory board determines the remuneration of the managing director and advises on the remuneration of the corporate management team and employees reporting to them.

A procedure has been put in place in which the targets for the managing director are further detailed as partial targets for the management team and the managers reporting to it.

Both short-term and long-term targets play a role in the evaluations.

Mutual relationships in the teams were also discussed and adjustments were made where necessary. This process will be continued in the future.

The following matters were considered with respect to the remuneration of the managing director:

- an unpredictable market decline due to the crisis;
- the quality of the integration process of the two companies Rood Testhouse and Microtec;
- a voluntary 10% reduction of his remuneration;
- a voluntary 10% reduction of his pension contribution;
- voluntary provision of private security for a loan from third parties; an important signal for the banks;
- positive operational cash flow; an achievement of the entire management;
- sales growth since 2004 at a level near the top of the market.

The company's position has been strengthened considerably in recent times due to a wider customer base, high-quality labour and a well-defined market position.

The discretionary part of the remuneration comprises 20% of the maximum number of share options that may be granted. This concerns qualitative market targets, internal organisation and quality issues.

For further details, please refer to the paragraphs 5.30.4 and 5.45.1 of the annual accounts.

Zwolle, 25 February 2010

The supervisory board

C.W.M. Koot, chairman

J.H.P.M. Stolker

V.G. Tee

Report of the board of management

1 General

In 2009, the management has made all possible efforts to obtain as many applications for services and orders arising from them and to bring about maximum cost reductions.

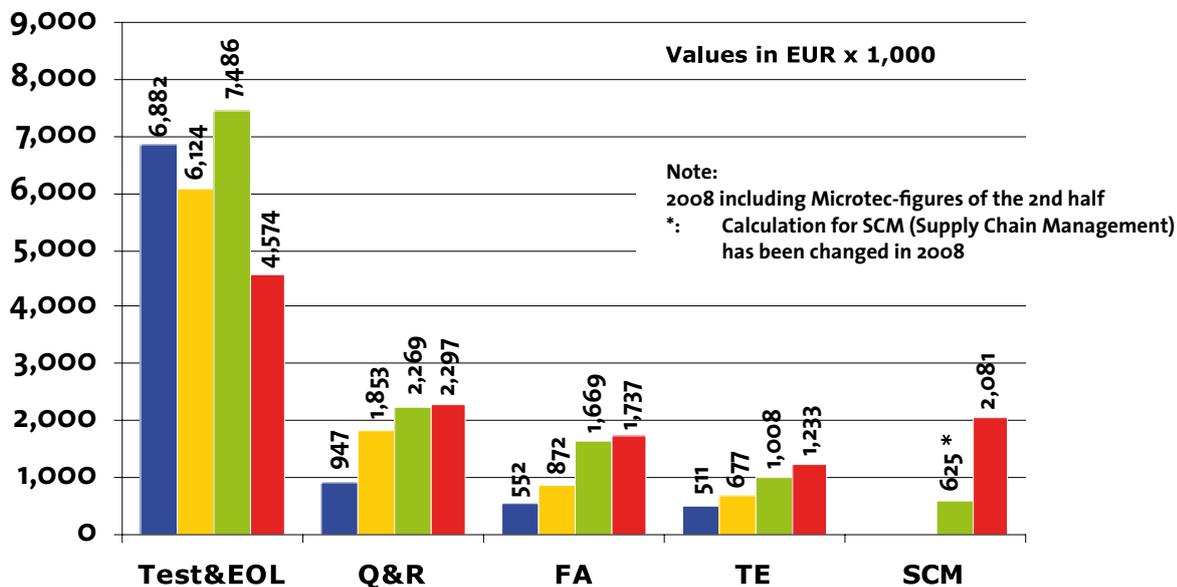
In the first half of 2009 the number of applications fell, in particular from the automotive industry. In the second half of the year, applications began to increase again. This put considerable pressure on the sales and sales support departments, not least because the hitrate – the rate of applications turned into orders – fell.

Many cost reductions were made, especially in direct labour costs due to short-time working. It was frequently hard to explain to our employees that some were put on short-time working while others were straining to keep up with their workload. However, the measures taken were undoubtedly necessary.

Falling sales and the declining result caused uncertainty among some of the staff, and consequently tensions.

Sales per Business Unit (Test & related services)

■ 2006 ■ 2007 ■ 2008 ■ 2009

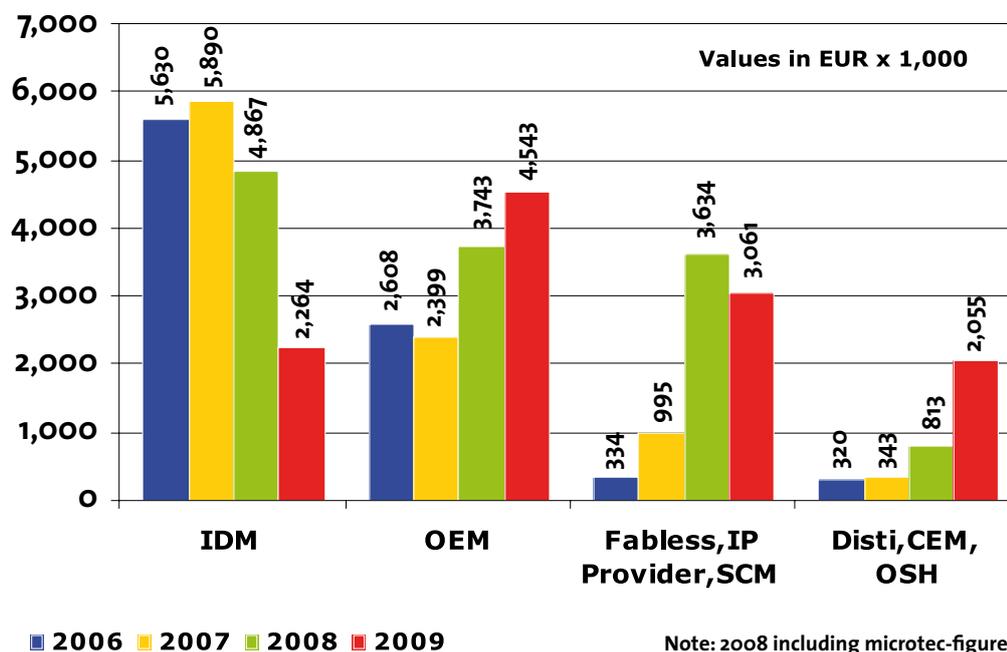


Key developments in 2008

RoodMicrotec's reporting year featured the following projects and developments:

- A successful bank loan of EUR 1.8 million, which was mainly used to repay the bridging loan provided by private investors. Realisation of positive operating cash flow of EUR 213,000 in the context of a 30% fall of sales.
- Integration of RoodMicrotec Stuttgart and Nördlingen. This integration brought about considerable synergy benefits in several disciplines. The accounting department was centralised in Stuttgart at the end of 2009. Human resources and purchasing were centralised in Nördlingen. Sales and internal sales were centralised and divided over both sites.
- Staff numbers in Test were permanently reduced. In the future, we will use more flexible labour in order to be able to respond more flexibly to market fluctuations.
- In Failure & Technology Analysis we have decided to concentrate the non-destructive business unit in Stuttgart and keep the destructive business unit in Nördlingen. This change will be implemented in 2010.
- In Qualification & Reliability Investigation we will implement a similar change, concentrating qualification of semiconductors in Nördlingen while clustering optoelectronics and mechanical qualification in Stuttgart.
- In Test Engineering, project management and customer support were tightened up further.

Sales per customer type



Operational and commercial objectives achieved in 2009

We have realised the following objectives set out in the 2008 annual report:

- Integration and optimisation are proceeding according to plan.
- Centralisation and optimisation of staff departments was completed.
- A further strategic partnership was realised in our collaboration with X-FAB.
- The markets in both France and the United Kingdom are growing, while Israel is stagnating.
- The supply chain management business unit grew substantially in spite of the bankruptcy of one of its customers.

Operational and commercial objectives for 2010

In the 2010 reporting year, we will focus on:

- becoming a first-class one-stop-shopping supply chain service provider to the semiconductor industry in Europe;
- expanding our position in the areas of Qualification & Reliability Investigation, Failure

- & Technology Analysis and Test Engineering;
- setting up strategic alliances in the area of engineering activities;
- extending our commercial geographical coverage to the rest of Europe, with southern Germany as its centre point.

1.1 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;
- ongoing integration of functions enabled through advancing technologies.

RoodMicrotec responds to these developments by focusing on the high-end market, i.e. more complex semiconductors.

1.2 Strategic development

We presently have a strong market position, especially in southern Germany. We wish to achieve further growth in the sectors in which we are currently active, except in pure 'standalone' testing. Expansion of test facilities will be critically assessed and will only be approved if long-term contracts are agreed. The strategic partnership with Millennium Microtec in Asia represents an important complement to and strengthening of our market position.

RoodMicrotec aims to continue to invest in the various high-tech segments of its services. The company does not rule out collaboration and/or mergers with other companies, in particular if this reduces the vulnerability of the company. This would be to the benefit of all stakeholders, in particular if such a partnership or merger was formed with a profitable party in the industry, as this would allow substantial carry forward tax losses to be effected earlier.

1.3 Organisation and personnel

At year-end 2009, RoodMicrotec had 126 full-time employees on permanent staff. This is a decrease of 22 (15%) employees compared to year-end 2008 (148). The average number of employees was 132.

Sales per full-time employee (FTE) decreased by approx. 10% from EUR 104,000 in 2008 to EUR 93,000 in 2009. This decline was caused by the crisis that hit us in 2009. The EUR 93,000 sales per FTE excludes the influence of short-time working schemes. Here RoodMicrotec was able to save 12% in capacity and personnel expenses. Our strategy remains focused on significantly restricting the rise of the costs of permanent staff relative to sales growth.

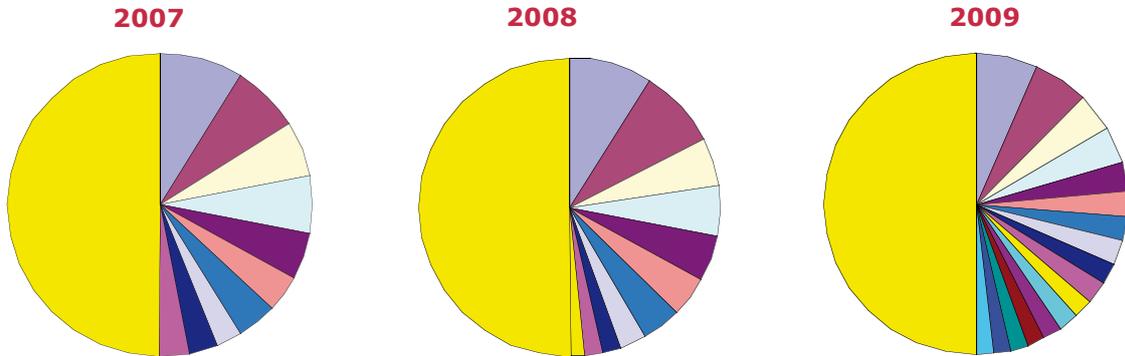
1.4 Sustainability

'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 basic 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 employ their talents in the realisation of the company's objectives.



Customer dependency

RoodMicrotec is less dependent of its major customers



2007: 50% revenue = 10 customers

2008: 50% revenue = 11 customers

2009: 50% revenue = 17 customers

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 comprising the introduction of an environmental monitoring system and preventive actions to keep environmental risks at acceptable levels and to monitor them.

RoodMicrotec Nördlingen (Rood Technology Deutschland GmbH + Co) is certified to the ISO 14001 standard.

RoodMicrotec Nördlingen and RoodMicrotec

Stuttgart (Microtec GmbH) are also certified to the ISO/TS 16949 standard. This certification is the result of a 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 Investigation and Failure & Technology Analysis labs in Stuttgart and Nördlingen are accredited by the German Accreditation Body Technology-Tech based on the ISO/IEC 17025 'general requirements for the competence of testing and calibration laboratories'. This enables us to perform verifications as a Notified Body.



ISO/TS 16949:2002
327325 TS2



ISO/TS 16949:2002
291921 TS



ISO 14001:2004
291921 UM



2 Finance

2.1 IFRS

As of 2005, Rood Testhouse International N.V. as a stock exchange listed company is required to report its financial statements in accordance with International Financial Reporting Standards (IFRS). Rood Testhouse International has adopted IFRS and reports on the financial year 2009 in accordance with IFRS as endorsed by the European Union.

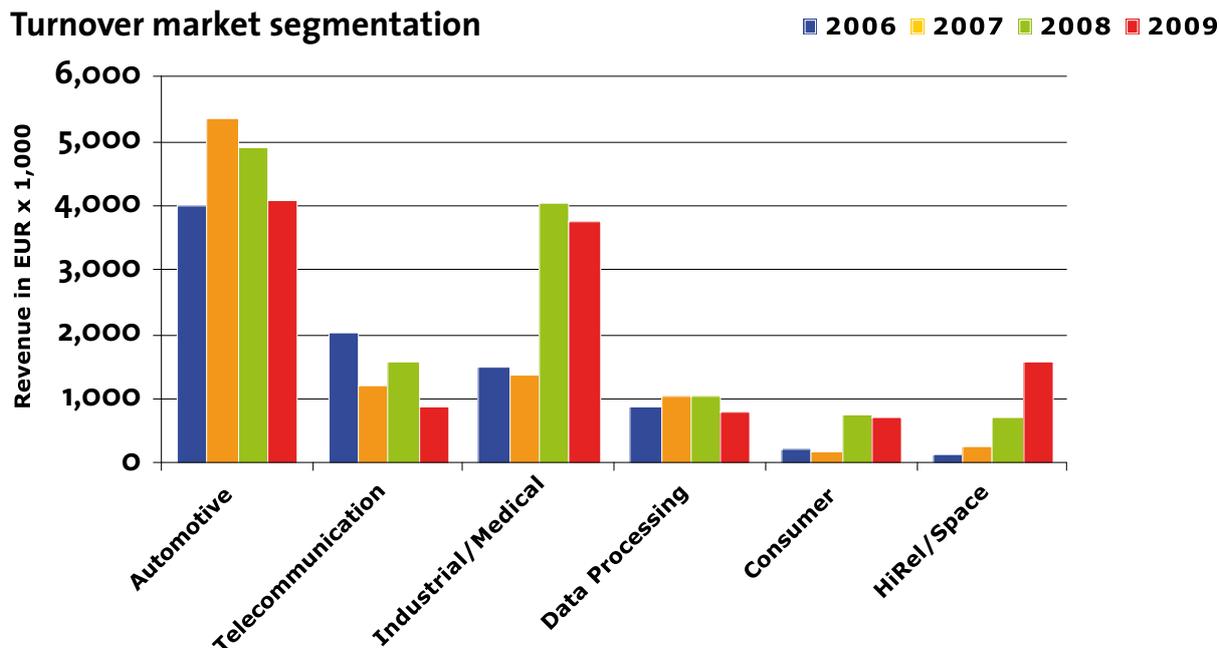
2.2 Sales and result

In 2009, the breakdown of RoodMicrotec's sales changed, partly due to the weakness in the automotive industry.

Net sales broken down by customer category/sector are presented below.

(x EUR 1,000)	2007	2008	2009
Automotive	5,390	4,901	4,120
Telecoms	1,228	1,574	894
Industrial/Medical	1,388	4,023	3,788
Electr. Data Proc.	1,049	1,045	799
Consumer	189	783	727
Hi-Rel/Space	284	731	1,594
	9,528	13,057	11,922

Turnover market segmentation



Note: 2008 including microtec-figures of the 2nd half

	2009	difference to 2008.
Test & SCM	EUR 6.655 million	- 18%
- Test	EUR 4.574 million	- 39%
- SCM	EUR 2.081 million	+ 239%
FA	EUR 1.737 million	+ 4%
Test Engineering	EUR 1.233 million	+ 22%
Q&R	EUR 2.297 million	+ 1%

RoodMicrotec's consolidated net sales decreased by 8.7% to EUR 11.922 million. (2008: EUR 13.057 million), while the operating result fell to EUR -1.304 million (2008: EUR 0.07 million). The 2009 operating result was negatively impacted in particular by

- significantly lower sales due to the credit crisis;
- a reduced gross margin due to far higher supply chain management purchasing costs.

On balance, the net earnings fell to EUR -1.742 million (2008: EUR 0.084 million). This equates to earnings per share (based on the average number of shares in issue during the financial year) of EUR -0.05 (2008: EUR 0.00).

2.3 Dividend proposal

Please refer to the report of the supervisory board on page 14 and 18.

2.4 Investments and financing

In 2009, net investments in tangible fixed assets totalled EUR 0.288 million (2008: EUR 0.941 million); additionally, equipment was leased with a total value of EUR 0.237 million. Depreciation was EUR 2.026 million (2008: EUR 1.878 million). These investments were partly financed from operational cash flow.

At year-end 2009, equity amounted to EUR 3.115 million, a 24% decrease compared to year-end 2008 (EUR 4.132 million). Solvency fell to 25.0% (year-end 2008: 28.2%). Total equity plus convertible loans as a percentage of total assets decreased to 31.0% (2008: 39.5%).

For the next few years, we anticipate that investments will remain limited due to various synergy benefits.



Medical: X-ray dental surgery

RoodMicrotec qualifies medical solutions and applications

3 Report per business unit and division

3.1 Research and development

Using its extensive experience in the semiconductor industry, RoodMicrotec is working towards ongoing development and improvements, including:

- yield improvement;
- time-to-market;
- price/quality improvements;
- new technological developments.

Consequently, participation in international innovative projects promoted by the European Union and cooperation with the European Council ENIC/AENEAS (Association for European Nano Electronics Activities) has been continued.

Key developments in 2009

- Expansion of FIB (Focus Ion Beam) technology at chip level, using copper compounds instead of aluminium in the normal technology. The planning/evaluation phase for copper technology was completed.
- RoodMicrotec collaborates with other European companies in the development of embedded technology. The project focuses on further improvement of embedded chips technology (thin chips embedded in electronic boards) and the test methods required to assure quality and reliability.
- April project: high-performance contacting technology; the printed board technology project will be completed in 2010.
- LED technology: there is a growing market for LEDs in applications such as medical, aerospace and automotive. The implementation of the actual project requirements in production processes is effectively supported by R&D input.

Objective realised in 2009

OEE (Overall Equipment Efficiency): the pilot phase of a project aimed at improving equipment utilisation was started in 2008. Its objective is to achieve significant economies.

The general market situation allowed only limited tester capacity utilisation. Therefore no further activities were undertaken in 2009. The project is on hold. It will be continued in 2010/2011.

Objective for 2010

Wafer Level Burn-In: Increase of reliability and life of Known Good Dies (KGD).

Development and industrialisation of Wafer Level Burn-In in order to meet high reliability and automotive market requirements.

Wafer Level Burn-In concerns early product screening to ensure that only tested and qualified dies are processed. This results in production cost savings, but involves, on the other hand, increased investment costs for customers due to the Wafer Level Burn-In.

In order to reduce customers' investments RoodMicrotec aims to provide technology and capacity and offer a cost-effective service by clustering customers' demands.

Discussions with key customers on economic outsourcing solutions are in progress.

3.2 Business unit Test & End-of-line Services

Profile of test activities

The business unit Test & End-of-line Services focuses on testing, programming, scanning, screening and other activities in the area of semiconductors.

The business unit operates directly as a subcontractor for IDMs as well as for partners like OEMs and fabless companies. Its broad customer mix is and will remain important to maintain a stable position in the market.

We have facilities in Nördlingen and Stuttgart.

Key developments in 2009

- Yield improvement through an expansion of process engineers.
- Reduction of defects and technical faults through an optimisation project.
- Old test systems are being phased out and replaced by a new generation of tester platforms.

Objectives realised in 2009

- Harmonisation of test systems has been realised by:
 - phasing out older test systems to reduce maintenance and repair costs;
 - purchasing standardisation and centralisation.
- Note: the planned investments have not been realised due to the downturn.
- Redundant equipment was reduced where possible.
- The headcount reduction in 2009 was inevitable in view of falling demand. Unfortunately this has not yet led to a faster response time and more flexibility; this objective will be realised in 2010.

Objectives for 2010

- In parallel with increased demand, optimisation of the business unit Test & End-of-line Services.
- Step up our sales and marketing activities aimed at SCM, OEMs and fabless partners in order to anticipate market changes.
- Raise the level of technical knowledge of our employees in order to be more flexible across the different sites.

3.3 Business unit Test Engineering

Profile of test programme development

The business unit Test Engineering focuses on developing test solutions for mixed-signal and digital ICs including hardware and software development for state-of-the-art automated test equipment (ATE) and PC-based rack & stack setups. These product-specific test solutions often integrate specific external components such as vector network analyses and RF signal sources in order to increase flexibility while limiting cost. They are used in production testing and qualification to the highest standards such as required by automotive, high-reliability, telecom etc. (AEC-Q, ESCC, MIL-STD JEDEC, TELCORDIA, IEC, DIN).

Services in test and product engineering include:

- design for test
- design for manufacturing
- test time reduction
- yield improvement

- off-load & test-site transfer
- data analysis & statistics

as well as added-value engineering services such as

- test transfer & conversion
- site transfer & production off-load
- platform conversion (incl. hardware)
- correlation
- validation
- ramp-up

All these services are also available as on-site engineering support for the customer.

The business unit Test Engineering has extensive know-how on the following tester platforms:

- Teradyne
- Credence SZ
- Credence Duo
- Credence D10
- Advantest Digital
- Lab View

Application know-how has been developed specifically for:

- mixed-signal
- digital
- analog
- image sensors
- memory
- RF
- MEMS (incl. interfaces)
- PC applications

Test engineering resources have been consolidated in Nördlingen and Stuttgart reflecting the need to work hand-in-hand with production and qualification facilities. In addition, the Dresden facility allows us to support customers in the Silicon Saxony area including a cleanroom ready to operate any test equipment, fitting the needs of our customers.

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 fabless companies worldwide.

The test equipment is selected on test cost (test time, yield) and test quality (fault coverage, accuracy) or on customer-specific requirements

(preferred test system). Especially fabless companies, that have no in-house back-end either for production (fab) or for test development and qualification, profit from the test engineering services that RoodMicrotec offers. We expect this trend to continue in 2010.

In 2009, Test Engineering again contributed test expertise to the European HERMES project, in which RoodMicrotec is one of 11 partners that include global players such as AT&T, Infineon, Siemens, Bosch and Thales. The HERMES project aims at further developing the concept of embedded thin chips into electronic boards as a basis for integrated manufacture of electronic circuits.

Key developments in 2009

- Mixed-signal engineering projects carried out in the reporting year mainly related to:
 - radio frequency applications such as RF amplifiers and RF transceivers in the 2.4 GHz range;
 - wide-band amplifiers;
 - high-reliability and space applications, such as PLLs and GHz-amplifiers;
 - image processing and optical ICs including infrared components;
 - high-volume consumer applications, with an increasing share of sensors (e. g. pressure sensors) and sensor interfaces.
- A 2.4 GHz test solution was completed including qualification for a key fabless customer with strong potential in wireless applications.
- On-site customer support was continued in 2009 in different locations, specifically for Teradyne, SZ3650 and Credence Duo.
- A new flow for standard part identification & test was set up to enable cost-efficient support to distributors and OEMs.
- Flexible scaling of engineering capacity through a strategic partnership was again successfully applied in an advanced customer project.
- Training for test system programming was provided to external and internal customers.
- The test engineering units of the former companies Rood and Microtec were successfully integrated into a virtual engineering organisation.

Objectives realised in 2009

- **Further increase of sales**
Realised in the combined organisation Nördlingen and Stuttgart.
- **Further improve productivity**
Number of paid hours was increased compared to 2008.
- **Positive net result**
Not achieved due to the crisis.
- **Increase share of fabless companies, serving a strongly growing market of complex ICs for a wide range of applications.**
The number of fabless customers increased as expected.
- **Expand high-reliability business**
The share of high-reliability business increased dramatically. Activities included upsampling, quality control inspection (QCI) and evaluation.
- **Profit from synergy effects with RoodMicrotec Engineering in Nördlingen and Stuttgart**
took advantage of intercompany know-how, engineering support and other business units such as Qualification & Reliability Investigation and Failure & Technology Analysis.
- **Roll out concept of virtual engineering throughout RoodMicrotec**
All locations can now share an increasing number of tools and equipment by using offline licences and remote access. Engineering know-how can also be shared on shared platforms. Both aspects must be considered when installing new tools or equipment.
- **Focus on state-of-the-art test platforms Teradyne Flex and Credence D10**
New projects have been implemented on the state-of-the-art platforms. For Teradyne a new universal board was developed that will drastically lower prices for test hardware, making this platform more attractive to the customer.

Objectives for 2010

- Further sales growth.
- Further improvement of productivity.
- Positive net result.
- Further increase share of fabless companies, serving a strongly growing market of complex ICs for a wide range of applications, such as RF devices.
- Secure and further extend high-reliability business.
- Strengthen test engineering capacity for Verigy 93000 test systems.

3.4 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 as well as complete printed board assemblies. These various types of analytical investigations may be performed as a part of a reliability assessment. This service will be completed with 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 detect the area of the defect and identify the failure mechanisms, and to initiate corrective actions for quality improvement.

Construction Analysis and DPA

Construction Analysis and Destructive Physical Analysis (DPA) may be performed as part of a reliability assessment. The objective of Construction Analysis is the early identification of potential deficiencies that can cause zero-hour failures or reliability problems.

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, micromachining and applications of material science.

The business unit has a broad European customer

base, primarily in the automotive, aeronautical and aerospace industries.

Key developments in 2009

- After the installation of new X-ray equipment enabling higher resolutions and automatic handling for high lot sizes, the business in this area increased by a factor of three.
- The collaboration with EMPA in Switzerland was extended further.
- Preferred supplier to our key customers for metallographic preparation and light-optical microscopy.
- High-volume framework contract with new customer for destructive physical analysis (DPA).

Objectives realised in 2009

- **Optimisation of the organisation of the two laboratories**
The capacity of both locations (Stuttgart and Nördlingen) is used as a virtual organisation and further steps and concentration of activities is under way: destructive in Nördlingen, non-destructive in Stuttgart.
- **Sales growth and improvement of the operating result**
Minimisation of our downturn in this recession.
- **Introduction of backside FIB in cooperation with TU Berlin**
The introduction has been delayed due to the general market situation.

Objectives for 2010

- Introduction of copper FIB.
- Contract with second customer for high volume DPA.
- Sales growth and improvement of the operating result.

3.5 Business unit Qualification & Reliability Investigation

Profile

The business unit Qualification & Reliability Investigation, with sites in Nördlingen and Stuttgart, focuses on investigating electrical components like semiconductors and passives in various stress environments. Testing the products 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.

The business unit is one of the leading independent certified testhouses in Europe. Most products are tested for the aerospace and automotive sectors.

Key developments in 2009

- Setup and processing Safe Launch projects.
- Increase in complexity with respect to stimuli during stress testing.
- Extension of the monitored stress test.
- Expansion of failure analysis in the field of optoelectrical components and devices.
- Introduction of consulting and qualification of LED lighting devices.
- Expansion of strategic cooperation with OEMs on laser diodes.

Objectives realised in 2009

- Continued improvement through introduction of an internal process resulting in improvements of the reliability of our services.
- Maximum utilisation of our stress test capacity in our locations, removing bottlenecks.
- Consolidation of semiconductor components in Nördlingen and optoelectrical components and boards as well as mechanical tests in Stuttgart.
- Disappointing expansion of mechanical stress tests due to market circumstances.
- A fit-for-use department layout to be completed in 2010.
- Stable customer base despite the global economy.

- Ongoing activities to expand our consulting services for various customers.

Objectives for 2010

- Implementation of combined stress tests for qualification projects.
- Extending cooperation to a strategic partnership in the field of LED lamp development and manufacturing.
- Active participation in partner networks (e.g. Light for you) and standards organisations.
- Expand qualification of boards (PCB and PBA) and small systems.

3.6 RoodMicrotec Dresden

Profile

RoodMicrotec Dresden provides Test & Related Services, concentrating on wafer test and test engineering. The organisation focuses on both IDMs and fabless companies, in particular, though not exclusively, in the local Silicon Saxony market. The goal is to have a lean, competitive organisation with minimal administrative overhead costs. The production process strives for short lead times.

RoodMicrotec actively contributes to the activities of the Silicon Saxony cluster.

RoodMicrotec Dresden has an excellent infrastructure for wafer handling and probing due to the installation of a class 1000 cleanroom. The industry is looking for solution for 'known good dies'. These are integrated circuits sold on wafers and are not put in plastic packages. Known good dies are required for multi-stack integrated circuits and for applications in which the devices are directly bonded without packaging. This is very often required, for example in the mobile electronic device market.

Known good dies are tested in the same way as packaged devices. Especially performing pre-ageing in the form of a burn-in is a challenge. Aehr Systems supplies a burn-in system for wafers. RoodMicrotec is evaluating a business case to offer and install such systems for customers in Europe. Because this equipment requires considerable investment, the concentration of

multiple customers on one system provides cost benefits. This service is an ideal candidate for outsourcing and we expect it to attract a lot of customers. With this system RoodMicrotec would be the only independent service provider in Europe offering burn-in at wafer level.

Objectives realised in 2009

- A stable relationship with a major IDM in Dresden led to a stable and fruitful business in test engineering.
- A positive operating result was achieved by test engineering activities.
- Operating expenses could be reduced by 25%.
- Qualification services in Nördlingen came out of the IDM relationship.

Objectives for 2010

- Successful continuation of test engineering services.
- Installation and establishment of a lab-less failure analysis team in Dresden. RoodMicrotec has access to parts of the former Qimonda failure analysis team. The intention is to offer local failure analysis services with no extra equipment investment.
- Installation and ramp up of a wafer level burn-in system for customers in Europe.

3.7 Supply Chain Management (SCM)

Profile

In this business model, RoodMicrotec supports European customers who wish to import high-quality semiconductors, in particular ASICs and ESSPs, from Asia (China) and/or Europe and the USA. We do this by qualifying and testing suppliers and products and, if desired, we execute the entire project management for this process.

Key developments in 2009

We lost a major customer due to the crisis. Fortunately we were able to compensate this at the end of the year by a new promising customer for a very complex product. In this project we cooperate with high-level organisations to bring the product to market. We secured this order in competition with Asian supply chain suppliers.

Objectives realised in 2009

- The partnership with X-FAB was agreed during 2009.
- We started the process to optimise internal logistics and costs; the key areas have been determined; finalisation is expected in 2010.
- To support our supply chain customers, we are focusing more on consulting as an extension of our technical portfolio.
- Despite the crisis we were able to increase revenues in supply chain management.
- We did not organise a market campaign for SCM; we decided to present our capabilities in a different way than originally planned, e.g. through seminars.

Objectives for 2010

- Double-digit sales growth compared with 2009.
- Increase the number of customers to create a better spread.
- Become a first-class one-stop-shopping supply chain service provider in Europe recognised by the fabless companies in a measurable way.
- Present ourselves in one or more seminars as the supply chain partner for fabless companies.

3.8 Events after balance sheet date

No significant events took place after balance sheet date.

3.9 Outlook for 2010

The SIA (Semiconductor Industry Association) and Future Horizons forecast for 2010 clear growth of 10% to 22%. This growth will be concentrated in Asia; Europe will lag behind.

As from 2004 we have shown growth above the rate of the Asian market and world markets. In spite of the strong decline in 2009, we have once again realised growth above the rate of the markets mentioned above, even if our sales are stated in euros uncorrected for exchange rate differences. We expect to continue to do so over the next few years.

In some sectors we are seeing a strong pick-up of demand. Many of our customers anticipate a sales recovery in 2010 to just below the 2008

level. Partly based on that, we anticipate a clear sales recovery in 2010 approaching the 2008 level. The recovery will principally take place in the second half of 2010.

In view of the continuing uncertainty about the course of the economic developments, it is not possible to make more concrete predictions for 2010.

As of 2010 we aim in the long term to realise autonomous growth of between 5% and 15%, as we have done in the past few years; at least equal to the growth of the world market. In the next few years we will focus more strongly on improving the operating result and the net result.

Board of Management

Ph.M.G. Nijenhuis

Zwolle, 25 February 2010



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. 50% of total sales.

In this sector we have a strong reputation and we have built up a relationship of trust with our major customers. The takeover of Microtec has reduced risks by enhancing the customer spread. While we have long-term contracts with most of our major customers, these contracts do not include purchase guarantees. Risks are mitigated by intensive communication with customers about anticipated volumes.

Other sales are made in the sectors Qualification & Reliability Investigation, Failure & Technology Analysis, Test Engineering and Supply Chain Management. We focus on high-end work, further reducing 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 cost and optimising the test equipment load. The salaries and associated pension commitments are also being monitored closely, as they make up almost half of total costs. Using temporary staff is vital for RoodMicrotec's operations in Germany to reduce its risks. Currently, there are enough 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 staff in Europe. The risk is limited due to the short-time working regulations.

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.

We also collaborate with engineering firms in order to fulfil specific expertise needs.

The fact that RoodMicrotec has branches in Stuttgart, Nördlingen and Dresden (university town) has put it in a better position to recruit high-quality staff.

Market risks

Market

We operate in a highly cyclical market, which has contracted in Europe in 2008, but continues to grow in Asia. The use of semiconductors continues to rise, also in Europe. They are increasingly imported from Asia. We have opted for this growth segment 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 timespan, which makes the company more sensitive to market fluctuations. In view of this, we are increasingly focusing on customers wishing to outsource their test activities, such as fabless companies 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 have opted for outsourcing.

The risks introduced by the increasing share of supply chain management customers in the total sales are well covered by appropriate insurance policies. RoodMicrotec's ideal and preferred form of outsourcing is for customers to contract out all their Engineering, Qualification & Reliability Investigation, Failure & Technology Analysis and Test activities to RoodMicrotec (Total Test Solution).

Cyclical downturn risks also affect fast-growing sectors such as Failure & Technology Analysis and Qualification & Reliability Investigation. 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 by operating with branches in the Netherlands and Germany and agents in Britain, France and Israel as the main partner to fabless design houses in the area of Test & Related Services.

Finance

Currency and interest rates

So far, we have made most of our sales in Europe. Since 90% of our invoices are 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.

Access to funding

We aim to make more use of long-term loans with lower interest rates than in recent times.

Impairments

In view of the current financial market conditions, asset value declines create risks to our company. We perform impairment tests for intangibles every year.

Insurance

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

Internal risk management and control system

General

In the wake of the takeover of Microtec, the IT systems have been investigated. We have opted for an integral solution for all its sites in order to improve the reliability of our IT system. 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 per sector and per manager. 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.

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 with the supervisory board (audit committee).

Audit committee

The audit committee comprises the supervisory board, which evaluates the internal and external reporting. The supervisory board meets at least four times per year.

Letter of representation

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

Corporate governance

Rood Testhouse International N.V. (hereinafter referred to as RoodMicrotec) takes the Dutch Code of Corporate governance (hereinafter referred to as the Code) very seriously 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 numbering corresponds with the numbers of the Code.

RoodMicrotec focuses on corporate social responsibility based on the role it plays in society at large. The company assesses its actions against social norms, and indirectly accounts for its actions to all its stakeholders, which are:

- customers
- investors
- employees
- the direct social environment.

We also foster discussions with these groups in the form of seminars with customers, investors and the press, regional business contacts, and open and transparent exchanges of ideas with employees.

In this context, the company refers to the Business Principles and Whistle Blower Policy (see www.roodmicrotec.com).

Shareholders are entitled to promote their interests in the context of the standards of reasonableness and fairness, keeping in mind the company's corporate social responsibility. They are in principle not bound to the interests of the company and the business it undertakes. We are prepared to enter into discussions if the shareholders do not accept the company's explanation of the reason why it has resolved to deviate from a best-practice provision.

I. Enforcement and application of the Code

RoodMicrotec follows all the Code's principles and has implemented almost all 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 was on a four-year contract, which has been extended to mid-2012 with the option of another two-year extension. In compliance with article 12 of the Preamble of the Code, the term of four years will also apply to any new board members to be appointed. Taking into account provision IV. 1.1 of the Code, the CEO will resign at the request of the general meeting of shareholders, provided that this concerns a broadly supported wish, rather than the request of one dominant shareholder. Such a resignation will 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 company's 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 thereof in the annual report will be continued.

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

The risk management and control system has proved to function adequately and effectively. This was achieved by special focus on the operating and control system. By the end of 2005, further organisational adjustments had been implemented including the selection of 'empowered' management. Based on this decision, each business unit manager is now accountable. We measure the performance of the management of his/her business unit by using key indicators. The necessity of optimisation of 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 relevant laws and regulati-



LED, transport industry

RoodMicrotec uses acidity lab for failure analysis and qualifications

ons, 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 key 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. A report on these discussions is included 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 allows 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 lack of action by RoodMicrotec's managing director(s) under the Articles of Association, the whistle-blower is to communicate this to the chairman of RoodMicrotec's supervisory board.

Before an employee may invoke that his/her legal position has been jeopardised as a consequence of a report as described above, the chairman of the board of management (in the case of a report not involving suspicions against RoodMicrotec's managing director(s) under the Articles of Association) or the chairman of the supervisory board (in the case of a report involving suspicions against RoodMicrotec's managing director(s) under the Articles of Association) must issue an assessment in writing. This assessment docu-

ment 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 is responsible in conjunction with the supervisory board 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 a subsequent competing bidder 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 this 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 issue 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 set the response time only once in relation to the same matter. Setting a response time is not possible in a situation in which a public takeover offer is successful and the acquiring party has 75% or more of the share capital.

II. 2.1 – 2.15 Remuneration

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

The remuneration structure, in particular the variable part, does not promote taking risks that do not fit the set strategy. The variable part is determined taking into account the risks that variable remuneration entails for the company. Prior to the setting of the remuneration policy and the determination of the remuneration of the individual directors, the supervisory board analyses 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.

An overview of the options granted is presented in the annual accounts of the company.

Regarding ownership and transactions of shares by board members, other than those issued by the company itself, the supervisory board has decided to deviate from the Code. Board members are not allowed 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 has 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 is paid out in share options. There is a balance between a fixed and variable part of the compensation. The calculation is transparent. As stated above, granting

options is subject to achieving 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 into account significant changes in circumstances such as market developments. The targets for the CEO are not described in the annual accounts for competitive reasons. Company objectives are described in this report.

The CEO has a contract ending in 2012 with an option clause for two additional 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 has a fixed salary and a substantial variable part of the fixed salary. The variable part is firstly dependent on the financial result and sales targets of the entire company. If financial and sales targets of the entire company have been achieved, the variable part will depend on personal targets.

II. 3.1 – 3.4 Conflicting interests

Pursuant to Article 22 of RoodMicrotec's Articles of Association, the company is 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 to 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 the shareholders' and stakeholders' inspection at the company offices. These rules include regulations for the interaction with the board of management. The Articles of Association of the company provide 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 responsibilities, 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 as well as 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 in a timely manner of the policies it intends to pursue. The supervisory board's duty to supervise the board of management will be expanded by supervision on 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 its profile and rules is available on the website www.roodmicrotec.com

RoodMicrotec is in compliance with the Code's requirement of having a financial expert on the

supervisory board in the person of Mr J.H.P.M. Stolker.

All new members of the supervisory board are required to attend an induction programme, focusing on 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 will be appointed for a maximum term of four years, and be re-appointed no more than three times. The resignation roster is set out in the report of the supervisory board.

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

III. 4.1 – 4.4 Role of the chairman of the supervisory board and the company secretary

RoodMicrotec applies 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 – 5.14 Composition and the role of three core committees amongst the supervisory board

The company intends to have two or three members on the supervisory board. This means that RoodMicrotec has the intention to establish a remuneration and audit committee at such

time when there are three members. The company will then apply the relevant provisions of the Code. At the current time, the responsibilities of the core committees are performed by the entire 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 will report this to the chairman of the supervisory board and the supervisory director will not take part in the discussion of the matter in which the supervisory director 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.

If relevant, the company will 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 of CEOs, managing directors, board members, including supervisory board members, and the external auditor, will be added to 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 – 7.3 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 added to the relevant Articles of the Code.

In deviation from the Code, it has been determined that no member of the supervisory board is 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.

III. 8.1 – 8.4 Management structure

The management is composed of one person, taking into account the company's size. In the event of a significant change of that size, adjustment of the composition of the board of management will be seriously considered.

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:

- The general meeting of shareholders may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the management board or of the supervisory board and/or a resolution to dismiss a member of the management board or of the supervisory board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed one third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of a nomination, or to dismiss a board member, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting.
- Compliance with the Code shall be accounted for in the annual report as part of the discharge of liability of the board of management and the supervisory board. The chairman of the general meeting is responsible for ensuring the proper conduct of business at meetings in order to promote a worthwhile discussion at the meeting.
- The public announcement and motivation of

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 as stated in Book 2, Section 107(a) of the Dutch Civil Code, first paragraph, sub c.

- The allocation and dividend policy as well as the dividend distribution proposal, and granting discharge to CEOs, managing directors and supervisory directors, as separate items on the agenda of the general meeting of shareholders.
- The setting of 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 similarly on issues that may affect the share price. However, based on a cost/benefit analysis, the company will not spend money on technology aimed at attending meetings remotely.

The agenda of the general meeting shall list which items are for discussion and which items are to be voted upon.

The company will continue to provide the general meeting of shareholders with all relevant information required for properly exercising 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 request to suspend trade in RoodMicrotec shares during such presentations.

RoodMicrotec will publish or make available all information pursuant to Corporate Law and Securities Legislation.

A resolution for approval or authorisation to be passed by the general meeting shall be explained in writing. In its explanation the management board shall deal with all facts and circumstances relevant to the approval or authorisation to be granted. The notes to the agenda shall be posted on the company's website.

Material amendments to the Articles of Association of the company and resolutions for the appointment of management board members and supervisory board members shall be submitted separately to the general meeting.

The company shall give shareholders and other persons entitled to vote the possibility of issuing voting proxies or voting instructions, respectively, to an independent third party prior to the general meeting.

The company shall not formulate an outline policy on bilateral contacts with the shareholders and publish this policy on its website.

Furthermore, the company will 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 reactions to the minutes. Subsequently, the minutes will be adopted 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 for the shareholders nor for the operational entity to be part of a bigger 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 does not consider compliance with the best-practice provisions a requirement, since it does not wish to restrict potential institutional investors.

Shareholders shall act in relation to the company, the organs of the company and their fellow shareholders in keeping with the principle of reasonableness and fairness.

RoodMicrotec has the following rules of conduct for all shareholders, including institutional investors:

- a willingness to engage in a dialogue;
- exercise of the right to place items on the agenda in consultation with the board of management;
- voting as the shareholder sees fit, having formed his own judgment on the voting policy of his advisor;
- the shareholder will explain an item he has placed on the agenda at 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.

The updating of this best-practice provision highlights the need for and the importance of the internal audit function.

In the Commission's reasoning, in principle every listed company has an internal auditor based on best-practice provision V.3.1.

The audit committee/the supervisory board evaluates annually whether there is a need for an internal auditor. The audit committee/supervisory board makes recommendations on this issue to the board of management. This recommendation will be recorded in the report of the supervisory board.

If an internal auditor is designated, this person will report to the board of management.

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

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

Zwolle, 25 February 2010



LED traffic sign

RoodMicrotec's lab selects LEDs partly based on brightness and colour





RoodMicrotec
powerful solutions

ROOD TESTHOUSE INTERNATIONAL N.V.

Annual Accounts 2009





Aeronautical

RoodMicrotec performs up-screening and qualification tests for high reliability, space and aeronautical applications



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1 Consolidated balance sheet (before appropriation of net result)

(x EUR 1,000)

Year ended 31 December

Note		2009	2008
Assets			
Non-current assets			
5.24	Property, plant and equipment	6,629	8,367
5.25	Intangible assets	1,728	1,756
5.26	Deferred income tax assets	883	883
		9,240	11,006
Current assets			
5.27	Inventories	589	324
5.28	Trade and other receivables	2,312	2,807
5.29	Cash and cash equivalents	308	538
		3,209	3,669
	Total assets	12,449	14,675
Equity			
Capital and reserves attributable to equity holders of the company			
5.30	Ordinary shares	3,872	3,354
5.30	Share premium	17,668	17,461
5.31	Other reserves	1,744	1,744
5.31	Retained earnings	-20,169	-18,427
	Total equity	3,115	4,132
Liabilities			
Non-current liabilities			
5.32	Interest-bearing loans and borrowings	2,340	838
5.33	Convertible loan	500	750
5.26	Deferred income tax liabilities	747	747
5.34	Retirement benefit obligations	1,564	1,545
		5,151	3,880
Current liabilities			
5.29	Bank overdrafts	724	1,160
5.32	Current portion of long-term debt	1,287	3,253
5.35	Trade accounts payables and other payables	2,026	2,121
	Current income tax liabilities	146	129
		4,183	6,663
	Total liabilities	9,334	10,543
	Total equity and liabilities	12,449	14,675

2 Consolidated income statement

(x EUR 1,000)		Year ended 31 December	
Note		2009	2008
5.36	Net sales	11,922	13,057
	Change in work in process capitalised	154	-38
	Cost of raw materials and consumables	-2,255	-1,712
	Gross margin	9,821	11,307
5.37	Personnel expenses	6,666	6,698
5.38	Depreciation and amortisation	2,054	1,892
5.39	Other operating expenses	2,405	2,647
	Total operating expenses	11,125	11,237
	Operating result	-1,304	70
5.40	Financial expenses	-440	-526
	Result before income tax	-1,744	-456
5.41	Income tax expenses	2	540
	Net result	-1,742	84
5.42	Earnings per share for profit attributable to the equity holders of the company during the year		
	- basic	-0.05	0.00
	- diluted	-0.05	0.00
	Consolidated statement of comprehensive income		
	Income for the year	-1,742	84
	Gains on revaluations of land and buildings	0	-443
	Total comprehensive income for the year	-1,742	-359



Space

RoodMicrotec's powerful solutions for satellite applications 'certified by RoodMicrotec'

3 Consolidated statement of changes in equity

(x EUR 1,000)

Attributable to equity holders of the company

Note	Share capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2008	19,668	1,991	-18,315	3,344
5.31 Depreciation transfer and revaluation result for land and buildings	0	-247	-196	-443
5.31 Net income/(expense) recognised directly in equity	0	-247	-196	-443
Profit for the year	0	0	84	84
Total recognised income and expense for 2008	0	-247	-112	-359
Employee share option scheme:				
5.30 - value of employee options granted	55	0	0	55
5.30 - value of employee options exercised	45	0	0	45
	100	0	0	100
Options/ shares issued to other parties:				
5.30 - value of options granted to investors	11	0	0	11
5.30 - shares issued through private placement	695	0	0	695
5.30 - shares issued through convertible loan	333	0	0	333
5.30 - shares issued through interest payment convertible loan	8	0	0	8
	1,147	0	0	1,147
Balance at 31 December 2008	20,815	1,744	-18,427	4,132
Balance at 1 January 2009	20,815	1,744	-18,427	4,132
Profit for the year	0	0	-1,742	-1,742
Total recognised income and expense for 2009	0	0	-1,742	-1,742
Employee share option scheme:				
5.30 - value of employee options granted	27	0	0	27
	27	0	0	27
Shares issued to other parties:				
5.30 - shares issued through convertible loan	667	0	0	667
5.30 - shares issued through interest payment convertible loan	31	0	0	31
	725	0	0	725
Balance at 31 December 2009	21,540	1,744	-20,169	3,115

4 Consolidated cash flow statement

(x EUR 1,000)

Year ended 31 December

	2009	2008
Cash flows from operating activities		
Net result	-1,742	84
Result on disposal	0	-26
Depreciation and amortisation	2,054	1,892
Increase/decrease of provisions	-251	72
Increase/decrease of deferred income tax assets	0	-461
Changes in working capital		
- inventories	-265	138
- trade and other receivables	495	657
- current liabilities	-78	459
Net cash generated from operating activities	213	2,815
Cash flows from investing activities		
Purchases of property, plant and equipment	-288	-941
Purchase of intangible assets	0	-126
Purchase of subsidiaries	0	-2,876
Disposals	0	124
Net cash used in investing activities	-288	-3,819
Cash flows from financing activities		
Proceeds from issuance of ordinary new shares	0	740
Proceeds from issuance of new convertible loan	0	1,000
Proceeds from borrowings	2,287	2,145
Proceeds from pension assets	270	0
Repayment of borrowings	-2,276	-2,534
Net cash used in from financing activities	281	1,351
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	206	347
Cash, cash equivalents and bank overdrafts at beginning of the year	-622	-969
Cash, cash equivalents and bank overdrafts at year-end	-416	-622
Change in cash at banks and bank overdrafts	206	347

5 Notes to the consolidated financial statements

5.1 General information

Rood Testhouse International N.V. is a company with its registered office in Zwolle, the Netherlands. The consolidated financial statements of the company for the year ended 31 December 2009 comprise the company and its subsidiaries (jointly referred to as the 'Group'). The Group includes the wholly-owned subsidiaries RoodMicrotec Nördlingen GmbH + Co. KG (Nördlingen, Germany), RoodMicrotec Holding GmbH (Nördlingen, Germany), RoodMicrotec Beteiligungs GmbH (Nördlingen, Germany), RoodMicrotec Stuttgart GmbH (Stuttgart, Germany), RoodMicrotec Dresden GmbH (Dresden, Germany) and RoodMicrotec International B.V. (Zwolle, The Netherlands). The 2009 financial statements were prepared by the board of management and released for publication on 11 March 2010. The 2009 financial statements were adopted by the supervisory board on 24 February 2010 and will be submitted for adoption to the annual general meeting of shareholders on 25 March 2010.

Summary of significant accounting policies

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

5.2 Basis of preparation

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

The financial statements have been prepared on historical cost basis, except that the following assets and liabilities are stated at their fair value: land and buildings, and the retirement benefits obligation resulting from defined benefit pension plans.

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

Although RoodMicrotec suffered under the financial crisis, the Group was able to rebalance the financing of the company, grow significantly in supply chain management and made the integration of RoodMicrotec as a company a success. Due to the economic circumstances the capacity utilisation was lower than former years and than assumed in the business planning of 2009. The improved financing structure is a better basis for the company than in the previous year and provides a better basis to meet financial liabilities.

In 2010 RoodMicrotec foresees a recovery of the market, which will have a positive influence on the Group as a whole. The foreseen recovery is supported by the fact that a number of major customers reconfirmed their confidence in RoodMicrotec for 2010.

Based on the achievements, which were reached in 2009, and the positive developments in the market anticipated for 2010, the board of management feels that valuation on a going-concern basis is justified.

Revisions of accounting estimates are recognised 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.

5.3 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.

5.4 Foreign currency translation

5.4.1 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.

5.4.2 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 transactions at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

5.5 Property, plant and equipment

5.5.1 Owned assets

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 being constructed or developed for future use is classified as property, plant and equipment and stated at cost until construction and 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.

5.5.2 Lease assets

Leases in terms of 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 (refer to accounting policy 5.5.4) and impairment losses (refer to accounting policy 5.10). Lease payments are accounted for as described in accounting policies 5.19.1 and 5.19.2.

5.5.3 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.

5.5.4 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 tangible fixed assets is set out below:

Category	Years
Buildings	70
Machinery and equipment	2-10
Other fixed assets	4-10

The asset’s residual values and useful lives 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.

5.6 Intangible assets

5.6.1 Research and development

Expenditure on research 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.

5.6.2 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 acquisition 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.

5.6.3 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.



5.6.4 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.

5.7 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 to be incurred in marketing, selling and distribution.

5.8 Trade and other receivables

5.8.1 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.

5.8.2 Other trade and other receivables

Trade and other receivables are stated at fair value and subsequently measured at amortised cost less impairment losses (refer to accounting policy 5.10).

5.9 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.

5.10 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.

5.11 Share capital

5.11.1 Ordinary shares

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

5.11.2 Share premium

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

5.11.3 Dividends

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

5.12 Convertible loan

The convertible loan is regarded as a compound instrument, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible loans. The difference between the proceeds of the issue of the convertible loan and the fair value assigned to the liability component, representing the embedded option for the holder to convert the loan into equity of the Group, is included in equity (capital reserves).

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan.

5.13 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.

A convertible loan that has the characteristics of a loan will be qualified and reported under the interest-bearing loans and borrowings.

5.14 Deferred income tax

Deferred income tax is stated in full, using the liability method, on temporary differences arising between the tax bases 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 provided on temporary differences arising from investments in subsidia-

ries 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.

5.15 Employee benefits

5.15.1 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.

5.15.2 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.

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.

5.15.3 Share-based payment transactions

The share option program allows employees of the Group to acquire shares of the company. The fair value of options is recognised as an employee

expense with the 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 entity 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.

5.15.4 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.

5.16 Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of 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.

5.17 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.

5.18 Net sales

5.18.1 Net sales

Net sales comprise the fair value of accepted and receivable assured services in period provided; the goods recognised, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Sales represent the proceeds of services and goods supplied to third parties. All amounts referred to in the income statement are stated at fair value.

5.18.2 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 on a systematic basis 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 on a systematic basis over the useful life of the asset.

5.18.3 Other income

Other income regards income not related to the key business activities of the Group, like income from the sale of non-monetary assets or liabilities, exceptional and/or non-recurring items.

5.19 Expenses

5.19.1 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.

5.19.2 Finance lease payments

Minimum lease payments are apportioned 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 for the remaining balance of the liability during the lease term.

5.19.3 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.

5.20 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.

Deferred tax is treated as described in accounting policy 5.14.

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

5.21 Statement of cash flow

The statement of cash flow is prepared using the indirect method. The cash flow statement distinguishes between operating, investing and financing activities. Payments and receipts of

corporate taxes are included as cash flow from operating activities and interest is shown as cash flow from financing activities as far as the interest is related to long-term financing; remaining interest is included in the operational cash flow. Cash flow as a result of the 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. Dividends paid are part of the cash flow from financing activities.

5.22 Segment reporting

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 P&L is prepared, based on which an analysis and management report is communicated. Monthly P&Ls per product/service group are not available. Ad-hoc information is prepared as if and when necessary.

5.23 Financial risk management

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 does not use any derivative financial instruments to hedge certain risk exposures. Risk management is performed by the finance department.

ICT/computer industry

RoodMicrotec retains an attractive position in ICT and computer applications



5.23.1 Trade accounts receivable

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. Finally, procurement for some US dollar dominated customers takes place in US dollars.

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

(x EUR 1,000)	2009	2008
Not overdue	1,198	1,190
< 30 days outstanding	521	759
> 30 days and		
< 60 days outstanding	72	248
> 60 days outstanding	115	158
Provisions for bad debt	-35	-9
Balance at 31 December	1,871	2,346

The average credit rating of the Group's customers is comparable to the industry.

The Group operates internationally and is exposed to foreign exchange risks arising primarily from the US dollar. The table below summarises the sales in different currencies.

(x EUR 1,000)	2009	2008
Euro denominated net sales	10,475	11,499
US dollar denominated net sales	1,447	1,558
Balance at 31 December	11,922	13,057

Foreign exchange risks arise from commercial transactions. At 31 December 2009 the US dollar currency had weakened by about 3% against the euro compared to 31 December 2008.

5.23.2 Borrowings

All of the Group's long-term borrowings have a fixed interest rate. The bank overdrafts have a floating rate. The Group does not use floating-to-fixed interest rate swaps or other financial instruments. 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	1,975	0
Long-term borrowings from other parties	2,152	0
Bank overdrafts	0	724
Balance at 31 December	4,127	724

The fixed-rate borrowings are defined as having a fixed rate over the period of the loan.

In 2009 the fixed-rate long-term borrowings from banks were from the Hypo- und Vereinsbank AG (Donauwörth), rated A by Standard & Poor's, Commerzbank (Augsburg), rated A+ by Standard & Poor's 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 2009 the floating-rate bank overdrafts were held at the Hypo- und Vereinsbank AG (Donauwörth) and the Commerzbank (Augsburg).

5.23.3 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 the changed market conditions resulting from the financial crisis, management has tightened its monitoring procedures. Both the cash position and sales forecasts are being reviewed more intensively.

5.24 Property, plant and equipment

(x EUR 1,000)

	Land and buildings	Machinery and equipment	Other	Total
At 1 January 2007				
Cost or valuation	8,206	20,102	1,756	30,064
Accumulated depreciation	-3,563	-16,469	-1,583	-21,615
Net book amount	4,643	3,633	173	8,449
Year ended 31 December 2008				
Opening net amount	4,643	3,633	173	8,449
Acquisition of subsidiary	13	1,810	139	1,962
Additions	155	567	219	941
Disposals	0	-413	-7	-420
Depreciation charge	-120	-1,616	-142	-1,878
Revaluation of building	-1,009	0	0	-1,009
Depreciation charge disposals	0	315	7	322
Closing net book amount	3,682	4,296	389	8,367
At 31 December 2008				
Cost or valuation	8,374	22,066	2,107	32,547
Accumulated depreciation	-4,692	-17,770	-1,718	-24,180
Net book amount	3,682	4,296	389	8,367
Year ended 31 December 2009				
Opening net amount	3,682	4,296	389	8,367
Additions	0	260	28	288
Disposals/ transfers	-2	-4	6	0
Depreciation charge	-119	-1,730	-177	-2,026
Depreciation charge disposals	0	0	0	0
Closing net book amount	3,561	2,822	246	6,629
At 31 December 2009				
Cost or valuation	8,402	20,636	1,712	30,750
Accumulated depreciation	-4,841	-17,814	-1,466	-24,121
Net book amount	3,561	2,822	246	6,629

5.24.1 Revaluation and historical cost

The last revaluation of the land and buildings took place in December 2008. The next valuation is scheduled for 2012.

(x EUR 1,000)	2009	2008
Initial costs land and buildings	4,727	4,727
Accumulated depreciation	3,780	3,683
Balance at 31 December	947	1,044

According to the valuation report dated December 2008 prepared by Diplom-Betriebswirt (FH) Friedrich Kiefer, the fair value of the building is EUR 3,535,000 (valuation in 2005: EUR 4,750,000).

5.24.2 Impairment loss and subsequent reversal

The company has not incurred nor reversed any impairment losses in 2009. In 2008, the land and building assets were revalued based on the current valuation report.

5.24.3 Assets under construction

Assets under construction are included in the category 'other' and total nil (2008: 54,000).

5.24.4 Security

The following securities have been provided for long-term and current liabilities:

- mortgage totalling EUR 3,323,379 on the real estate situated at Oettinger Strasse 6, Nördlingen, Germany;
- pledge on machinery and equipment;
- corporate guarantees totalling EUR 300,000;
- pledge on the shares of RoodMicrotec Stuttgart GmbH.

5.24.5 Government grants

Grants included in property, plant and equipment totalled nil in 2009 (2008: EUR 34,000). This amount is recognised in machinery and equipment.



5.25 Intangible assets

On 8 July 2008 the Group acquired 100% of the share capital of microtec GmbH testlab for opto + microelectronics, a testhouse located in Stuttgart. Microtec contributed revenues of Eur 3,587,000 and a net profit of EUR 233,000 to the Group in 2008. If the acquisition of Microtec had occurred on 1 January 2008 Group sales would have been EUR 16,795,000.

5.25.1 Purchase consideration

Details of net assets acquired and goodwill are as follows:

Purchase consideration

Cash paid	3,050
Direct costs related to the acquisition	282
Total purchase consideration	3,332
Fair value of net assets acquired	1,702
Goodwill	1,630

The goodwill is attributable to the significant synergies and the profits expected to arise in the future.

5.25.2 Purchase price allocation

The assets and liabilities as of 8 July 2008 arising from the acquisition are as follows:

	Fair value	Microtec's carrying amount
Property, plant and equipment	1,962	1,053
Customer relations	140	0
Inventories	316	316
Trade and other receivables	1,391	1,378
Cash and cash equivalents	456	456
Total acquired assets	4,265	3,203
Pension provisions	941	1,011
Loans and leases	915	0
Trade account payables and other payables	619	771
Current tax liabilities	88	88
Total acquired liabilities	2,563	1,870
Net assets acquired	1,702	1,333

5.25.3 Cash flow on acquisition

Purchase consideration settled in cash	3,332
Cash and cash equivalents in subsidiary acquired	-456
Cash outflow on acquisition	2,876

5.25.4 Other information

The subsidiary has an available bank overdraft facility of EUR 330,000 with the Bayerische Hypo- und Vereinsbank AG in Stuttgart (Germany). The loan has a floating interest rate of 10.40% as at 31 December 2008. The facility is annually assessed for renewal.

The subsidiary has an available bank overdraft facility of EUR 300,000 with the Deutsche Bank (credit rating A+ from Standard & Poor's) in Stuttgart (Germany). The loan has a floating interest rate of 6.25% as at 31 December 2008.

There were no acquisitions in the year ended on 31 December 2009.

5.25.1 Intangible assets

(x EUR 1,000)

	Goodwill	Customer relations	Total
At 1 January 2008			
Cost	0	0	0
Accumulated amortisation and impairment charges	0	0	0
Net book amount	0	0	0
Year ended 31 December 2008			
Opening net amount	0	0	0
Acquisition of subsidiary	0	140	140
Additions	1,630	0	1,630
Amortisation charge	0	-14	0
Closing net book amount	1,630	-126	1,756
At 31 December 2008			
Cost	1,630	140	1,770
Accumulated amortisation and impairment charges	0	-14	-14
Net book amount	1,630	126	1,756
Year ended 31 December 2009			
Opening net amount	1,630	126	1,756
Amortisation charge	0	-28	-28
Closing net book amount	1,630	98	1,728
At 31 December 2009			
Cost	1,630	140	1,770
Accumulated amortisation and impairment charges	0	-42	-42
Net book amount	1,630	98	1,728

Goodwill is allocated to the Group's cash-generating units according to the operation. The recoverable amount of the cash-generating units is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period with an average sales growth of 6%. Cash flows beyond

the five-year period are extrapolated at a flat sales growth. Management determined the budgets based on past performance and expectations of market development. The discount rate (wacc of 12%) used is pre-tax, reflects specific risks and is based on the average discount rate of the previous three years.

5.26 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.

(x EUR 1,000)	2009	2008
Deferred income tax assets		
Deferred income tax asset to be recovered after more than 12 months	683	683
Deferred income tax asset to be recovered within 12 months	200	200
	883	883
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	747	747
Deferred tax liability to be recovered within 12 months	0	0
	747	747
Deferred income tax liability (net)	-136	-136

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:

5.26.1 Deferred tax assets

(x EUR 1,000)	2009	2008
Balance at 1 January	883	422
Addition to the income statement	0	461
Balance at 31 December	883	883

The board of management has decided not to recognise deferred tax assets for all of the tax losses that are available for compensation of future tax payments. It believes there is too much uncertainty at balance sheet date that all losses will be compensated. Projected tax payments resulting from profits generated in the next four years have been recognised as tax assets as at

31 December 2009. The unrecognised tax losses in the Netherlands total approximately EUR 14 million (usable up to 2011). The unrecognised tax losses in Germany total approximately EUR 10 million 'Körperschaftsteuer' (indefinite in time) and approximately EUR 4 million 'Gewerbesteuer' (indefinite in time). The applicable tax rate in Germany is 30%.

As of 1 September 2008 the Group created a fiscal unity (Organschaft) under German law between RoodMicrotec Stuttgart GmbH and RoodMicrotec Holding GmbH. In addition a 'profit transfer agreement' (Ergebnisabführungsvertrag) was

signed between the two companies. This enables the Group to set off future profits of RoodMicrotec Stuttgart GmbH against the unrecognised tax losses.

5.26.2 Deferred tax liabilities

(x EUR 1,000)

Balance at 1 January

Changes due to revaluation building and changes in tax rate

Balance at 31 December

	2009	2008
	747	1,400
	0	-653
	747	747

As a result of the revaluation of land and buildings, a provision for deferred tax liabilities has been formed amounting to 30% of the difference.

5.27 Inventories

(x EUR 1,000)

Raw materials and consumables

Work in progress

Finished services

Total

	2009	2008
	209	100
	218	224
	162	0
	589	324

5.28 Trade and other receivables

(x EUR 1,000)

Trade receivables (net)

Taxation and social security

Other

Total

	2009	2008
	1,871	2,346
	0	36
	441	425
	2,312	2,807

The fair value of the trade receivables does not materially differ from their book value. Trade receivables are shown net of impairment losses

amounting to EUR 35,000 (2008: EUR 9,000) arising from identified doubtful receivables from customers.

(x EUR 1,000)

Balance at 1 January

Addition to the bad debt provision

Balance at 31 December

2009	2008
9	9
26	0
35	9

5.29 Cash and cash equivalents

(x EUR 1,000)

Cash at bank and on hand

Bank overdrafts

Total

2009	2008
308	538
-724	-1,160
-416	-622

The securities stated under long-term liabilities (note 5.32.2) have also been provided to German credit institutions for the current liabilities. The credit line with these banks as of 31 December 2009 totalled EUR 1,550,000. The interest rates

ranges from 6.70% to 10.50% (2008: 8.15% to 10.40%).

The credit line with the credit institutions in the Netherlands as of 31 December 2009 totalled EUR 25,000, without any security.



5.30 Share capital

5.30.1 Share capital

(x EUR 1,000)

	Number of shares (x 1,000)	Ordinary shares	Share premium	Total
Balance at 1 January 2008	26,741	2,941	16,727	19,668
Share options exercised by employees	401	44	1	45
Shares exercised through convertible loan	1,585	175	158	333
Shares exercised through payment interest convertible loan	25	3	5	8
Shares issued through private placement	1,738	191	504	695
Share options granted to employees	0	0	55	55
Share options granted to investors	0	0	11	11
Balance at 31 December 2008	30,489	3,354	17,461	20,815
Balance at 1 January 2009	30,489	3,354	17,461	20,815
Shares exercised through convertible loan	4,479	493	174	667
Shares exercised through payment interest convertible loan	228	25	6	31
Share options granted to employees	0	0	27	27
Balance at 31 December 2009	35,196	3,872	17,668	21,540

At 31 December 2009 the authorised share capital comprised 50,000,000 ordinary shares (2008: 35,900,000). The shares have a nominal value of EUR 0.11 each. At 31 December 2009, 35,196,185 ordinary shares (2008: 30,489,148) 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 397,000 shares in the company. The company held 4,100 ordinary shares (2008: 4,100) in its own share capital. The number of treasury shares held by the company at the end of the year under review is less than 0.01% of the issued and paid-up capital (2008: < 0.01%).

5.30.2 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 less 10% on the date of the grant. 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 in 2008 have no vesting period.

5.30.3 Employee share option rights

The overview of all employee option rights outstanding on 31 December 2009 is as follows:

Granted In	Options 31-12-08	Granted in 2009	Exercised in 2009	Expired in 2009	Options 31-12-09	Exercise price in €	First date of exercise	Last date of exercise
2004	9,500	0	0	9,500	0	0.68	1 Apr 07	31 Mar 09
2005	22,500	0	0	0	22,500	0.46	4 Jan 08	3 Jan 10
2006	47,400	0	0	6,700	40,700	0.51	5 Jan 09	4 Jan 11
2007	58,500	0	0	10,000	48,500	0.55	5 Jan 10	4 Jan 12
2008	74,500	0	0	13,000	61,500	0.37	9 Jun 08	8 Jun 11
Total	212,400	0	0	39,200	173,200			

As at 31 December 2009, the members of the supervisory board did not hold any options on shares in the company.

5.30.4 Options Mr Ph.M.G. Nijenhuis

The overview of all share option rights held by Mr Ph. M. G. Nijenhuis on 31 December 2009 is as follows:

Granted In	Options 31-12-08	Granted in 2009	Exercised in 2009	Expired in 2009	Options 31-12-09	Exercise price in €	First date of exercise	Last date of exercise
2009	0	188,247	0	0	188,247	0.11	3 Mar 09	3 Mar 12
2009	0	194,752	0	0	194,752	0.11	3 Sep 09	3 Sep 12
Total	0	382,999	0	0	382,999			

During the time of his contract, Mr Ph.M.G. Nijenhuis, CEO of the Group, will be granted 100,000 options per half year and a maximum of 100,000 options per half year depending on the fulfilment of certain conditions related to the Group's performance. The options will be granted in half-yearly portions. The targets are defined by the supervisory board.
In 2009 the CEO received 200,000 options based

on his contract and 182,999 based on his fulfilment of conditions related to the Group's performance in the second half year of 2008 and the first half year of 2009.

For the second half of 2009 a provision is raised for 200,000 potential options rights for the CEO, which have not yet been approved by the supervisory board.

5.30.5 Other share option rights

Share options are granted to participants in a private placement. The exercise price of the granted options is equal to the market price of the shares. The share options do not have a vesting period. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Share options are also granted to participants in a bridge financing facility. The exercise price is fixed at EUR 0.45. The share options do not have a vesting period. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The overview of all other option rights outstanding on 31 December 2009 is as follows:

Granted In	Options 31-12-08	Granted in 2009	Exercised in 2009	Expired in 2009	Options 31-12-09	Exercise price in €	First date of exercise	Last date of exercise
2008	25,000	0	0	25,000	0	0.42	10 Jun 08	10 Jun 09
2008	50,000	0	0	50,000	0	0.42	11 Jun 08	11 Jun 09
2008	37,500	0	0	37,500	0	0.42	30 Jun 08	30 Jun 09
2008	61,250	0	0	61,250	0	0.42	1 Jul 08	01 Jul 09
2008	250,000	0	0	0	250,000	0.45	3 Jul 08	03 Jul 10
Total	423,750	0	0	173,750	250,000			

5.31 Reserves

(x EUR 1,000)

	Revaluation reserve	Retained earnings	Total
Balance at 1 January 2008	1,991	-18,315	-16,324
Addition to reserves	-247	-95	-342
Depreciation transfer	0	-101	-101
Net result year 2008	0	84	84
Balance at 31 December 2008	1,744	-18,427	-16,683
Net result year 2009	0	-1,742	-1,742
Balance at 31 December 2009	1,744	-20,169	-18,425

As a result of the revaluation of land and buildings in 2005, a revaluation reserve has been formed.

5.32 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest and currency risks, refer to note 5.23.

(x EUR 1,000)	2009	2008
Secured bank loans	1,800	513
Unsecured bank loans	175	525
Finance lease liabilities	882	1,203
Other loans	520	933
	3,377	3,174
Less: current portion of long-term loans	-1,037	-2,336
	2,340	838

5.32.1 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	1,800	200	1,600	400	1,200	0
Unsecured bank loans	175	175	0	0	0	0
Finance lease liabilities	882	392	490	271	219	0
Other loans	520	270	250	250	0	0
Total	3,377	1,037	2,340	921	1,419	0
Convertible loans	750	250	500	250	250	0
Total loans and borrowings	4,127	1,287	2,840	1,171	1,669	0

The fair values of the interest-bearing loans and borrowings do not materially differ from the book value. The interest rates of the interest-bearing loans and borrowings are fixed during the term of the contracts.

5.32.2 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, with pledges on machinery and equipment and pledges on trade receivables and inventories and corporate guarantees amounting EUR 300,000.

5.32.3 Secured bank loan EUR 1,300,000

In the first half year of 2009, a euro loan facility of EUR 1,300,000 was agreed with the Hypo- und Vereinsbank AG (Augsburg, Germany). The loan has a term of five years. The interest rate is 6.7%. This facility has been used in full.

5.32.4 Secured bank loan EUR 500,000

In the first half year of 2009, a euro loan facility of EUR 500,000 was agreed with the Hypo- und Vereinsbank AG (Augsburg, Germany). The loan has a term of five years. The interest rate is 6.7%. This facility has been used in full.

5.32.5 Subordinated loan EUR 250,000

In the first half year of 2009, a subordinated euro loan facility of EUR 250,000 was agreed with the ICN Part Rood B.V. (Bosch en Duin, The Netherlands). The loan has a term of one and a half years. The interest rate is 7.5%. This facility has been used in full.

5.32.6 Finance lease liabilities

The Group leases certain equipment; leases for which the Group bears substantially all the risks

(x EUR 1,000)

Cost-capitalised finance leases
Accumulated depreciation

Net book amount

	2009	2009
Cost-capitalised finance leases	2,278	2,263
Accumulated depreciation	-1,257	-940
Net book amount	1,021	1,323

5.32.7 Interest rates

The average interests paid were as follows:

	Year ended 31 December	
	2009	2008
Bank overdrafts	6.70% - 10.50%	8.15% - 10.40%
Bank loans	6.70% - 7.90%	7.29% - 8.25%
Finance lease liabilities	4.41% - 6.69%	4.41% - 6.69%
Other loan	4.50% - 5.00%	5.00% - 12.68%

5.33 Convertible loan

The convertible loan totals EUR 750,000 (2008: EUR 1,000,000). The convertible loan was issued on 29 April 2005.

The loan will be redeemed by the Group in four consecutive annual payments starting 15 April

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 2009, new financial leases totalling EUR 237,000 were contracted.

Each lease payment is allocated 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 include the following amounts where the Group is a lessee under a finance lease.

2009. The amount of each repayment will be EUR 250,000. Interest of 4.5% will be paid annually up to that settlement date.

After 1 January 2008, the Group has the right to redeem the outstanding amount of the loan in shares, subject to the average share price exceeding 130% - during 30 consecutive trading days -

of the conversion price of EUR 0.84. The shares related to this early repayment will be transferred to the lender within five days after the 30-day period ends.

In 2008 a new convertible loan was issued totaling EUR 1,000,000. The convertible loan was issued on 2 June 2008 and has been used in full. The loan will be redeemed by the company in eighteen consecutive monthly payments starting 1 July 2008. The amount of each repayment will be one eighteenth of the face value of the loan.

5% Interest will be paid quarterly. The first interest payment is on 1 August 2008.

As of 1 July 2008, the Group has started to redeem the outstanding amount including interest of the loan in shares. The conversion price is the opening bid price on the first working day of the month on Euronext Amsterdam at 09:00 with a 5% discount.

The Group has the right to redeem the open amount of the loan (including interest) with cash at any time during the contract. At 31 December 2009 the loan was fully redeemed.

(x EUR 1,000)	2009	2008
Balance as at 1 January	1,667	1,000
New loan	0	1,000
Repayment	-917	-333
Balance as at 31 December	750	1,667

5.34 Retirement benefit obligations

(x EUR 1,000)	2009	2008
Present value of pension obligations	4,860	4,688
Fair value of plan assets	-1,397	-1,396
Net present value of unfunded obligations	3,463	3,292
Unrecognised actuarial gains and losses	-96	224
Other pension assets	-1,803	-1,971
Net liability recognised in the balance sheet	1,564	1,545



5.34.1 Present value of unfunded obligations

The Group makes contributions to a number of defined benefit plans that provide pension benefits for employees upon retirement in Germany. In the Netherlands the pension plan is classified as a defined contribution plan and/or similar arrangements for employees, if customary, are maintained, taking local circumstances into account.

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 meet the definition of a qualifying insurance policy as defined in IAS 19 Employee Benefits. The fair value of insurance policies that do not qualify as plan assets have been presented as other pension assets, since it is virtually certain that the insurance company will reimburse some or all of the expenditure required to settle the defined benefit obligation.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on 31 December 2009 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.

(x EUR 1,000)

	2009	2008
Discount rate at 31 December	5.5%	5.7%
Expected return on plan assets at 31 December	4.0%	4.0%
Future salary increase	0%	0%
Medical cost trend rate	0%	0%
Future pension increases	1.0%	1.0%
Inflation	1.0%	1.0%

5.34.2 Expenses recognised in the income statement

(x EUR 1,000)

	2009	2008
Current service costs	28	21
Interest on obligation	261	220
Expected return on plan assets	-55	-55
Actuarial losses recognised in the year	0	0
Total	234	186

The charge for the year is included in the employee benefits expense in the income statement. The actual return on plan assets was EUR 47,974 (2008: EUR 51,806).

Changes in the present value of the defined benefit obligation were as follows:

(x EUR 1,000)	2009	2008
Opening defined benefit obligation	4,688	3,351
Acquisition of subsidiary	0	1,411
Service costs	28	21
Interest costs	261	220
Actuarial gain (-) or loss	125	-141
Pension payments	-242	-174
Closing present value of the defined benefit obligation	4,860	4,688

Changes in the fair value of plan assets were as follows:

(x EUR 1,000)	2009	2008
Opening fair value of plan assets	1,396	1,392
Expected return on plan assets	55	55
Actuarial gain (-) or loss	-7	-3
Contributions by employer	17	16
Benefits paid	-64	-64
Closing fair value of plan assets	1,397	1,396

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 A 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.

5.35 Trade accounts payables

(x EUR 1,000)	2009	2008
Suppliers and trade credits	1,239	772
Non-trade payables and accrued expenses	787	1,349
Total	2,026	2,121

5.36 Net sales

(x EUR 1,000)

	2009	2008
EU	9,165	10,125
Outside EU	2,757	2,932
Total	11,922	13,057

(x EUR 1,000)

	2009	2008
Revenue from services	10,495	12,588
Sales of goods	1,427	469
Total	11,922	13,057

5.37 Personnel expenses

(x EUR 1,000)

	2009	2008
Salaries	5,587	5,562
Social security	1,085	1,073
Share options granted to directors and employees	27	55
Pension charges	-25	186
Own work capitalised	-8	-178
Total	6,666	6,698

The average number of people employed by the Group in 2009 on a full-time basis was 132 (2008: 125).

5.38 Depreciation and amortisation

(x EUR 1,000)

	2009	2008
Intangible fixed assets		
Intangible fixed assets	28	14
Tangible fixed assets		
Land and buildings	119	120
Machinery and equipment	1,730	1,616
Other fixed assets	177	142
Total	2,054	1,892

5.39 Other operating expenses

(x EUR 1,000)	2009	2008
Other operating expenses	2,405	2,673
Special items		
Result on disposal of tangible fixed assets	0	-26
Total	2,405	2,647

The most important task of the external auditor is the audit of the annual accounts of Rood Testhouse International N.V. An amount of EUR 16,000 is charged by Mazars Paardekooper Hoffman Accountants N.V. 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, Rood Testhouse International 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 abovementioned services, which are included in 'other operating expenses', are evaluated on a regular basis and in line with the market.

5.40 Financial expenses

(x EUR 1,000)	2009	2008
Interest expenses:		
- bank borrowings	209	229
- convertible loan	55	74
- other loans	174	172
- other financial expenses	2	51
Total	440	526

5.41 Income tax expenses

(x EUR 1,000)	2009	2008
Current tax expense		
Current year	2	15
Previous years	0	64
Deferred tax from expense		
Recognition of tax losses carried forward	0	461
Total	2	540

5.42 Earnings per share

5.42.1 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.

	2009	2008
Profit attributable to equity holders of the company	-1,742	84
Weighted average number of ordinary shares in issue (in thousands)	33,206	28,140
Basis earnings per share	-0.05	0.00

5.42.2 Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has two categories of dilutive potential ordinary shares: convertible debt and share options. The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less

the tax effect. 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 share price of the company's shares) 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)	2009	2008
Profit attributable to equity holders of the company	-1,742	84
Profit used to determine diluted earnings per share	-1,742	84
(x 1,000)		
Weighted average number of ordinary shares in issue	33,206	28,140
Adjustments for:		
- Convertible debt	0	2,130
Weighted average number of ordinary shares for diluted earnings per share	33,206	30,270
Diluted earnings per share	-0.05	0.00

5.43 Off-balance sheet commitments

5.43.1 Operating leases as lessee

(x EUR 1,000)	2009	2008
Less than one year	130	166
Between one and five years	93	182
More than five years	2	0
Total	225	348

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

5.43.2 Rental commitments

The Group rents its office in Zwolle (the Netherlands) for a period of five years with renewal rights. The annual rent is EUR 16,800.

5.43.3 Capital commitments

During the year ended at 31 December 2009 the Group entered into a contract to purchase property, plant and equipment for EUR nil (2008: EUR nil).

5.43.4 Contingencies

The holding company has issued a guarantee for EUR 5,950 to a third party.

The holding company and the majority of the Dutch operating companies 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.

5.44 Subsequent events

No significant events have taken place after balance sheet date.



Medical applications

Medicine (hardening agent for tooth fillings)

5.45 Related parties

5.45.1 Remuneration of the managing directors

In addition to their salaries, the Group contributes to a post-employment defined benefit plan on behalf of the managing directors. The CEO also

participates in the Group's share option scheme (refer to 5.30.4).

(x EUR 1,000)

	Fixed salary	Bonus	Pension	Valuation options	Total 2009	Total 2008
Mr Ph.M.G. Nijenhuis (CEO)	135	0	14	27	176	193
Total					176	193

The CEO has been provided with a mobile telephone and a company car. The remuneration of the managing directors is determined by the supervisory board. The remunerations are adjusted as from 2008 based on the 'managing director's agreement' concluded at the time of the appointment of the CEO in September 2004. In determining the number of granted options, the realisation of Group and personal targets is taken into account. The supervisory

board defines the targets each half year. The remuneration of key management totalled EUR 343,000 in 2009.

There are no guarantees or obligations vis-à-vis on behalf of the managing directors. The information about the options granted to members of the board of management is provided on an individual basis (refer to 5.30.4).

5.45.2 Remuneration of the supervisory board

(x EUR 1,000)

	2009
Mr C.W.M. Koot (chairman)	13
Mr. A. Mommer	3
Mr J.H.P.M. Stolker	8
Mr V.G. Tee	8
Total	32

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.

5.45.3 Other related party transactions

The Group has not entered into any joint ventures.

6 Company balance sheet (before appropriation of net result)

(x EUR 1,000)

		As at 31 December	
		2009	2008
Assets			
Non-current assets			
Fixed assets			
	Property, plant and equipment	5	9
8.4	Financial fixed assets		
8.19.1	Group companies	534	2,043
8.19.2	Loans to group companies	3,851	1,984
		4,385	4,027
Current assets			
Receivables			
	Group companies	146	3,213
	Other receivables	72	25
Cash and cash equivalents		1	0
		219	3,238
Total assets		4,609	7,274
Equity			
	Share capital	3,872	3,354
	Share premium	17,668	17,461
	Legal reserve	1,744	1,744
	Retained earnings	-18,427	-18,511
	Result for the year	-1,742	84
8.20	Total equity	3,115	4,132
Liabilities			
Non-current liabilities			
	Interest-bearing loans and borrowings	250	0
8.21	Convertible loan	500	750
		750	750
Current liabilities			
	Bank overdrafts	17	4
	Current portion of long-term debt	520	1,850
	Trade and other payables	194	528
	Current tax liabilities	13	10
		744	2,392
Total liabilities		1,494	3,142
Total equity and liabilities		4,609	7,274

7 Company income statement

(x EUR 1,000)	For the year ended	
	2009	2008
Net profit from group companies	-2,109	301
Other income	367	-217
Net profit	-1,742	84



Microelectronics in car industry

8 Notes to the company financial statements

8.1 General

The annual accounts of Rood Testhouse International N.V. (the Company) as presented hereinafter have been prepared in conformity with Generally Accepted Accounting Principles in the Netherlands and in compliance with the legal requirements concerning annual reporting as included in Section 9 of Book 2 of the Netherlands Civil Code.

These accounting principles are generally in accordance with the valuation principles as applied in the consolidated annual accounts prepared under IFRS. Reference is made to the accounting principles set out in notes 5.2 to 5.21 of this annual report.

The facility provided by Volume 9, Book 2, Section 402 of the Netherlands Civil Code has been utilised in the preparation of the non-consolidated profit and loss account.

The notes to the consolidated annual accounts under IFRS form an integral part of the annual accounts prepared under Dutch GAAP. Material differences are separately disclosed in this section.

8.2 Research and development

The Group is deeply committed to research and development. However, as research and development is frequently contained within projects at cost price or lower, a precise quantification of the amounts incurred is not possible.

8.3 Tangible fixed assets

Refer to note 5.5 to the consolidated financial statements.

8.4 Financial fixed assets

8.4.1 Subsidiaries of Rood Testhouse International N.V. (Including registered office and interest)

Unless stated otherwise, the direct or indirect interest of Rood Testhouse International N.V. amounts to 100%. Insignificant subsidiary companies in terms of third-party revenue and balance sheet total have been deleted.

These subsidiary companies are fully incorporated into the consolidated annual accounts of Rood Testhouse International N.V., unless stated otherwise.

Company	%	Office	Country
RoodMicrotec International B.V.	100	Zwolle	The Netherlands
RoodMicrotec Holding GmbH	100	Nördlingen	Germany
RoodMicrotec Beteiligungs GmbH	100	Nördlingen	Germany
RoodMicrotec Nördlingen GmbH + Co. KG	100	Nördlingen	Germany
RoodMicrotec Dresden GmbH	100	Dresden	Germany
RoodMicrotec Stuttgart GmbH	100	Stuttgart	Germany

Old Name

Rood Technology Service GmbH
Rood Technology Dresden GmbH
Rood Technology International B.V.
Microtec GmbH testlab for opto + microelectronics
Rood Technology Deutschland Beteiligungs GmbH
Rood Technology Deutschland GmbH + Co
Planned to be effected in Q2 2010

New Name

RoodMicrotec Holding GmbH
RoodMicrotec Dresden GmbH
RoodMicrotec International B.V.
RoodMicrotec Stuttgart GmbH
RoodMicrotec Beteiligungs GmbH
RoodMicrotec Nördlingen GmbH + Co. KG

8.4.2 Loans to group companies

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

8.5 Stocks of consumables and work in progress

Refer to note 5.7 and 5.8.1 of the consolidated financial statements.

8.6 Receivables

These receivables are stated at nominal value less a provision for doubtful debts if required.

8.7 Liquid assets

Refer to note 5.9 of the consolidated financial statements.

8.8 Liabilities and loans

Long-term and current liabilities and loans are stated at their nominal amounts.

8.9 Provisions

Provisions are built up for actual or legally enforceable obligations and are taken into account at nominal value except for those relating to the Group's obligations for pension back service, which are based upon actuarial valuations.

8.10 Deferred taxes

Deferred taxes arise as a result of temporary differences between the business economic and fiscal valuation of assets and liabilities. The deferred taxes are included at nominal value and calculated using the tax rates in force on the balance sheet date. Deferred tax receivables are only included insofar as they are offset by deferred

tax obligations that relate to the same periods or if in some other manner there is high degree of probability that these deferred receivables can be realised. Deferred tax assets are included as other receivables.

8.11 Contingent liabilities

These include conditional and unconditional liabilities resulting from agreements such as guarantees, lease obligations etcetera.

8.12 Net sales

Refer to note 5.18 to the consolidated financial statements.

8.13 Depreciation

Refer to note 5.5.4 to the consolidated financial statements.

8.14 Impairment of assets

Refer to note 5.10 to the consolidated financial statements.

8.15 Personnel expenses and other operating costs

Personnel expenses and other operating costs are reported in the period to which they relate.

8.16 Interest receivable (payable)

This relates to interest income receivable from and expenses payable to third parties.

8.17 Taxes

These are calculated on the commercial result before tax and after taking into account all fiscal facilities available. Income tax is calculated in

accordance with the rates of taxation in the various countries in which companies of the Group operate. Amounts of tax which have not yet fallen due and are caused by timing differences are included in the deferred tax assets/liabilities.

8.18 Accounting principles for the cash flow statement

Refer to note 5.21 to the consolidated financial statements.

8.19 Financial fixed assets

8.19.1 Group companies

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

(x EUR 1,000)	2009	2008
Balance as at 1 January	2,043	2,185
Revaluation differences	0	-443
Profit of group companies	-2,109	301
Conversion of loan to subsidiary into equity	600	0
Balance as at 31 December	534	2,043

8.19.2 Loans to Group companies

This item relates to subordinated loans issued to a German group company. The total amount which is subordinated is EUR 2,999,000. An amount of EUR 2,840,000 is subordinated to all other liabilities. An amount of EUR 150,000 is subordinated to bank debts. The amount of EUR 852,000 is not subordinated. The interest rate is between 6.50% and 7.50%

Movements in this item were as follows:
(x EUR 1,000)

(x EUR 1,000)	2009	2008
Balance as at 1 January	1,984	1,984
New loan	1,867	0
Balance as at 31 December	3,851	1,984



Medical applications for animales

Microchipping of all members of the horse family, like horses, ponies, donkeys and zebras has become mandatory as of 1 July 2009. The chip is linked to a registration system and a unique passport for each individual animal.

8.20 Equity

8.20.1 Movements in total equity

The movements in equity were as follows:

	Issued share- capital	Paid-in surplus	Legal reserve	Other reserves	Total 2008	Total 2007
Balance as at 1 January	3,354	17,461	1,744	-18,427	4,132	3,344
Employee options exercised	0	0	0	0	0	45
Valuation options granted	0	27	0	0	27	66
Conversion convertible loan	493	174	0	0	667	333
Conversion interest payment convertible	25	6	0	0	31	8
Shares issued by private placement	0	0	0	0	0	695
Reserve building revaluation	0	0	0	0	0	-443
	3,872	17,668	1,744	-18,427	4,857	4,048
Appropriation of result	0	0	0	-1,742	-1,742	84
Balance as at 31 December	3,872	17,668	1,744	-20,169	3,115	4,132

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

8.20.2 Legal reserves

	Revaluation reserve	Total 2009	Total 2008
Balance as at 1 January	1,744	1,744	2,099
Addition due to correction revaluation reserve	0	0	-355
Balance as at 31 December	1,744	1,744	1,744

8.21 Convertible loan

The convertible loan totals EUR 750,000. The convertible loan was issued on 29 April 2005.

The loan will be redeemed by the Company in four consecutive annual payments starting 15 April 2009. The amount of each redemption will be EUR 250,000. 4.5% interest will be paid annually up to that settlement date.

As of 1 January 2008, the Company has the right to redeem the outstanding amount of the loan in shares, subject to the average share price exceeding 130% - during 30 consecutive trading days - of the conversion price of EUR 0.84. The shares related to this early redemption will be transferred to the lender within five days after the 30-day period ends.

In 2008 a new convertible loan of EUR 1,000,000 was issued. It was issued on 2 June 2008 and has been used in full.

The loan is being redeemed by the Company in eighteen consecutive monthly payments starting 1 July 2008. The amount of each repayment will be one eighteenth of the face value of the loan. 5% interest will be paid quarterly. The first interest payment was on 1 August 2008.

On 1 July 2008, the Company started to redeem the outstanding amount including interest of the loan in shares. The conversion price is the opening bid price on the first working day of the month on Euronext Amsterdam at 09:00 with a discount of 5%.

The Company has the right to redeem the open amount of the loan (including interest) with cash at any time during the contract.

Movements in this item were as follows:

(x EUR 1,000)	2009	2008
Balance as at 1 January	1,667	1,000
New loan	0	1,000
Repayment	917	-333
Balance as at 31 December	750	1,667
(x EUR 1,000)	2009	2008
Presented under		
Non-current liabilities:		
Subordinated convertible loan	500	750
Current liabilities:		
Current portion of long-term debt	250	917
Total	750	1,667

8.22 Guarantees

The Company has provided parent company guarantees in respect of its subsidiaries of EUR 300,000.

Amsterdam, 25 February 2009

Board of Management

Ph. M.G. Nijenhuis, CEO

Supervisory board

C.W.M. Koot, Chairman

J.H.P.M. Stoker

V.G. Tee

Corporate Management Team

R. Pusch, Vice-president and CSO

T. Bucksch, CTO

H.P. Neuber, COO

S.G. Hollenberg, CFO

Navigation system (taxicab tracker)

RoodMicrotec is active in failure analysis, test engineering, qualification and testing of GPS applications and other solutions



9 Other information

9.1 Auditor's report

To the general meeting of shareholders of Rood Testhouse International N.V.

AUDITOR'S REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the Annual Accounts of Rood Testhouse International 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 2009, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company annual accounts comprise the company balance sheet as at 31 December 2009, the company income statement for the year then ended and the notes.

(I) 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 Netherlands Civil Code, and for the preparation of the Report of the Board of Management in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

(II) 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. This law requires that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the financial statements 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.

(III) 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 Rood Testhouse International N.V. as at 31 December 2009 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 Netherlands Civil Code.

(IV) 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 Rood Testhouse International N.V. as at 31 December 2009 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

(V) Emphasis of Matter

We draw attention to note 5.2 to the annual accounts which indicates that the company incurred a loss of EUR 1,742 thousand during the year ended 31 December 2009 and, as of that date, the company's current liabilities exceeded its current assets by EUR 974 thousand. Although the financing structure has improved compared to prior year, working capital continues to be negative, implying that additional working capital may be required in order to meet the financial liabilities in the next financial year. The Board of Management is confident about the continuity of the company, which they explain by the following:

- The improved financing structure is a better basis for the company than in previous year and provides sufficient basis to meet financial liabilities for at least the next 12 months;
- Further positive business development in supply chain management, despite the loss of an important customer.

The Board of Management is confident that the company can continue as a going concern, which is explained in note 5.2. This note presents the assumptions as to why the company is able to continue as a going concern. Our opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the Report of the Board of Management is consistent with the annual accounts as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 2 March 2010

MAZARS PAARDEKOOPER HOFFMAN ACCOUNTANTS N.V.

drs. J.J.W. Galas RA

9.2 Post balance sheet date events

Reference is made to note 5.44.

9.3 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.

9.4 Proposed profit appropriation

In accordance with article 27 of the Articles of Association, we propose to add the entire result to the reserves.

9.5 True and fair view statement

This statement is an integral part of the annual report published on 11 March 2010. This statement is based on Article 5:25 c Clause 2 sub C of the Financial Supervision Act. The statements following this law are obliged as a new ruling for the annual report 2009.

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 Rood Testhouse International 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 Rood Testhouse International N.V. and the group companies for which the financial information is recognised in its financial statements. The most important risks confronting Rood Testhouse International 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 on the grounds of Article 5:25 c Clause 2 sub C of the Financial Supervision Act.



Medicine

(hearing aids are getting smaller and more sophisticated with smaller chips)

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Members of Corporate Management Team

R. Pusch, VP and CSO
T. Bucksch, CTO
H.P. Neuber, COO
S.G. Hollenberg, CFO

Management

RoodMicrotec Beteiligungs GmbH

Management

Ph.M.G. Nijenhuis
T. Bucksch
R. Pusch
H.P. Neuber

Management

Ph.M.G. Nijenhuis
T. Bucksch

Management

T. Bucksch

Management

Ph.M.G. Nijenhuis

Management

R. Pusch

Note 1: The company names will change in 2010, the previous names are noted in brackets in the line underneath the new names.

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