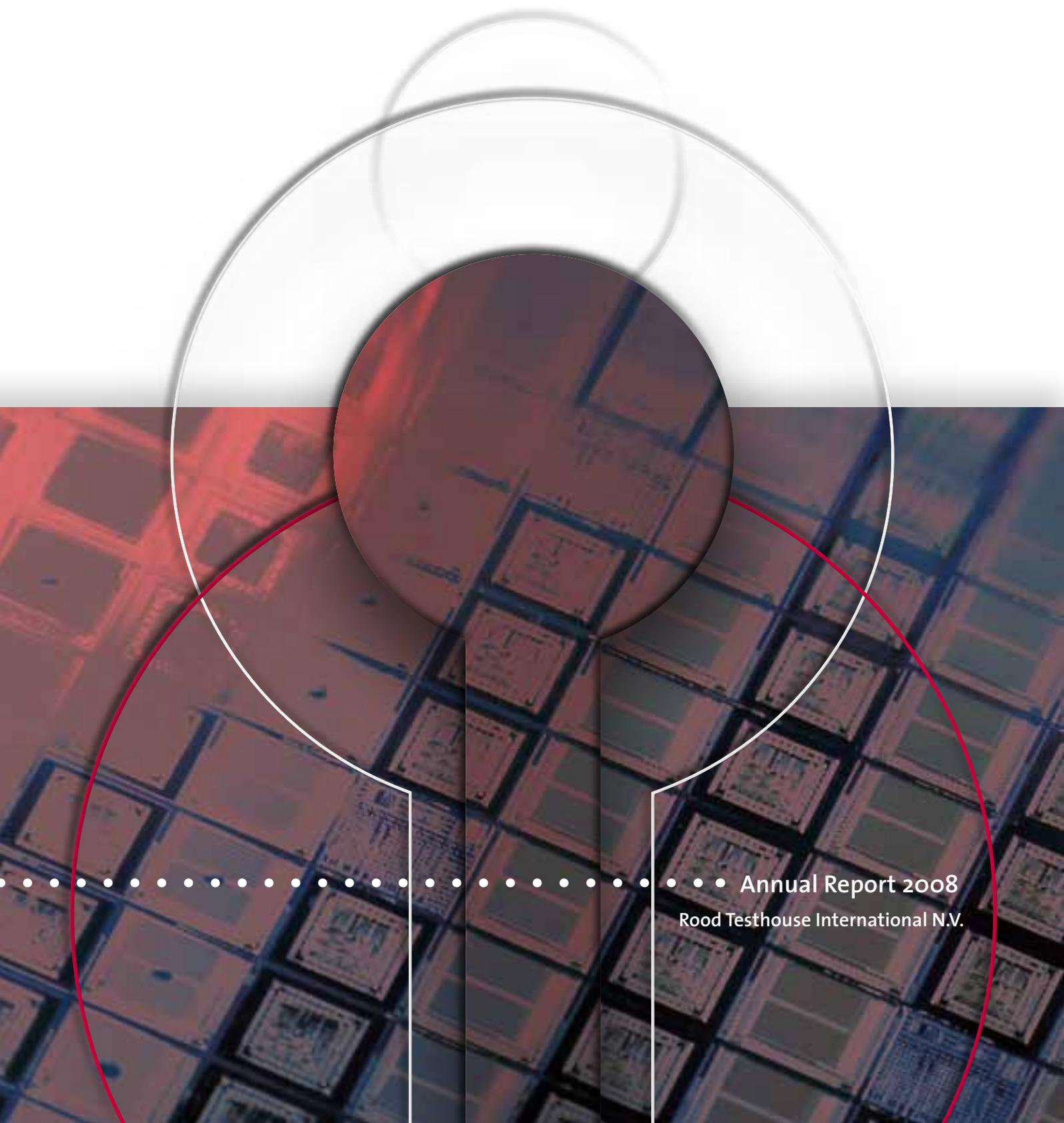




RoodMicrotec
powerful solutions



• • • Annual Report 2008
Rood Testhouse International N.V.



RoodMicrotec
powerful solutions

ROOD TESTHOUSE INTERNATIONAL N.V.

Annual Report 2008



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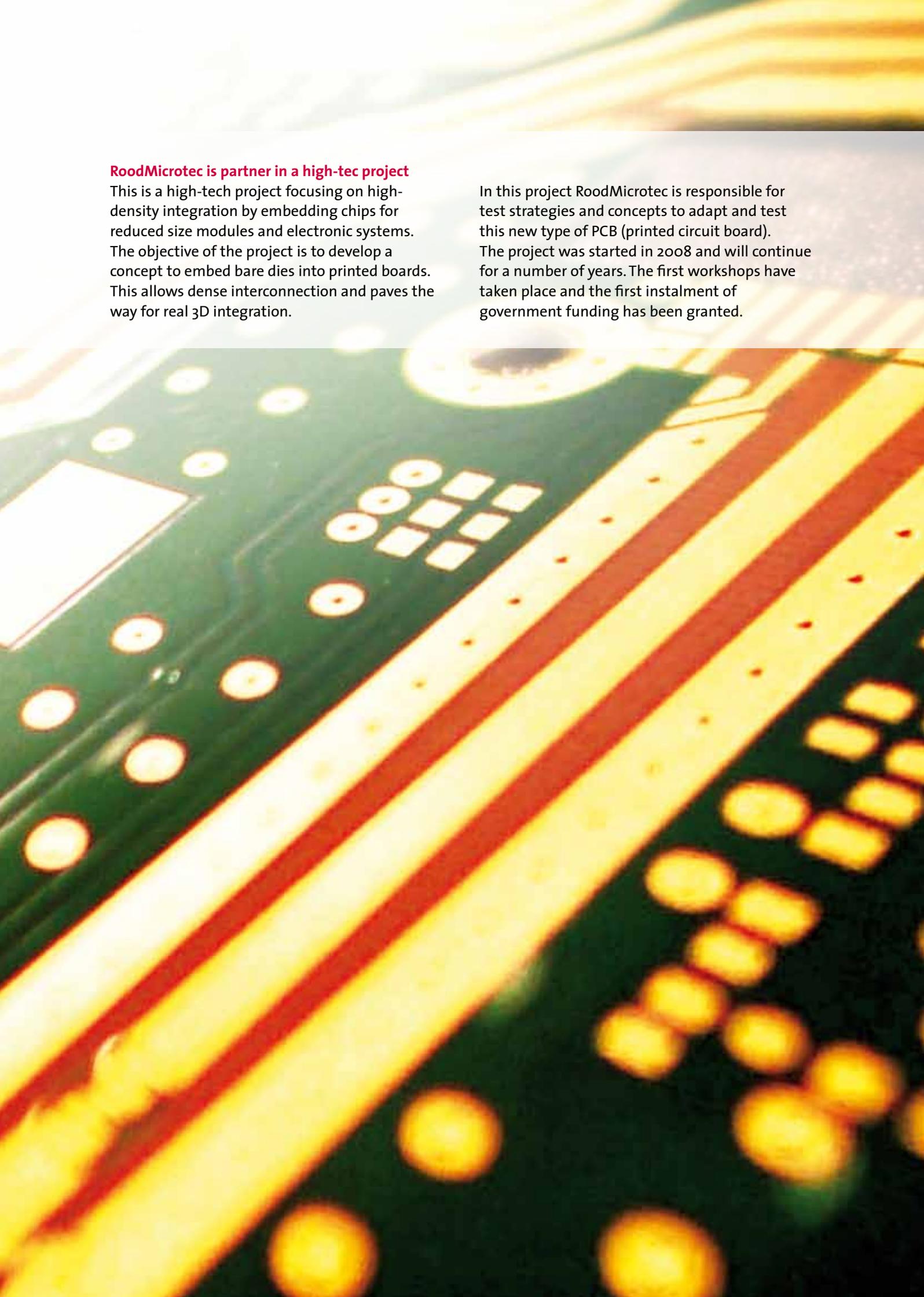
The test centre offers support in particular to fabless customers wishing to establish the results of pilot and start-up series as a stable production process.

Furthermore, it offers support in introducing these processes in mass production at its own or external facilities.

The added value for the customer includes:

- yield improvement
- shorter time to market
- meeting performance to price ratio

We provide these value-added services to our foreign European-based customers in facilities certified to the ISO/TS 16949 and ISO 9001 international industry standards.

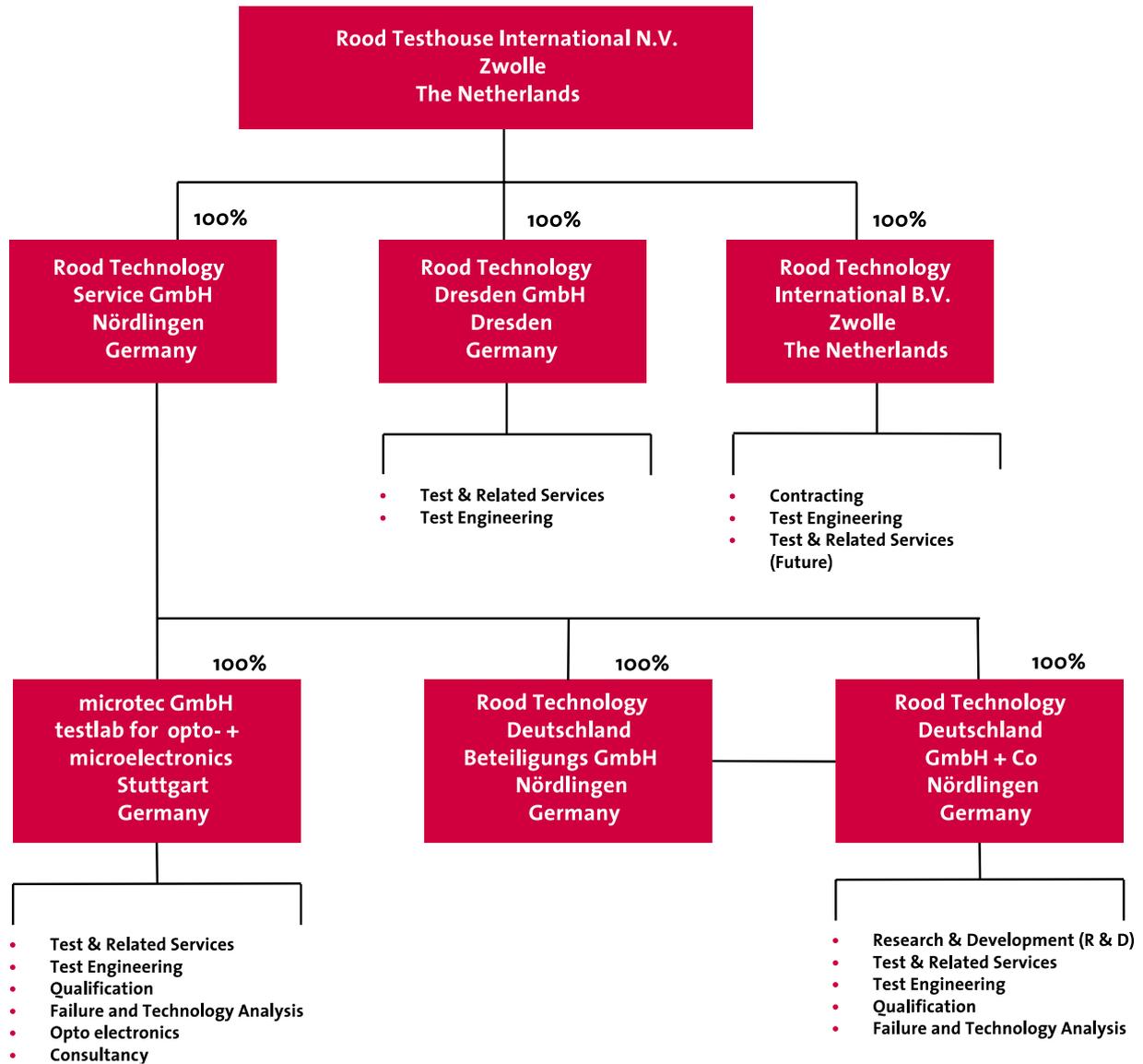


RoodMicrotec is partner in a high-tec project

This is a high-tech project focusing on high-density integration by embedding chips for reduced size modules and electronic systems. The objective of the project is to develop a concept to embed bare dies into printed boards. This allows dense interconnection and paves the way for real 3D integration.

In this project RoodMicrotec is responsible for test strategies and concepts to adapt and test this new type of PCB (printed circuit board). The project was started in 2008 and will continue for a number of years. The first workshops have taken place and the first instalment of government funding has been granted.

Group Structure



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.

Members of 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.



Hans-Peter Neuber (1958)
Nationality: German
Chief Operating Officer
Member of Corporate Management since July 2008
Previous positions: operations manager and authorized officer with Microtec 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.



Sebastiaan G. Hollenberg (1974)
Nationality: Dutch
Chief Financial Officer
Member of Corporate Management Team since August 2007
Previous positions: management positions with Falcon Leven and Eurofiber.

Supervisory board



Cees W.M. Koot (1936)
Nationality: Dutch
Chairman of the supervisory board since 1998. Reappointed in 2005. Term of office ends in 2009 (eligible for re-election)
Previous positions: senior management and board positions with Philips Components, Communications and Semiconductors.

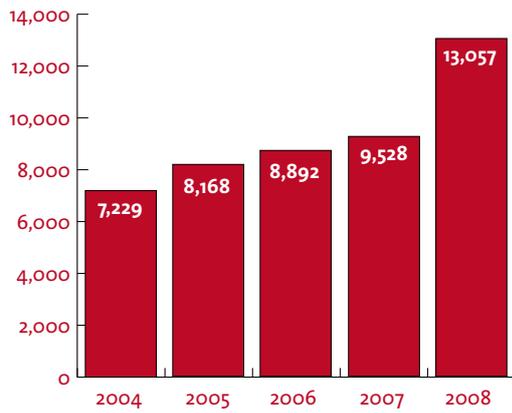


Ad Mommer (1944)
Nationality: Dutch
Member of the supervisory board. Appointed on 26 March 2007. Term of office ends in 2011
Previous positions: financial positions with Philips Electronics, including CFO of the Semiconductor Division and the Consumer Electronics Division.

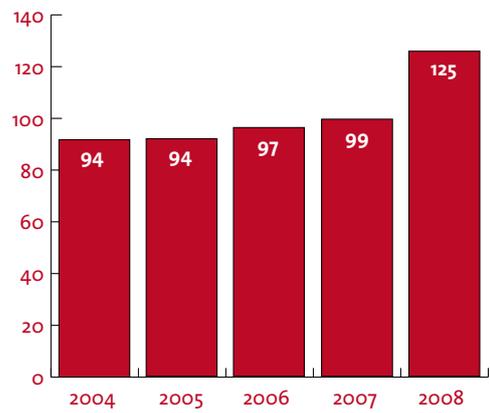
Key Figures

(in EUR x 1,000 unless stated otherwise)

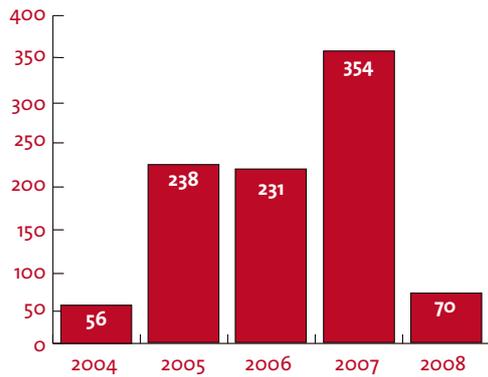
| | IFRS 2008 | IFRS 2007 | IFRS 2006 | IFRS 2005 | IFRS 2004 |
|--|---------------|--------------|--------------|--------------|--------------|
| Result | | | | | |
| Net sales | | | | | |
| * Net sales core business | 13,057 | 9,528 | 8,892 | 8,168 | 7,229 |
| * Net sales equipment | | | | | 580 |
| | 13,057 | 9,528 | 8,892 | 8,168 | 7,809 |
| Total operating income | 13,019 | 9,539 | 8,872 | 8,149 | 7,760 |
| Gross margin | 11,307 | 8,657 | 7,948 | 7,470 | 6,924 |
| Operating result/EBIT | 70 | 354 | 231 | 238 | 56 |
| Operating result/EBIT (excl. disposal equipment branche and waver of banks) | 70 | 354 | 231 | 238 | 56 |
| EBITDA | 1,962 | 1,908 | 1,415 | 1,141 | 1,428 |
| Cash flow (net result and depreciaton) | 1,976 | 1,559 | 1,325 | 1,421 | 1,391 |
| Cash flow from operating activities | 2,815 | 1,495 | 151 | 1,269 | 1,632 |
| Net result | 84 | 5 | 141 | 518 | -35 |
| Capital | | | | | |
| Total assets | 14,675 | 11,295 | 11,144 | 8,630 | 7,653 |
| Group equity | 4,132 | 3,344 | 3,335 | 3,075 | 2,543 |
| Convertible debt | 1,667 | 1,000 | 1,000 | 1,475 | 1,438 |
| Group equity + Convertible loans | 5,799 | 4,344 | 4,335 | 4,550 | 3,981 |
| Group equity + Convertible loans as a percentage of total assets | 39.5 | 38.5 | 38.9 | 52.7 | 52.0 |
| Net debt as a percentage of equity | 145.2 | 144.2 | 143.5 | 64.8 | 66.9 |
| Net debt as a percentage of total assets | 29.5 | 33.8 | 33.9 | 6.0 | 3.4 |
| Assets | | | | | |
| Tangible fixed assets | 8,367 | 8,449 | 8,433 | 6,597 | 6,014 |
| Investments in tangible fixed assets | 941 | 1,540 | 3,088 | 1,405 | 826 |
| Investments in subsidiaries | 2,876 | 0 | 0 | 0 | 0 |
| Depreciation of tangible fixed assets | 1,878 | 1,524 | 1,106 | 822 | 1,325 |
| Data per share (x EUR 1,-) | | | | | |
| Capital and reserves | 0.14 | 0.13 | 0.12 | 0.15 | 0.19 |
| Operating results | 0.00 | 0.01 | 0.01 | 0.01 | 0.00 |
| Cash flow | 0.09 | 0.06 | 0.01 | 0.08 | 0.12 |
| Net result | 0.00 | 0.00 | 0.01 | 0.03 | 0.00 |
| Share price: year end | 0.15 | 0.57 | 0.66 | 0.56 | 0.54 |
| Share price: highest | 0.57 | 0.66 | 0.96 | 0.73 | 0.94 |
| Share price: lowest | 0.12 | 0.43 | 0.55 | 0.45 | 0.37 |
| Issue of nominal shares | | | | | |
| At year end (x 1,000) | 30,489 | 26,741 | 26,741 | 19,867 | 13,578 |
| Number of FTE's (Permanent) | | | | | |
| At year end | 148 | 100 | 104 | 95 | 97 |
| Average | 125 | 99 | 97 | 94 | 94 |
| Sales (total)/ Average FTE's (Permanent) | 104 | 96 | 92 | 87 | 83 |
| Sales (core-business)/ average FTE's (Permanent) | 104 | 96 | 92 | 87 | 77 |



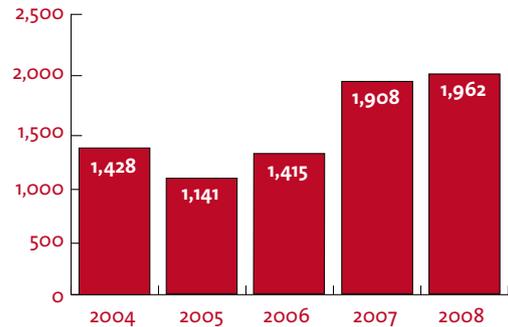
Net Sales Core Business (x EUR 1,000)



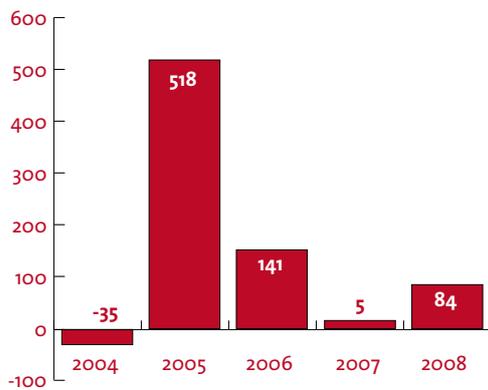
Average number of FTE's (Permanent)



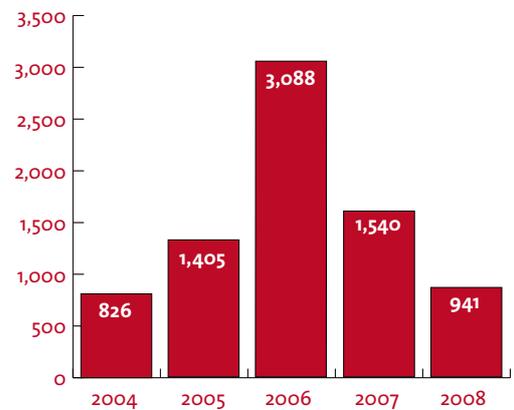
Operating Result (EBIT) (x EUR 1,000)



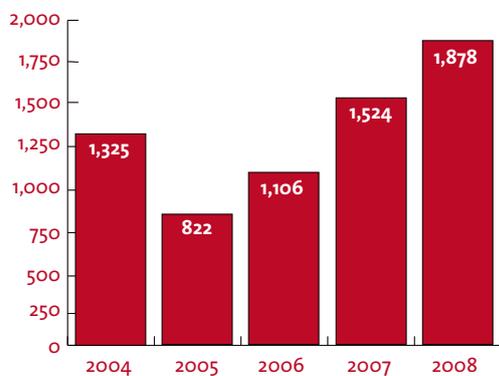
EBITDA (x EUR 1,000)



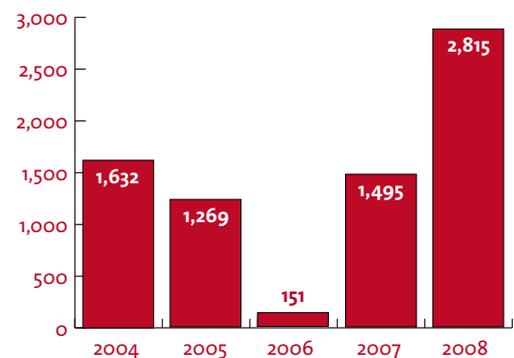
Net Result (x EUR 1,000)



Investments in tangible fixed assets (x EUR 1,000)



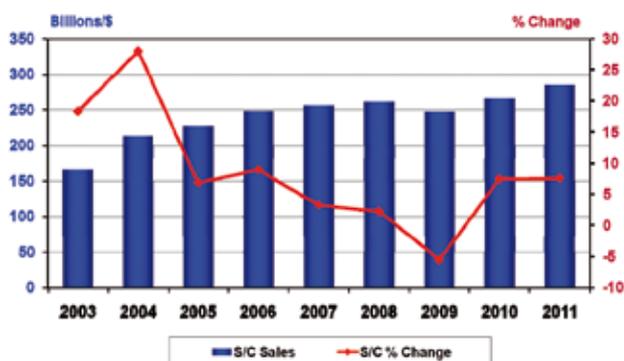
Depreciation of tangible assets (x EUR 1,000)



Cash flow from operating activities (x EUR 1,000)

Report of the CEO

The global credit crisis has not left the semiconductor market untouched. In the first half of 2008, the market still grew compared to the first half of 2007, but especially in the last quarter of 2008 the market collapsed entirely. This was mainly caused by memory chips. The high-tech part of the semiconductor industry, in which RoodMicrotec operates, showed clear growth even up to November. The market forecasts for the next few years have been adjusted considerably. For 2009 a contraction is forecast of between 5% and 6%, after which the market will return to strong growth in 2010 and 2011.



Source: SIA Fall 2008 Forecast



The main event of 2008 was the merger between Rood Technology and Microtec and the integration of both companies. The merger strengthened Rood's position in the growth sectors Qualification, Failure & Technology Analysis, Test Engineering and Supply Chain Management, while its activities in Test & End-of-line Services gained a much stronger and stable basis. In addition, the merger has also opened up many opportunities for synergy.

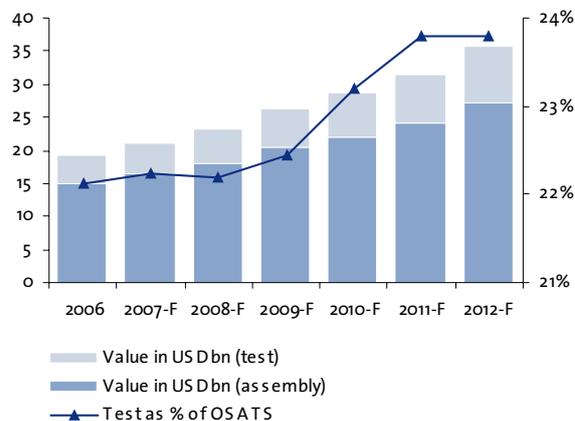
The closing-down of the Hanover branch marked a first step towards optimization of the organization and eliminated a potential loss item. The costs associated with the closing-down were limited, but it did lead to a loss of sales in the second half of over EUR 500,000. This, in conjunction with the impact of the credit crisis, caused that total sales in 2008 fell short of our expectations. In the course of the second half, similar business

units in the management organization were merged. This should result in further synergy effects in 2009. In parallel with the introduction of the new structure of the management organization, the workforce has been reduced. Further reductions are anticipated in sectors where sales growth is flat; in sectors showing sales growth we aim to increase sales per employee.

I am proud of what we have achieved in the past six months in terms of the changes to the organization, and I would like to express my gratitude and appreciation for the contributions that many have made. We have laid a strong basis for further growth. I am convinced that we will benefit from the opportunities that current circumstances will provide.

Outsourcing of operations is rising as customers increasingly focus on their core activities. In many cases, volumes are too low or know-how is insufficient to do such work in-house. Furthermore, a number of customers have imposed an investment freeze. If we have the right testing equipment in-house, they will be eager to outsource the work to us. We note that Asian suppliers are looking for new partners in Europe.

Outsourced semiconductor assembly & test market (OSATS)



We also expect to profit from the emerging market for LEDs and we intend to actively tackle new markets in France, the UK and Israel.

All in all, 2009 will be a challenging year in many respects.

Ph.M.G. Nijenhuis
CEO

Major Holdings in Listed Companies Disclosure Act

As at 31 December 2008, RoodMicrotec had not received any reports in the context of the Major Holdings in Listed Companies Disclosure Act.

Regulations to prevent insider trading

RoodMicrotec complies 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 is bound by signing a declaration 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, RoodMicrotec has not set a dividend policy, since its financial position did not allow to distribute a dividend. The management prefers to allow the company to grow in the next few years 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, RoodMicrotec will seek a balance between the intended debt reduction, essential investment and a fair return for investors. Currently, RoodMicrotec is reducing the debt incurred in the merger with Microtec, and proposes to the shareholders not to distribute any dividend for 2008.

Changes in the number of shares in 2008

Position as at 1 January: 26,741,086

Position as at 31 December: 30,489,148

As at 31 December 2008, the company held 4,100 of its own shares.

Share price development and stock exchange value of Rood Testhouse International N.V. in 2008 >

Investor relations

RoodMicrotec is well aware of the importance of active and open communication with its stakeholders. Since 2006, RoodMicrotec has stepped up its investor relations policy, organizing meetings and conference calls with the press, analysts and investors.

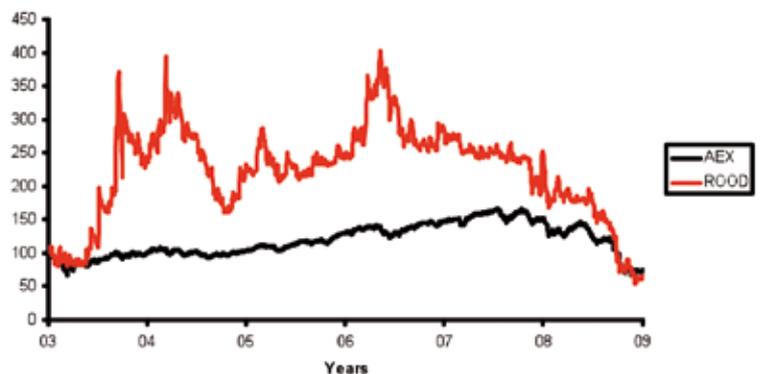
In this context RoodMicrotec has organized three meetings ('four-hour discussions') for a diverse group of interested parties from the world of finance. During these meetings, interesting developments in the semiconductor markets were discussed extensively. In view of the limited attendance, RoodMicrotec has decided to discontinue these meetings for the time being. Communication with the various target groups is provided through the company's website, www.roodtechnology.com and the newsletter introduced in 2007. Integration of the still operative websites www.roodtechnology.com and www.microtec.com is scheduled for 2009. For now, all information concerning investor relations, press and corporate governance will be provided on www.roodtechnology.com. www.roodmicrotec.com directs visitors to the dedicated websites of Rood Technology and Microtec.

Liquidity provider

In order to promote the trade in the Rood Testhouse International N.V. share and to optimize 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 2008 and extraordinary meeting of shareholders 2008

The reports of these meetings may be inspected on the website.



Vision, mission, objectives and strategy

Vision

RoodMicrotec provides services to the European semiconductor industry. RoodMicrotec's vision is that new semiconductor products will be developed and used in the relatively rich Europe, but that production will be moved to low-wage countries. Reliably marketing the complex products developed in Europe demands a dedicated organization. With its test facilities and certified laboratory RoodMicrotec sees excellent market opportunities.

Mission

RoodMicrotec has set itself the aims of:

- positioning itself as a leading innovative testhouse in Europe;
- developing into a major player in the semiconductor supply chain from Asia (China) to Europe;
- developing into a key player in the electronic services market from wafer to board.

This requires that RoodMicrotec:

- generates annual growth above the market growth of the semiconductor industry;
- ensures an adequate financial structure and cash flow to guarantee continuity and growth;
- has dedicated and motivated employees who are optimally qualified for the tasks entrusted to them.



Financial objectives realized in 2008

The objectives for 2008 were based on the published market forecast. In the course of 2008 the market outlook changed drastically due to the credit crisis and in the second half growth became negative. In 2008, RoodMicrotec accomplished the following:

- a sales increase to EUR 13.057 million due to the merger with Microtec, consolidated as of 8 July 2008;
- a decrease of the operating result caused by the takeover of Microtec;
- total equity plus convertible loans as percentage of total assets increased to 39.5% (2007: 38.4%);
- a significant sales increase in new markets, mainly due to the merger with Microtec; Microtec realizes 15% of its sales in supply chain management.

Financial objectives for 2009

Taking into account current market forecasts

- stable sales and result;
- a rising operating result, reflecting the company's growth strategy in both Europe and Asia;
- maintaining solvency;
- adequate cash flow planning;
- improving the results of individual business units through further integration;
- striving to increase the result per employee.

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 optoelectronics devices and applications, 'advanced packages' like MEMS (Micro Electro-Mechanical Systems), multi-die packages and KGD technology (Known Good Dies);
- further growth in consulting in the field of electronics including circuit boards;
- optimizing the debt position by means of long-term and short-term loans.

Strategy

General strategic objective

RoodMicrotec aims to reinforce and expand its position in those sectors on which it has strongly focused and in which it has been successful in the past few years, and to explore new ground in collaboration with others.

This means expansion of its position in the areas of Test Engineering, Failure & Technology Analysis, Qualification, Optoelectronics, Consulting and Board Level Testing in Europe.

Market choices

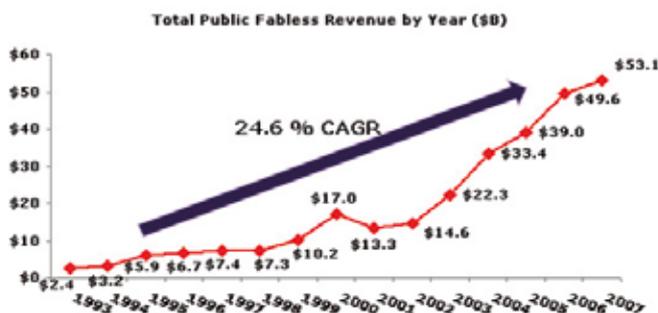
The global semiconductor market is expected to decline in 2009 and to return to growth in subsequent years. Recent experience has shown that while production of semiconductors in Europe decreases, the use of semiconductors continues to rise. In view of this, RoodMicrotec has made the following choices:

- **fabless companies**
There are over 400 of these companies, putting many new products on the market. They predominantly develop complex chips, which is what RoodMicrotec mainly focuses on;
- **IDM (Integrated Device Manufacturers) system houses**
While the production volume of these companies is decreasing, RoodMicrotec aims to keep its sales in this sector at least stable. RoodMicrotec has invested in a range of automation equipment to maintain an attractive cost structure in Burn-In and Qualification and focuses on Failure & Technology Analysis from wafer to board level;
- **EMS (Electronic Manufacturing Services)**
In order to compensate for the decline of the

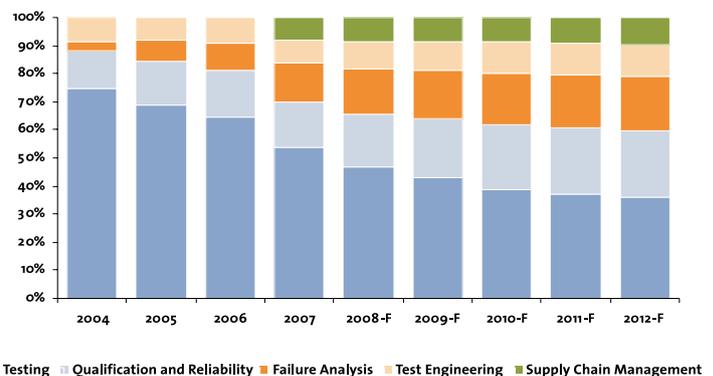
semiconductor market, RoodMicrotec will focus on the EMS market based on failure analysis for boards, components and interconnection technology, as well as qualification for a range of electronic devices including passive devices and EOL services.

Product choices

- **supply chain management**
Through its services such as Test Engineering, Failure & Technology Analysis, Qualification and Logistics, RoodMicrotec has crucial supply chain know-how, in particular of the supply chain between Asia and Europe. As product use in Europe will increase as production decreases, the volume of the semiconductor supply chain will rise in the next few years. RoodMicrotec intends to expand its role in this supply chain;
- **back-end testing and assembly services**
Offering assembly capacity is crucial in order to play a major role in the abovementioned supply chain. To ensure this, RoodMicrotec has concluded a strategic partnership with Millennium Microtech in Asia. This partnership enables RoodMicrotec to offer competitive comprehensive solutions;
- **focus on consulting services in the entire field of electronics**
Based on the know-how and experience RoodMicrotec has entered the market of consulting and assessment of reliability, interconnection technology and ESD;
- **high-tech Test & Related Services**
RoodMicrotec will continue to focus on the mixed-signal and image sensor products that are used extensively in the automotive, industrial, high reliability/satellite and medical and telecom sectors. All these market segments are strong in Europe.



Revenue Fables Semiconductor Companies



Internal assessment of the company

The 2007 annual report contained a report based on an internal assessment of the company. The merger with Microtec has fundamentally changed the company.

Furthermore, RoodMicrotec is in the middle of a restructuring in which some business units from both companies are being merged. Therefore it is too early for an extensive internal assessment. A number of issues will be briefly commented on below.

Strengths such as dedicated staff, know-how and focus on quality remain in place. Furthermore, there is a clear willingness among staff to make the integration of the two companies a success. The merger between Rood and Microtec has increased the company's effectiveness and made it more attractive to customers.

The integration is going according to plan. Management of the business units is currently centralized, i.e. one person is responsible for all sites of that business unit. Centralization and optimization of the staff departments is under way.

RoodMicrotec sees opportunities coming out of the global recession. While the recession has slashed demand, it has also boosted a trend to improve efficiency by outsourcing more operations. This is one of the reasons why demand for RoodMicrotec's services has grown.

RoodMicrotec considers the global credit crisis a threat, since no one is certain how it will develop. In that context the development of currency exchange rates will be a key factor. RoodMicrotec hedges its currency risks, but that cannot take away all risks.



Critical success factors

The critical success factors set out in the 2007 annual report have remained the same. Due to the merger between Rood and Microtec and the changed economic conditions, the focus in 2009 will be on maintaining or increasing sales, maintaining the dedication of the workforce, tight management of the cash position and good relationships with both banks and shareholders.

Topics related to appointment and selection were the appointments of Mr R. Pusch as vice-president and CSO (Chief Sales Officer) and Mr H.P. Neuber as COO. Mr T. Bucksch continued in his position as CTO and Mr S. Hollenberg in his position as CFO.

The increasing number of customer contracts in the fabless companies has led to increased emphasis on adapting the organization to supply chain management.

The process of merging Rood and Microtec has been carried out with extensive participation of the relevant staff members. The consequences for the infrastructure have been evaluated and decisions taken, which will be implemented in 2009. Special projects are being carried out to realize the planned synergy effects.

The supervisory board would like to thank the board of management as well as all staff of the company for their dedication and support during 2008.

We wish all our employees a great deal of success in addressing the challenges arising from the implementation of new structures in consequence of the merger and in keeping the company in good shape in order to get through these very difficult times.

Zwolle, 26 February 2009

The supervisory board

C.W.M. Koot, chairman
A. Mommer



Report of the board of management

1 General

Both RoodMicrotec as a whole and the 'old' Rood Technology and Microtec showed flat sales growth in the reporting year compared to 2007. Sales in the second half in particular lagged behind original expectations. Sales in 2008 were lower than the pro forma combined sales in 2007 of Rood Technology and Microtec due to the closing-down of the Hanover branch and the deteriorated economic conditions.

The Hanover branch did not contribute positively to the result and was not vital to the long-term strategy.

The operating result also lagged behind original targets, mainly due to disappointing sales during the reporting year. Staff reductions could not fully compensate the operating result, while other costs, including energy costs, additional management costs due to the merger and restructuring costs increased. Financing costs increased, mainly due to the credit crisis.

Key developments in 2008

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

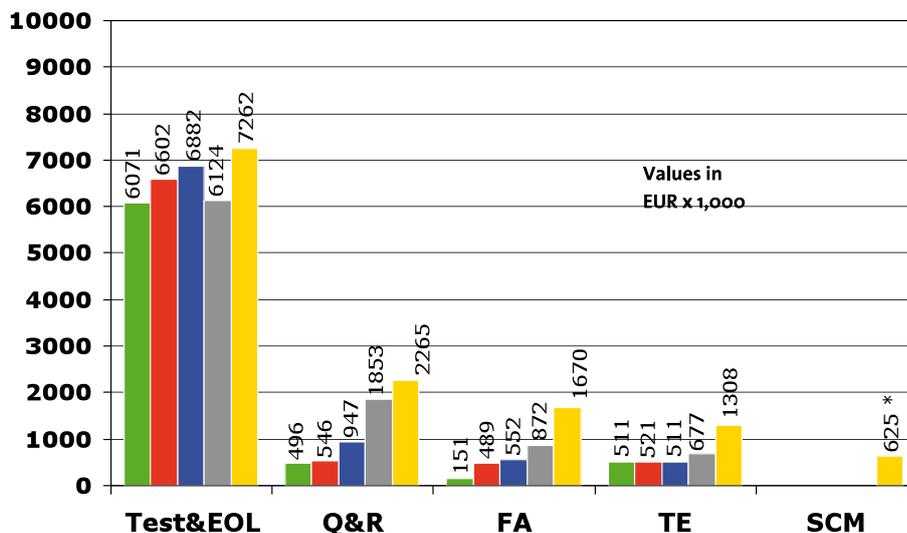
- the merger between Rood Technology and Microtec considerably expanded the customer base, broadened and deepened the product portfolio and enabled RoodMicrotec to realize synergy benefits. The integration of both companies coincided with the global economic downturn. Even though this seriously affected the original integration plans, synergy benefits are beginning to take shape;
- sales in Test & End-of-line Services increased by 19%. Margins remained under pressure from increasing competition from Asia. As the company's portfolio in this segment was broadened by the merger, RoodMicrotec sees good opportunities here;
- strong sales growth of approx. 51% in the Test Engineering business unit, that is still under development;
- sales in the business unit Failure & Technology Analysis increased by approximately 91% in 2008, mainly to the 'high-reliability' sector. The business unit's service package has been expanded, providing a solid basis for the future. The further integration and optimization of the business unit is being tackled with vigor;
- the positive developments in Qualification of the past few years have stalled due to orders drying up, partly as results of mergers and takeovers, but also of drastic cost-cutting among customers.

Nevertheless, RoodMicrotec considers Qualification a key strategic business unit

and expects the sales growth of the past few years to continue in the future;

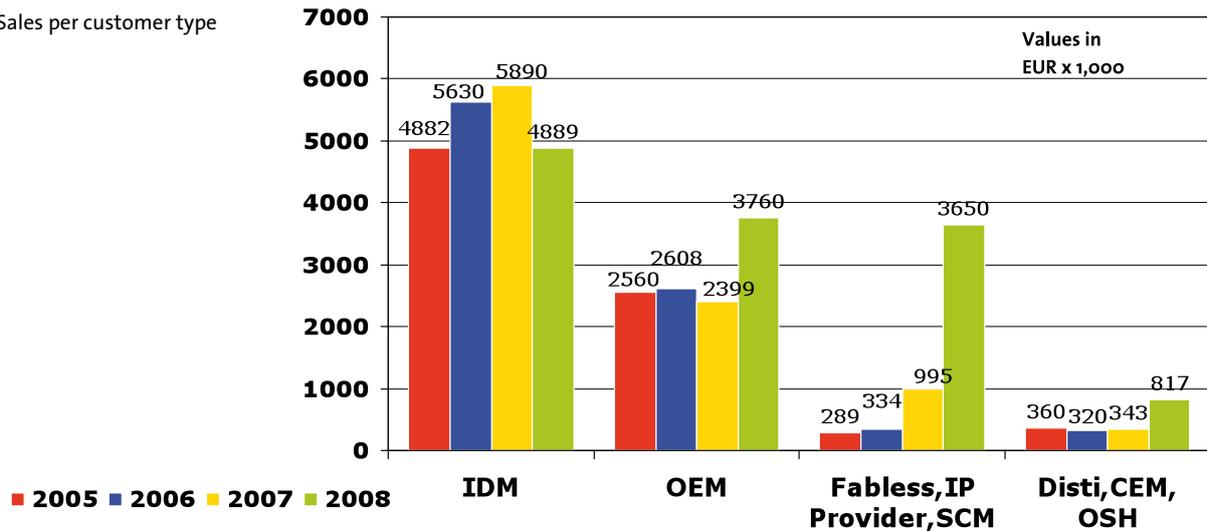
■ 2004 ■ 2005 ■ 2006 ■ 2007 ■ 2008

Note: 2008 including microtec-figures of the 2nd half
*: Calculation for SCM (Supply Chain Mangement) has been changed in 2008



Sales per Business Unit (Test & related services)

Sales per customer type



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

- sales at the Dresden branch fell behind expectations due to orders drying up. The development and expansion of facilities did not have the desired results, so that a restructuring was carried out. Currently, Dresden focuses on engineering work for the Silicon Saxony area. This branch has a range of market opportunities, as the semiconductor companies in that area are increasingly outsourcing operations and the number of potential customers in Silicon Saxony is very high;
- an increased number of customers and strong sales growth in supply chain management. Microtec had already a solid position in this area, so that this business will gain momentum. This sector is expected to show the fastest growth in the future;
- the collaboration with a number of fables companies developed positively, generating strong sales growth.

Operational and commercial objectives for 2009

In the 2009 reporting year, RoodMicrotec will focus on:

- ongoing integration and optimization of the business units;
- centralization and optimization of the staff departments (logistics, sales and finance);
- expansion of strategic alliances;
- developing the UK, French and Israeli markets;
- significant growth of the supply chain management business unit.

1.1 Market developments and market position RoodMicrotec

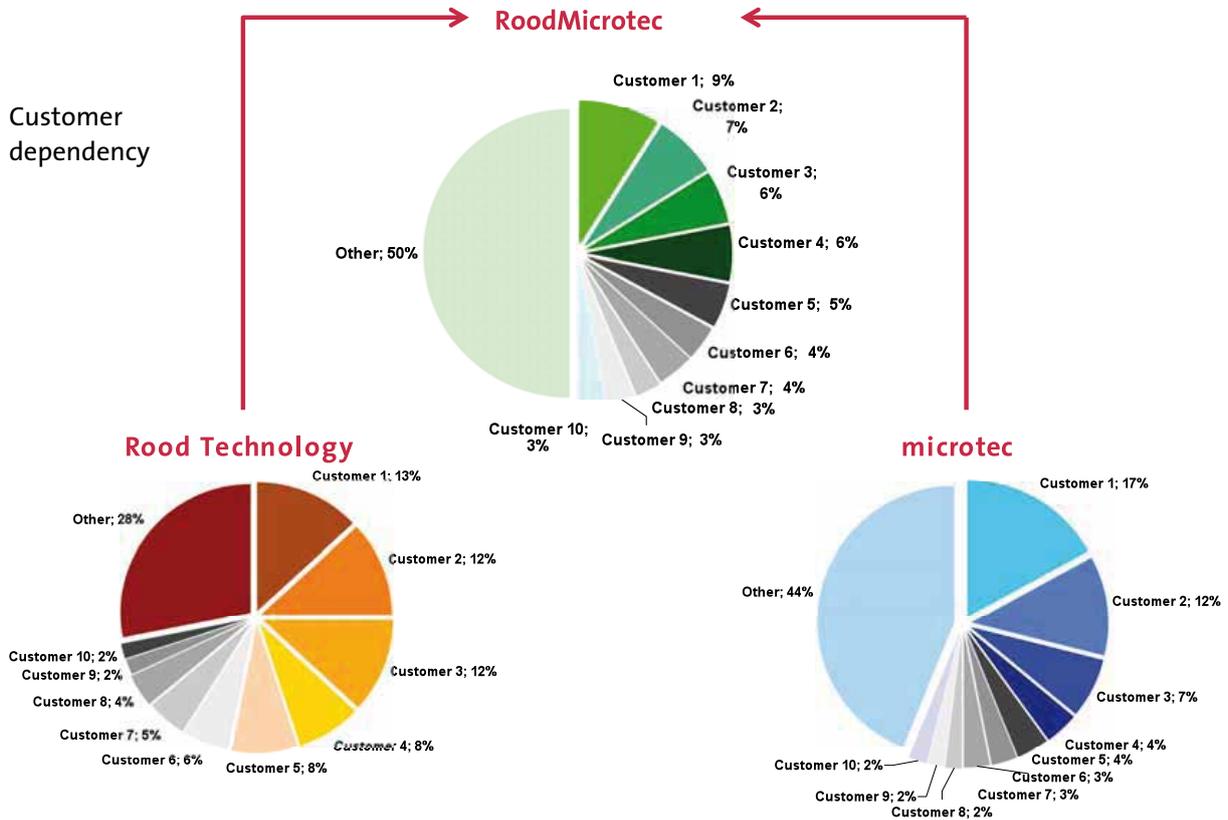
The following trends may be identified in the semiconductor industry:

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

RoodMicrotec responds to these developments by focusing on the high-end market (i.e. more complex semiconductors), targeting fables companies, IDM system houses, OEMs (Original Equipment Manufacturers) and Electronic Manufacturing Services, but above all on the supply chain from Asia (China) to Europe as many existing customers are deciding to transfer their production to Asia for strategic reasons. Due to the subsidy RoodMicrotec has been granted in Silicon Saxony, RoodMicrotec can offer test services of new high-end semiconductors competitively.

Moreover, some customers prefer production to take place in Silicon Saxony as they are eager to keep know-how in Europe.

Customers are increasingly reassessing their core business and core competences, resulting in long-term outsourcing of production operations. This gives RoodMicrotec new options and opportunities for business.



Ultimately, any organization can achieve its goals only by striving to create a performance-driven environment for its employees, so that they can apply their talents in the realization of the company's objectives. RoodMicrotec intends to improve its employee assessment procedure by introducing performance targets. 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 monitor them.

In 2006, Rood Technology Deutschland GmbH + Co was certified to the ISO 14001 standard. Rood Technology Deutschland GmbH + Co is 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 recognized by all automotive QS-9000 and VDA 6.1-oriented industries. The Qualification and Failure & Technology Analysis labs are certified by the German Accreditation Body Technology Tech based on ISO/IEC 17025 'general requirements for the competence of testing and calibration laboratories'.



2 Finance

2.1 IFRS

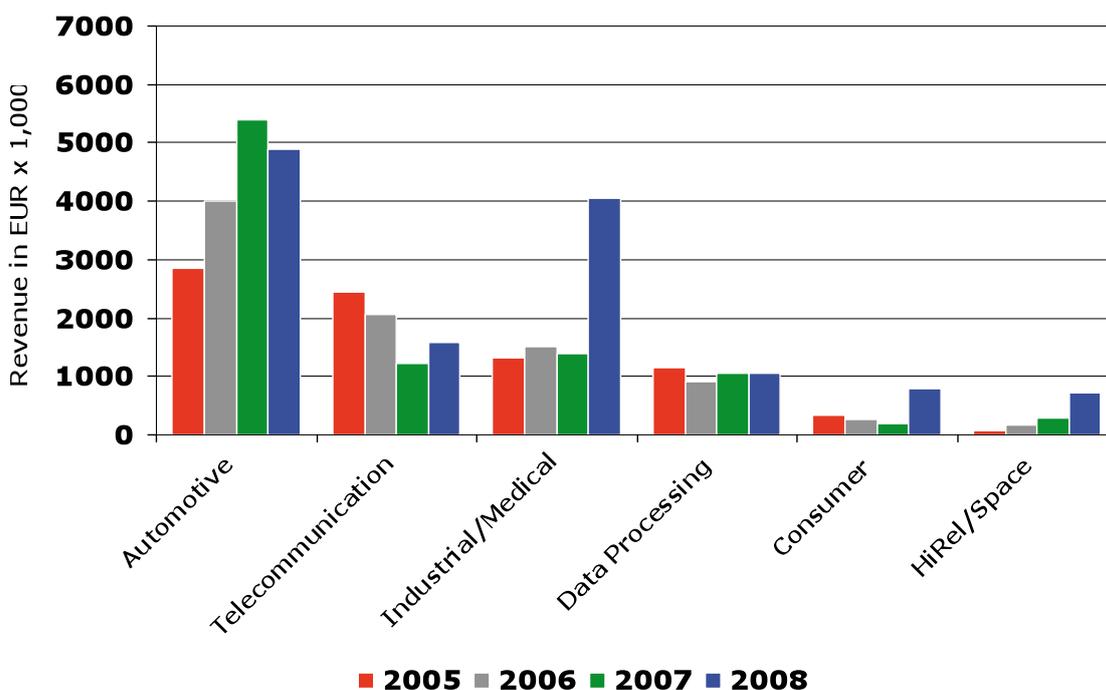
As of 2005, Rood Testhouse International N.V. as a company listed on the stock exchange must report its financial statements in accordance with International Financial Reporting Standards (IFRS). Rood Testhouse International's report on the 2008 financial year is in accordance with IFRS as endorsed by the European Union.

2.2 Sales and result

In 2008, the distribution of RoodMicrotec's sales saw significant changes.

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

| | 2006 | 2007 | 2008 |
|-----------------------|-------|-------|--------|
| (x EUR 1,000) | | | |
| Automotive | 4,001 | 5,390 | 4,901 |
| Telecoms | 2,052 | 1,228 | 1,574 |
| Industrial/Medical | 1,521 | 1,388 | 4,023 |
| Electronic Data Proc. | 903 | 1,049 | 1,045 |
| Consumer | 254 | 189 | 783 |
| Military/Space | 161 | 284 | 731 |
| | 8,892 | 9,528 | 13,057 |



Turnover market segmentation

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

RoodMicrotec's consolidated net sales rose by 37% to EUR 13.057 million (2007: EUR 9.528 million), while the operating result fell to EUR 70,000 (2007: EUR 354,000). The 2008 operating result was significantly lowered, due to the merger with Microtec, by extraordinary expenses in particular such as non recurring costs and effects:

- indirect cost, additional one off management and other costs, including interim management in total EUR 200,000;
- higher cost for interest and provisions in total EUR 150,000;
- the closing-down of the Hanover branch, including severance packages totaling EUR 100,000;
- decrease of sales from Hanover by approximately EUR 500,000.

Other various specific costs:

- significantly higher costs of sales (EUR 226.000);
- significantly higher energy and nitrogen consumption (approximately EUR 50,000);
- a major increase in travel costs (EUR 50,000);
- lower bonuses paid out due to lower than planned results.

On balance, the operating result deteriorated to EUR 70,000 (2007: EUR 354,000), while net earnings increased to EUR 84,000 (2007: EUR 5,000). This equates to earnings per share (average number of shares outstanding in the financial year) of EUR 0.003 (2007: EUR 0.000).

2.3 Dividend proposal

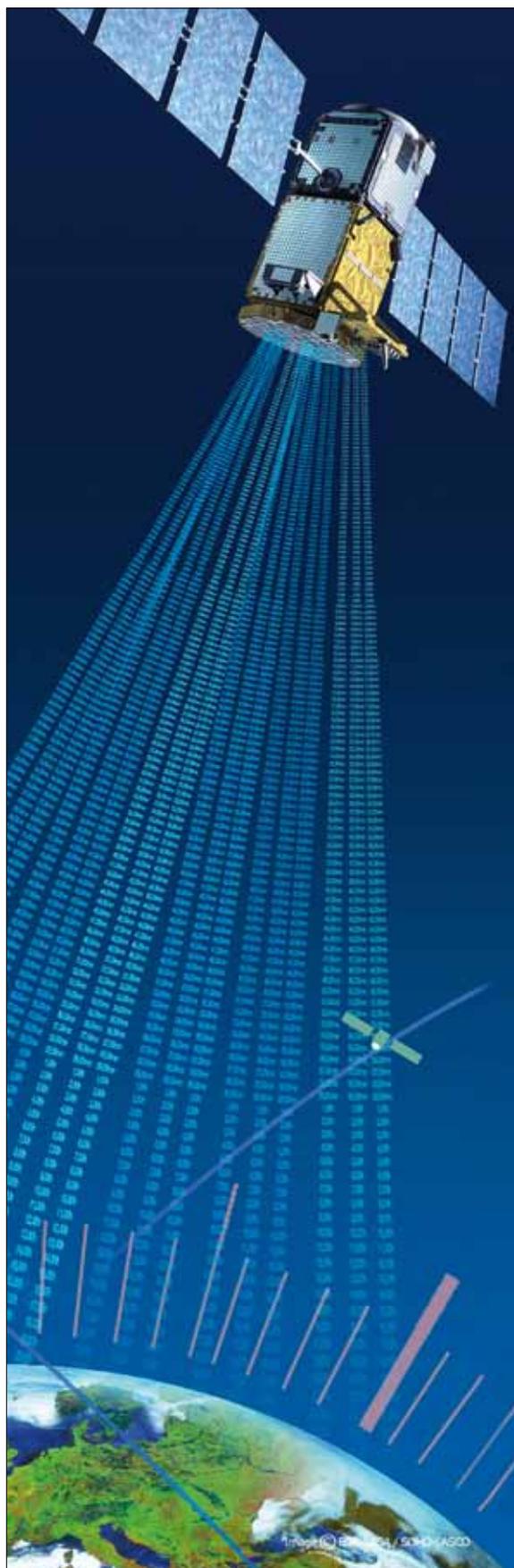
Please refer to the report of the CEO on page 12.

2.4 Investments and financing

In 2008, net investments in tangible fixed assets totaled EUR 0.941 million (2007: EUR 1.540 million); additionally, equipment was leased with a total value of EUR 0.170 million. Depreciation was EUR 1.892 million (2007: EUR 1.524 million). These investments were partly financed from operational cash flow.

At year-end 2008, equity amounted to EUR 4,132,000 and increased 24% compared to year-end 2007 (EUR 3,344,000). Total equity plus convertible loans as percentage of total assets increased to 39.5% (2007:38.4%).

In the next few years, RoodMicrotec expects a relative decrease in investments due to synergy.



3.3 Business unit Test Engineering

Profile of test program development

Test equipment is located in Nördlingen, Stuttgart and Dresden. The business unit Test Engineering focuses on developing test programs and the hardware required for production testing.

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).

The business unit also develops new test concepts and supports customers during the test specification phase. The latter has gained in importance since most fabless companies do not have this competence in-house.

The business unit Test Engineering has extensive know-how of 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
- Memory
- RF
- MEMS
- PC applications

The business unit Test Engineering has a broad range of customers, mainly in the area of mixed-signal applications in the automotive, aeronautical and aerospace, radio frequency, medical and industrial sectors.

Customers include OEMs, IDMs and fabless companies worldwide.

Key developments in 2008

- mixed-signal engineering projects carried out in the reporting year were mainly related to:
 - a industrial applications;
 - b automotive applications, with an increasing share of sensors (e.g. magnetic sensors) and sensor interfaces;
 - c radio frequency applications, such as infrared components, RF modulators and lately in the 2.4GHz range;

- d wide-band amplifiers;
 - e high-reliability and space applications, such as PLLs and switches;
- recruiting and training new test engineers remained a key focus area. Test capacity was flexibly increased through a strategic partnership with an engineering company. The first project was started and completed successfully in 2008;
 - the number of engineers in the dedicated Teradyne group doubled;
 - a group of engineers was formed to support a key customer on-site;
 - productivity increased by 25%;
 - new fabless customer with strong potential in 2.4GHz wireless applications. Qualification is already under way;
 - the engineering division was further reorganized in order to improve efficiency and was moved physically closer to production for better support of volume testing and qualification;
 - test engineering capacity was set up in Dresden for on-site customer support and in-house projects;
 - hardware development was outsourced for high-end requirements (e.g. 2.4GHz RF) to reduce costs significantly.

Objectives for 2009

- further sales growth;
- further improvement of productivity;
- positive net result;
- increase share of fabless companies, serving a strongly growing market of complex ICs for a wide range of applications;
- expand high-reliability business;
- exploit synergy effects;
- expand concept of virtual engineering throughout RoodMicrotec;
- focus on state-of-the-art test platforms Teradyne Flex and Credence D10.

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. In addition to the specialized focused ion beam (FIB) services introduced in 2007, in 2008 RoodMicrotec put in place consulting and line surveys concerning electrostatic discharge from outside to surface (EDSFOS).

Failure & Technology Analysis

Analysis of defective devices (failure & technology analysis) is carried out by 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 RoodMicrotec's 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.

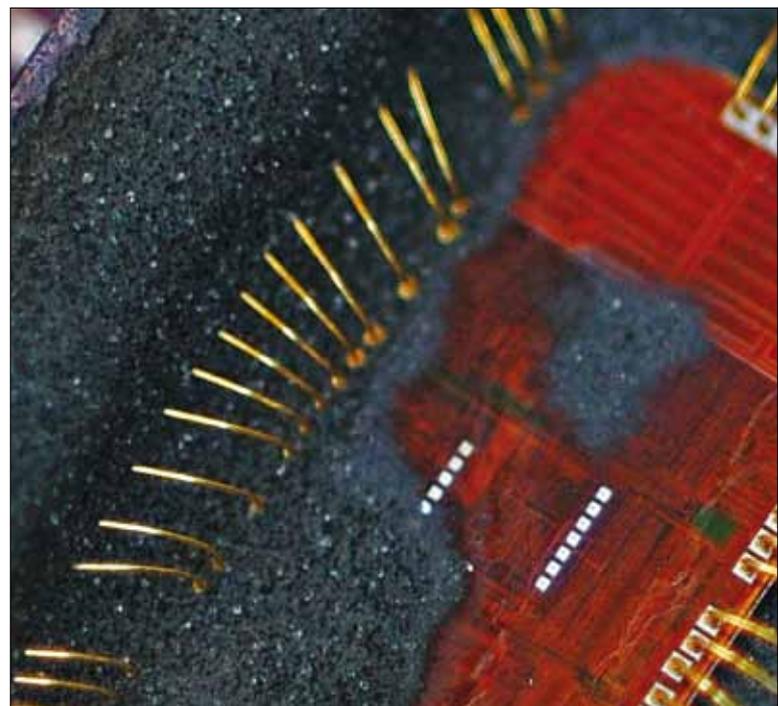
The business unit has a broad European customer base, primarily in the automotive, aeronautical and aerospace industries.

Key developments in 2008

- the collaboration with EMPA in Switzerland was extended further;
- the laboratory developed a reputation among our key customers for outstanding quality of metallographic preparation, microscopic documentation and interpretation;
- x-ray examination was improved with new equipment, enabling higher resolution and automatic handling for high lot sizes;
- an EDSFOS service (consulting and line survey) was established, offering our customers detection of potential problems in production lines and improvement of product quality;
- improvement of the operating result and expansion of the customer base.

Objectives for 2009

- optimize of the organization of the two laboratories;
- sales growth and improvement of the operating result;
- introduction of backside FIB in cooperation with TU Berlin.



3.5 Business unit Qualification

Profile

The business unit Qualification, with sites in Nördlingen and Stuttgart, focuses on investigating electrical components like semiconductors and passives in various environments, exposing the products to extreme conditions such as temperature changes and vibration. The result of the investigations determines whether the components comply with the required qualification standard.

The business unit is one of the leading independent certified testhouses in Europe. Tested products originate mainly from the aerospace and automotive sectors.

Key developments in 2008

- qualification of passive components;
- expansion of test and qualification of LED and laser diodes;
- vibration and mechanical shock tests.

The sales growth mainly stem from the above-mentioned certification of this business unit and the merger with Microtec.

- processes were improved, which was reflected in better customer relations;
- introduction of state-of-the-art HTOL and monitoring Burn-In system;
- new fabless customers were added to the customer base.

Objectives for 2009

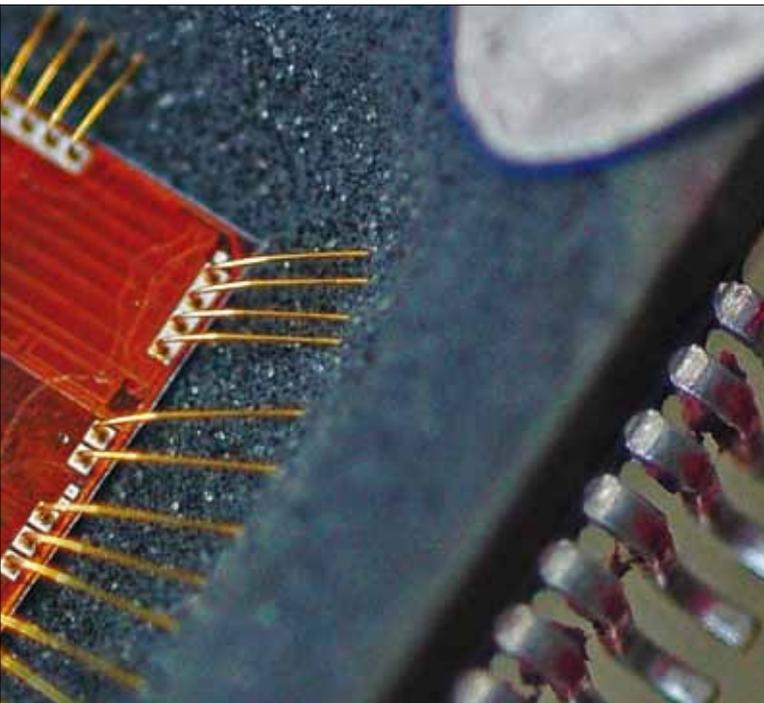
- implement internal process improvements in order to boost the reliability of our services;
- optimize cooperation between the Nördlingen and Stuttgart sites;
- specialization of locations Nördlingen and Stuttgart;
- expand into qualification of boards and small systems;
- optimize department layout to enhance efficiency;
- expand customer base in order to raise the equipment load;
- expand consulting services based on practical know-how.

3.6 RoodMicrotec Dresden

Profile

RoodMicrotec Dresden provides Test & Related Services, concentrating on wafer test and test engineering. The organization 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 organization with minimal administrative overhead costs. The production process strives for short lead times.

RoodMicrotec actively contributes to the activities of the Silicon Saxony cluster. This cluster and the Saxony Economic Development Corporation are driving the European Test House initiative. RoodMicrotec participates in this initiative, and is having talks with potential customers.



Objectives realized in 2008

- the anticipated volume could not be achieved in 2008, and therefore neither could the anticipated result;
- test engineering was established in Dresden in 2008 due to the customers in the surrounding;
- a long-term relationship with a local IDM was established resulting in a stable revenue base for the Dresden site;
- tests were performed at wafer level as well as on final components for fabless companies.

Objectives for 2009

- a positive operating result;
- successful continuation of test engineering services.

3.7 Supply Chain Management (SCM)

Profile

In this business model, RoodMicrotec supports European customers wishing to import good quality semiconductors from Asia (China), in particular ASICs and ESSPs, by qualifying and testing suppliers and products and, if desired, executing the entire project management for this process.

Objectives realized in 2008

- SCM marketing campaign set up;
- brand recognition for RoodMicrotec generated among its target group;
- further development of partnerships;
- optimization of the internal SCM logistics organization after the merger with Microtec.

Objectives for 2009

- create new partnerships;
- optimize the internal logistics and cost structure;
- maintain 2008 sales result and realize 10% growth;
- set up a new marketing campaign for SCM.

3.8 Events after balance sheet date

No significant events have taken place after balance sheet date.

3.9 Outlook for 2009

The SIA (Semiconductor Industry Association) forecasts for 2009 a decline of between 5% and 6%, followed by strong growth in 2010.

The economic slowdown has not passed RoodMicrotec by, as it caused a slump in sales to some customers. On the other hand, current conditions also offer chances for new business. Development of new products is generally continuing.

In view of the great uncertainty about the course of the economic developments, it is impossible to make any concrete statements about the state of affairs in 2009. All in all, 2009 will be a challenging year in many aspects. Based on discussions with customers, we currently expect sales in 2009 to be broadly similar to 2008, with a markedly slower first half and a stronger second half.

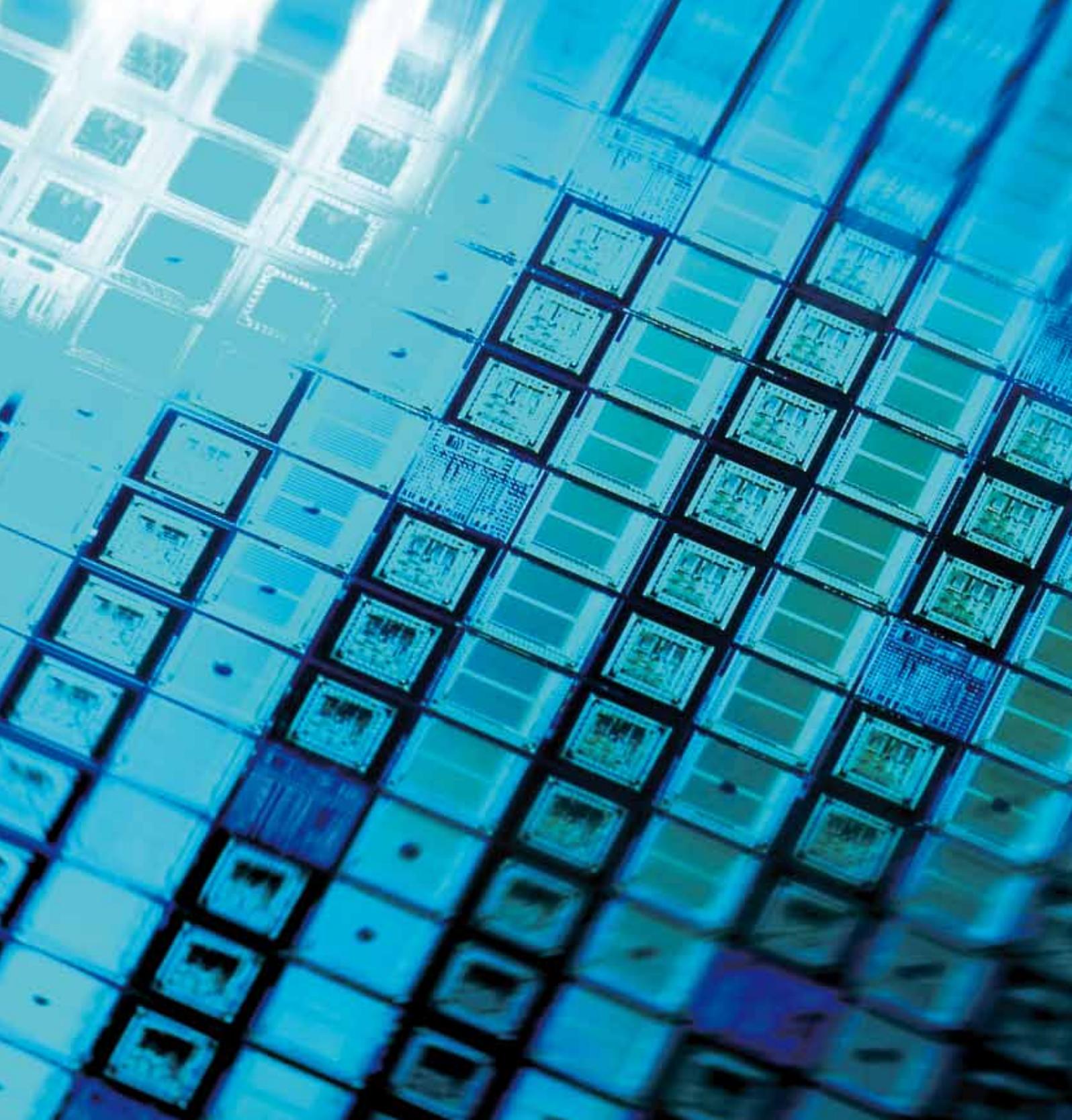
In the long term (post-2010), RoodMicrotec aims to maintain its growth of the past few years (autonomous growth of between 5% and 15%), and to continue to improve the operating result and net result.

Additionally, RoodMicrotec is pursuing partnerships with other parties.

Board of management

Ph.M.G. Nijenhuis

Zwolle, 26 February 2009



APRIL-project

The objective of the research project is to develop high-performance contacting technology for wafer test based on aerosol printed technology. The project is intended to develop an economical alternative to the existing

membrane technology which meets the requirement for RF (Radio Frequency). RoodMicrotec supports the project with its longstanding knowledge and experience of wafer testing.



Saxony) and representation in France, Italy and Israel.

In addition, RoodMicrotec aims to reduce its risks by providing quality and innovation, so that it remains in demand in the market.

Finance

Currency and interest rates

So far, RoodMicrotec has made most of its sales in Europe, invoicing approx. 90% in euros, which limits its exposure to currency fluctuations. Furthermore, the company also hedges its currency risks to the best of its ability. RoodMicrotec continues to monitor this aspect actively, certainly in view of the international operations that are under development.

As the company has many relatively short-term loans, it's paying comparatively high interest rates. In addition, considerable repayments must currently be made. In the future, RoodMicrotec aims to make more use of long-term loans with lower interest rates. Currently, the company is actively working towards improving this situation assisted by external consultants.

Insurance

RoodMicrotec has adequate liability insurance for production errors, which is particularly important for the automotive industry.

Internal risk management and control system

General

In the wake of the merger with Microtec, the IT systems have been investigated. RoodMicrotec has opted for an integral solution for all its sites in order to reduce risks.

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 was summarized 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 indications 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 prepared that may result in 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 RoodMicrotec employees and external auditors. Both the internal evaluations and the external audits may result in corrective actions, while the management letters reporting on the external audits are discussed by 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) considers the application of the Dutch Code of Corporate governance (hereinafter referred to as the Code) 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 to the numbers of the Code.

In December 2008, the Corporate Governance Code Monitoring Committee sent proposals to the government requesting that they be enshrined in law in an amended corporate governance code. They comprise proposals in the areas of directors' remuneration, diversity in the composition of the supervisory board, the responsibility of shareholders and the role of the management board and supervisory board in acquisitions. When the proposals are enacted, RoodMicrotec will deliberate on compliance or deviation from this Code.

General

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

1.1– 1.7 Tasks and working methods

The CEO had a four-year contract, which has been extended to mid 2010. 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. The CEO will resign at the request of the general meeting of shareholders, provided that this motion is broadly supported, 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 corporate affairs and business, and provides advice to the board of management. The board of management must keep the supervisory board informed, consult with the supervisory board on important matters and submit certain important decisions to the supervisory board for its prior approval. Over the years it has become a tradition that the supervisory board and the board of management determine RoodMicrotec's operational and financial objectives and the company's targets in consultation. The same applies to the strategy and the framework conditions to be implemented. The custom of including the highlights in the annual report will be continued.

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

Based on this decision, each business unit manager is now accountable for the performance and management of his/her business unit and will report accordingly in the future.

The need to optimize the organization was discussed with the supervisory board on several occasions.

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

RoodMicrotec employees may report suspected irregularities within the company without jeopardizing their legal position. RoodMicrotec's whistle-blower policy enables employees to report any suspected irregularities of a general, operational or financial nature within the company and its subsidiaries without 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 jeopardized 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 document must be provided no later than 14 days after the relevant request.

None of the members of RoodMicrotec's board of management hold the post of board member in other listed companies. The employment contracts with the board members stipulate 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.

2.1 – 2.14 Remuneration

Options on shares are a component of the company's remuneration policy. Granting these

options is subject to achieving targets (which are also based on the company's long-term strategic plan), as well as the market situation in general. An overview of the options granted is provided in the annual accounts of the company.

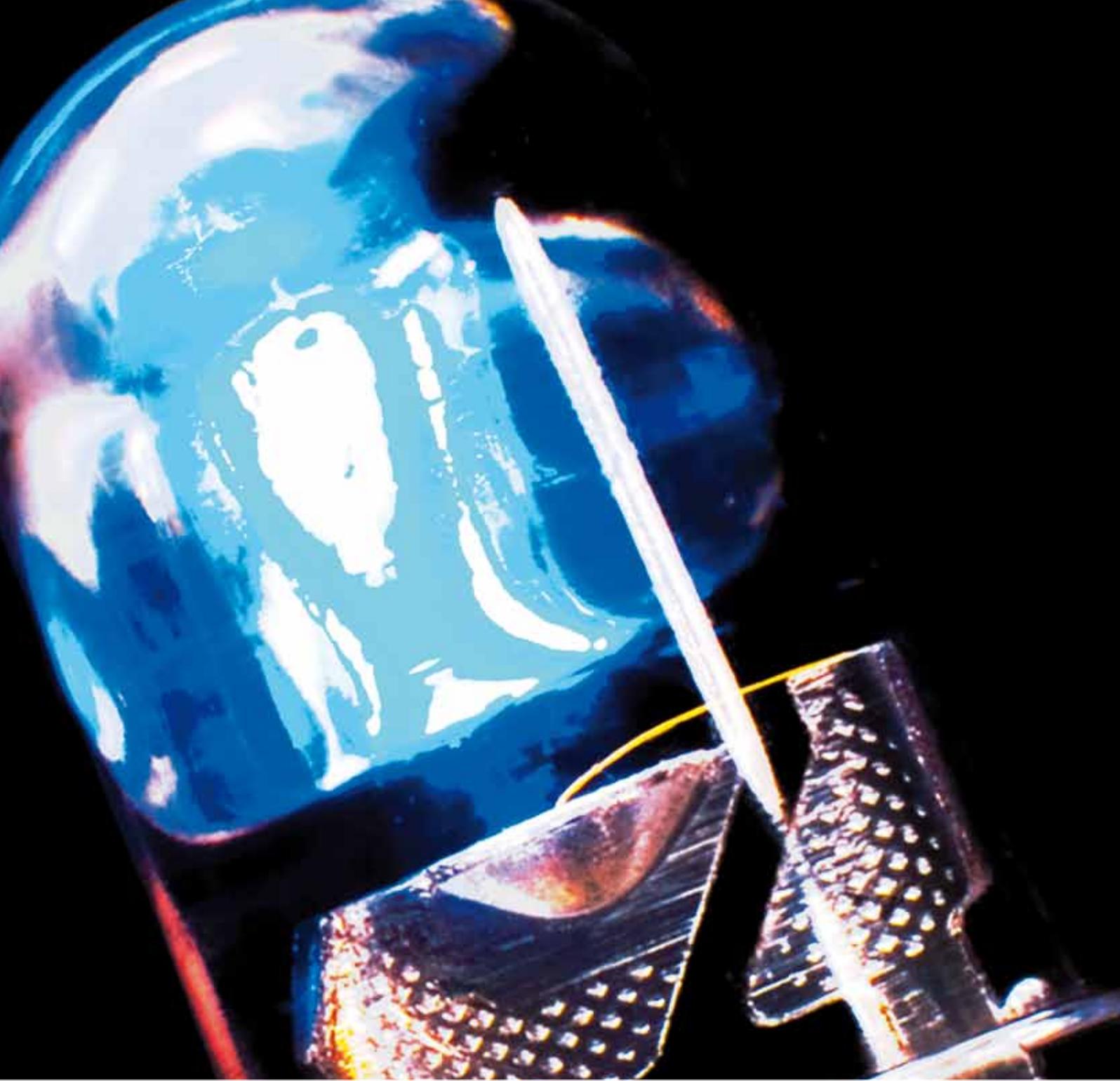
Regarding ownership and transactions of shares by board members, other than those issued by the company itself, the supervisory board has decided to deviate from the Code. Board members are not permitted to hold direct or indirect interests exceeding 5% in other listed companies or companies in the semiconductor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

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

The remuneration of the CEO consists of a fixed part in salary and share options plus a variable part that will be paid out in share options. As stated above, the granting of options is subject to the achievement of targets set by the supervisory board in the context of the company's strategic plan.

The achievement of the targets by the CEO will be evaluated every six months and new targets set, taking significant changes in circumstances such as market developments into account. The targets for the CEO are not detailed in the annual accounts due to competitive reasons. Corporate objectives are described in this report. The CEO's contract ends in 2010. 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.

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.



There is a growing market for LEDs in various applications like medical, aerospace and automotive. The goal of the LED project is to develop and introduce test methods and selection procedures for LED technology. Assessment of the lifetime of LEDs is now possible as well as exact measurement of wavelength and chromaticity coordinates. Both are important factors in high-reliability applications.

Future prospects are the evaluation of high-brightness LED test methods and equipment. High-brightness LEDs and ultra high-brightness LEDs increased strongly with light intensity rising from 60 up to 420 lumen (white). There is a future market for high-brightness LEDs, which will replace traditional light sources and create new applications, for example wavelength and chromaticity coordinates. Evaluations of economic efficiency for this investment are under way.

publishes presentations to analysts on its website after the event. If necessary, the company will request that trade in RoodMicrotec shares be suspended during such presentations.

RoodMicrotec will publish or make available all information pursuant to corporate law and securities legislation.

In accordance with best-practice provision 3.7, the company will inform the general meeting of shareholders by circular letter of all facts and circumstances relevant for approval, delegation or authorization by the general meeting of shareholders. The circular letter will be published on the website of the company.

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 unfavorable for the shareholders nor for the operational entity to be part of a bigger organization in the semiconductor industry.

4.1 – 4.3 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-practices 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.



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

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.

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.

3.1 Internal audit function

RoodMicrotec does not have an internal auditor.

4.1 – 4.3 Relation and communication with the external auditor and the divisions of the company

The external auditor will attend 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 2009



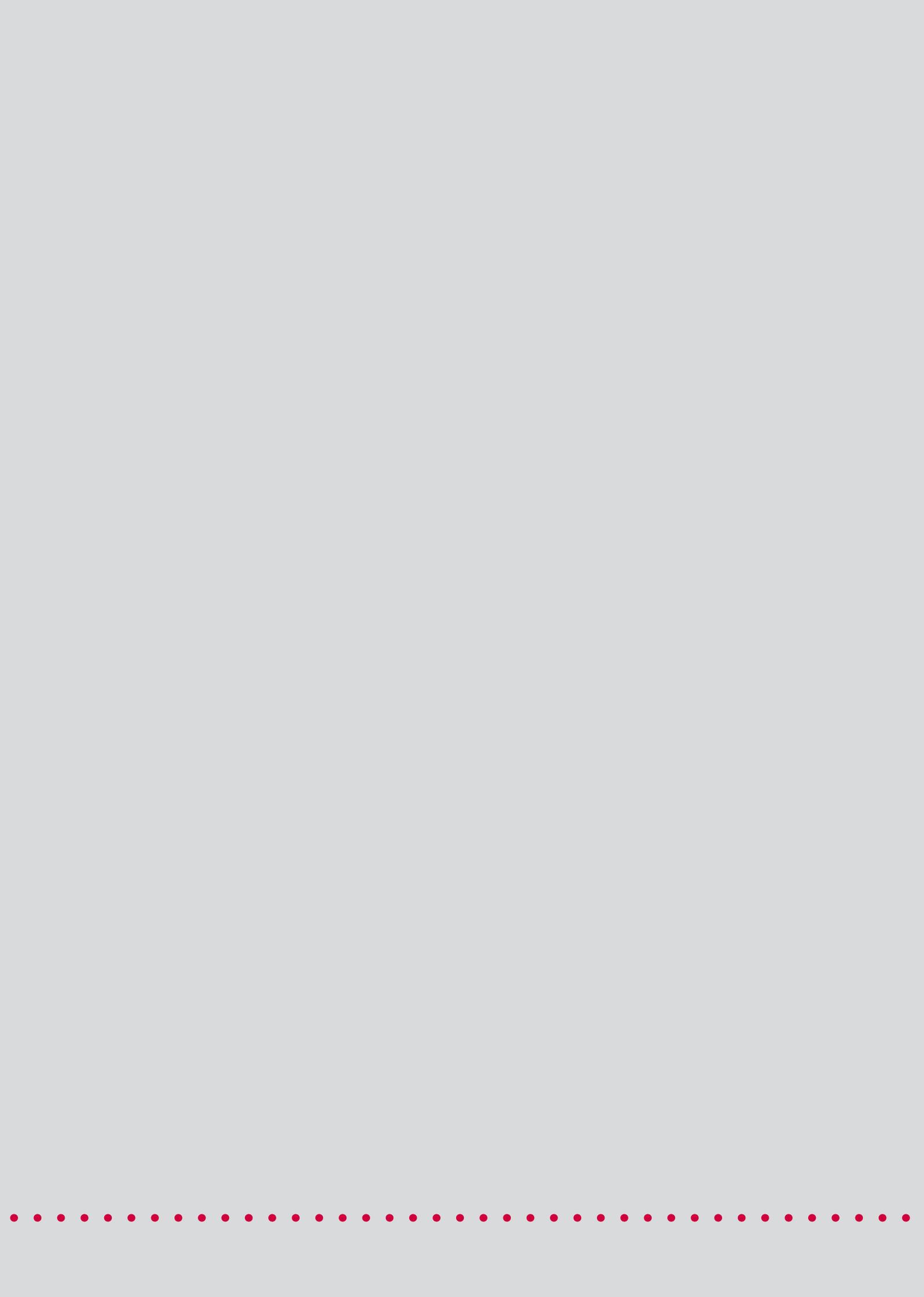
Extension of the Credence D10 tester platforms

The first implemented Credence D10 test platform was highly successful as customers benefit from reduced test costs.

Mixed-signal D10 proved to be capable of testing complex image sensors without any external measurement equipment. RoodMicrotec's high-speed analogue image sensor test

programme was completed successfully at the end of 2008.

The market for high-reliability image sensors keeps growing, for example for applications like cruise control in automotive and high-resolution cameras in medical applications like gastroscopy or surgery.





RoodMicrotec
powerful solutions

ROOD TESTHOUSE INTERNATIONAL N.V.

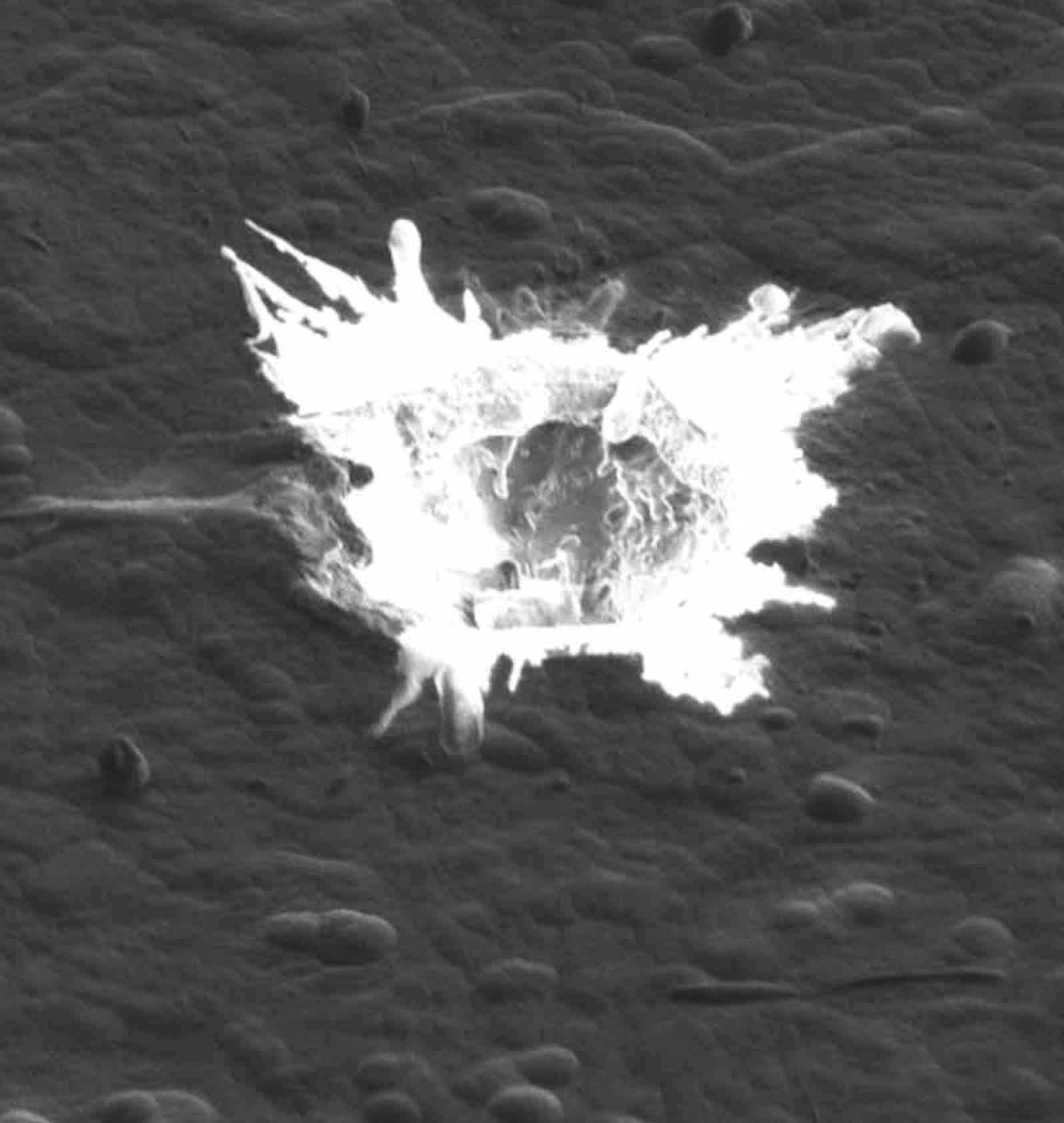
Annual Accounts 2008



2 Consolidated income statement

| (x EUR 1,000) | | Year ended 31 December | |
|---------------|--|------------------------|--------------|
| Note | | 2008 | 2007 |
| 5.36 | Net sales | 13,057 | 9,528 |
| | Change in work in process | | |
| | Capitalized | 38 | -11 |
| | Cost of raw materials and consumables | 1,712 | 882 |
| 5.37 | Personnel expenses | 6,698 | 4,751 |
| 5.38 | Depreciation and amortization | 1,892 | 1,554 |
| 5.39 | Other operating expenses | 2,647 | 1,998 |
| | Total operating expenses | 12,987 | 9,174 |
| | Operating result | 70 | 354 |
| 5.40 | Financial expenses | -526 | -372 |
| | Result before income tax | -456 | -18 |
| 5.41 | Income tax expenses | 540 | 23 |
| | Net result | 84 | 5 |
| 5.42 | Earnings per share for profit attributable to the equity holders of the company during the year | | |
| | - basic | 0.00 | 0.00 |
| | - diluted | 0.00 | 0.00 |

The notes on pages 51 to 78 are an integral part of these consolidated financial statements



The defect on top of a chip

Failure analysis is often a door-opener for further business. For example, one customer ordered a failure analysis of an integrated circuit citing electrical overstress as the assumed failure mode. FIB investigation as part of the failure analysis

flow identified the typical damage of an ESDFOS. This resulted in a second contract to carry out a survey of the production line, which revealed poor grounding of the mobile part of a pick & place handler.

3 Consolidated statement of changes in equity

(x EUR 1,000)

As at 31 December

| Note | Attributable to equity holders of the company | | | |
|------|---|----------------|-------------------|--------------|
| | Share capital | Other reserves | Retained earnings | Total equity |
| | 19,664 | 2,021 | -18,350 | 3,335 |
| | Balance at 1 January 2007 | | | |
| 5.31 | 0 | -30 | 30 | 0 |
| 5.31 | 0 | -30 | 30 | 0 |
| | 0 | 0 | 5 | 5 |
| | Total recognized income and expense for 2007 | | | |
| | 0 | -30 | 35 | 5 |
| | Employee share option scheme: | | | |
| 5.30 | 4 | 0 | 0 | 4 |
| | 4 | 0 | 0 | 4 |
| | 19,668 | 1,991 | -18,315 | 3,344 |
| | Balance at 31 December 2007 | | | |
| | 19,668 | 1,991 | -18,315 | 3,344 |
| | Balance at 1 January 2008 | | | |
| 5.31 | 0 | -247 | -196 | -443 |
| 5.31 | 0 | -247 | -196 | -443 |
| | 0 | 0 | 84 | 84 |
| | Profit for the year | | | |
| | 0 | -247 | -112 | -359 |
| | Total recognized income and expense for 2008 | | | |
| | Employee share option scheme: | | | |
| 5.30 | 55 | 0 | 0 | 55 |
| 5.30 | 45 | 0 | 0 | 45 |
| | 100 | 0 | 0 | 100 |
| | Options/ shares issued to other parties: | | | |
| 5.30 | 11 | 0 | 0 | 11 |
| 5.30 | 695 | 0 | 0 | 695 |
| 5.30 | 333 | 0 | 0 | 333 |
| 5.30 | 8 | 0 | 0 | 8 |
| | 1,147 | 0 | 0 | 1,147 |
| | 20,815 | 1,744 | -18,427 | 4,132 |
| | Balance at 31 December 2008 | | | |

The notes on pages 51 to 78 are an integral part of these consolidated financial statements

4 Consolidated cash flow statement

(x EUR 1,000)

Year ended 31 December

| Note | 2008 | 2007 |
|--|---------------|---------------|
| Cash flows from operating activities | | |
| Net result | 84 | 5 |
| Result on disposal | -26 | 0 |
| Depreciation and amortization | 1,892 | 1,554 |
| Increase/decrease of provisions/options to equity | 72 | -49 |
| Increase/decrease of deferred income tax assets | -461 | -20 |
| Changes in working capital | | |
| - inventories | 138 | 0 |
| - trade and other receivables | 657 | -117 |
| - current liabilities | 459 | 122 |
| Net cash generated from operating activities | 2,815 | 1,495 |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment | -941 | -1,540 |
| Purchase of intangible assets | -126 | 0 |
| Purchase of subsidiaries | -2,876 | 0 |
| Disposals | 124 | 8 |
| Net cash used in investing activities | -3,819 | -1,532 |
| Cash flows from financing activities | | |
| Proceeds from issuance of ordinary new shares | 740 | 0 |
| Proceeds from issuance of new convertible loan | 1,000 | 0 |
| Proceeds from borrowings | 2,145 | 1,150 |
| Repayment of borrowings | -2,534 | -1,364 |
| Net cash used in from financing activities | 1,351 | -214 |
| Net (decrease)/increase in cash, cash equivalents and bank overdrafts | 347 | -251 |
| Cash, cash equivalents and bank overdrafts at beginning of the year | -969 | -718 |
| Cash, cash equivalents and bank overdrafts at year-end | -622 | -969 |
| Change in cash at banks and bank overdrafts | 347 | -251 |

The notes on pages 51 to 78 are an integral part of these consolidated financial statements

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 2008 comprise the company and its subsidiaries (jointly referred to as the 'Group'). The Group includes the wholly-owned subsidiaries Rood Technology Deutschland GmbH + Co (Nördlingen, Germany), Rood Technology Service GmbH (Nördlingen, Germany), Rood Technology Deutschland Beteiligungs GmbH (Nördlingen, Germany), microtec GmbH testlab for opto + microelectronics (microtec; Stuttgart, Germany), Rood Technology Dresden GmbH (Dresden, Germany) and Rood Technology International B.V. (Zwolle, The Netherlands).

The 2008 financial statements were prepared by the board of management and released for publication on 12 March 2009. The 2008 financial statements were adopted by the supervisory board on 25 February 2009 and will be submitted for approval to the annual general meeting of shareholders on 26 March 2009.

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. In the past year, Rood Testhouse International N.V. utilized the major investments made in the past. A number of major customers reconfirmed their confidence in RoodMicrotec for 2009. In Dresden, too, positive developments are expected in 2009.

This together with RoodMicrotec's focus on supply chain management for fabless companies will give its operations a more solid basis.

In 2008 the Group acquired 100% of the shares in Microtec, after which the Group was renamed RoodMicrotec. This strategic step gave RoodMicrotec opportunities to utilize scale and synergy. The newly formed company has a much stronger and broader basis and is more competitive. This and the financing of the Group remain important factors, in particular in the current market conditions. The financing of the acquisition of Microtec was successful.

However, it is predominantly based on short-term financing, rebalancing the financing of the Group has the highest board attention.

The board of management feels that valuation on a going-concern basis is justified based on the following assumptions:

- a successful refinancing of the company;
- positive developments in Dresden;
- positive developments in supply chain management;
- successful integration of RoodMicrotec as a company.

Revisions of accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the

period of the revision and future periods if the revision affects both current and future periods.

5.3 Basis of consolidation

Subsidiaries are all entities (including special purpose 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 unrealized gains and transactions between Group companies are eliminated. Unrealized 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 recognized 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 for buildings. The cost of self-constructed assets includes the cost of materials, direct labor 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 recognizes 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 recognized 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 recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group’s development is recognized 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.



the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible loan. 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 recognized initially at fair value, less attributable transaction costs. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

A convertible loan which 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 provided in full, using the liability method, on temporary difference 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 realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of temporary differences is controlled by the Group and it is probable that temporary differences will not be reversed in the foreseeable future.

5.15 Employee benefits

5.15.1 Defined contribution plan

Obligations for contributions to defined contribution pension plans and related plans are recognized 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 unrecognized 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 recognized 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 recognized 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

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 recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives are recognized 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 recognized 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 recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized 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 is recognized 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 segment, therefore no segment report is included in this annual report.

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 minimize 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.



Overview X ray, control of hand made solder joints

New X-ray equipment by Phoenix X-ray is extendable with computer tomography applications, allowing internal inspection of structures even in 3D. With magnification up to 25.000x and a resolution of approx. 0.3 μm it

facilitates failure search and assessment. Automatic orientation of devices in trays facilitates high-volume handling. Transmissive material thickness: 60 mm aluminum, 16 mm iron.

5.23.1 Trade accounts receivable

Within the Group's customer portfolio, the Group is exposed to credit risk and currency risk. In particular, the management has set up credit control policies to reduce the credit risk and foreign exchange risk as much as possible. Furthermore, the foreign exchange risk is mitigated by exchange rate clauses in most of the Group's contracts. Finally, at some US dollar denominated customers procurement is being done in US dollars.

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

| (x EUR 1,000) | 2008 | 2007 |
|-------------------------------|--------------|--------------|
| Not overdue | 1,190 | 939 |
| < 30 days outstanding | 759 | 301 |
| > 30 days and | | |
| < 60 days outstanding | 248 | 159 |
| > 60 days outstanding | 158 | 146 |
| Provisions for bad debt | -9 | -9 |
| Balance at 31 December | 2,346 | 1,536 |

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 from primarily the US dollar. The table below summarizes the sales in different currencies.

| (x EUR 1,000) | 2008 | 2007 |
|---------------------------------|---------------|--------------|
| Euro denominated net sales | 11,499 | 8,280 |
| US Dollar denominated net sales | 1,558 | 1,248 |
| Balance at 31 December | 13,057 | 9,528 |

Foreign exchange risks arise from commercial transactions. At 31 December 2008 the US dollar currency had strengthened by about 4% against the euro compared to 31 December 2007.

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 positions.

| (x EUR 1,000) | Fixed rate | Floating rate |
|---|--------------|---------------|
| Long-term borrowings from banks | 2,241 | 0 |
| Long-term borrowings from other parties | 2,600 | 0 |
| Bank overdrafts | 0 | 1,160 |
| Balance at 31 December | 4,841 | 1,160 |

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

In 2008 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, Amstel Lease (Netherlands) rated A+, and VRL 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 2008 the floating-rate bank overdrafts were at banks are 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.

5.24.1 Revaluation and historical cost

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

| (x EUR 1,000) | 2008 | 2007 |
|---------------------------------|--------------|--------------|
| Initial costs land and building | 4,727 | 4,571 |
| Accumulated depreciation | 3,683 | 3,563 |
| Balance at 31 December | 1,044 | 1,008 |

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 2006 and 2007. 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 EUR 54,000 (2007: nil).

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 guarantee of EUR 113,750;
- corporate guarantee of EUR 150,000;
- corporate guarantee of EUR 315,000.
- Pledge on the shares of microtec GmbH testlab for opto + microelectronics

5.24.5 Government grants

Grants included in property, plant & equipment totalled EUR 34,000. This amount is recognized in machinery and equipment.

5.25 Intangible assets (x EUR 1,000)

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:

| (x EUR 1,000) | 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.

5.25.5 Intangible assets

| | Goodwill | Customer relations | Total |
|---|--------------|--------------------|--------------|
| At 1 January 2008 | | | |
| Cost | 0 | 0 | 0 |
| Accumulated amortization 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 |
| Amortization charge | 0 | -14 | 0 |
| Closing net book amount | 1,630 | -126 | 1,756 |
| At 31 December 2008 | | | |
| Cost | 1,630 | 126 | 1,756 |
| Accumulated amortization and impairment charges | 0 | -14 | -14 |
| Net book amount | 1,630 | 126 | 1,756 |

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 salesgrowth of 6%. Cash flows beyond the five-year period are extrapolated with a flat salesgrowth. 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 offset amounts are attributed to the following items in the table.

| (x EUR 1,000) | 2008 | 2007 |
|---|-------------|------------|
| Deferred income tax assets | | |
| Deferred income tax asset to be recovered after more than 12 months | 683 | 322 |
| Deferred income tax asset to be recovered within 12 months | 200 | 100 |
| | 883 | 422 |
| Deferred tax liabilities | | |
| Deferred tax liability to be recovered after more than 12 months | 747 | 1,400 |
| Deferred tax liability to be recovered within 12 months | 0 | 0 |
| | 747 | 1,400 |
| Deferred income tax liability (net) | -136 | 978 |

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) | 2008 | 2007 |
|----------------------------------|------------|------------|
| Balance at 1 January | 422 | 402 |
| Addition to the income statement | 461 | 20 |
| Balance at 31 December | 883 | 422 |

The board of management has decided not to recognize deferred tax assets for all of the tax losses that are available for compensation of future tax payments. It believes there is too much uncer-

tainty at balance sheet date that all losses will be compensated. Projected tax payments resulting from profits generated in the next four years have been recognized as tax assets as at 31 December 2008. The unrecognized tax losses in the Netherlands total approximately EUR 14 million (usable up to 2011). The unrecognized tax losses in Germany total approximately EUR 10 million 'Körperschaftsteuer' (indefinite in time) and approximately EUR 4 million 'Gewerbe-ertragssteuer' (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 microtec GmbH testlab for opto + micro-electronics and Rood Technology Service GmbH. In addition a 'profit transfer agreement' (Ergebnisabführungsvertrag) was signed between the two companies.

This enables the Group to set off future profits of Microtec against the unrecognized tax losses.

5.26.2 Deferred tax liabilities

| (x EUR 1,000) | 2008 | 2007 |
|---|------------|--------------|
| Balance at 1 January | 1,400 | 1,402 |
| Addition to the income statement | 0 | -2 |
| Changes due to revaluation building and changes in tax rate | -657 | 0 |
| Balance at 31 December | 747 | 1,400 |

As a result of the revaluation of land and building, a provision for deferred tax liabilities has been formed amounting to 40% of the difference. Based on the revaluation of the building in December 2008 and the change of the German tax structure (to 30%) the deferred tax liability is adjusted.



Shaker equipment combined with temperature chamber

Mechanical vibration testing is possible simultaneously under temperature stress conditions. This is especially required for

high-reliability applications like aerospace, military and automotive.

Evaluations of economic efficiency for this investment are under way.

5.27 Inventories

| (x EUR 1,000) | 2008 | 2007 |
|-------------------------------|------------|------------|
| Raw materials and consumables | 100 | 96 |
| Work in progress | 224 | 50 |
| Total | 324 | 146 |

5.28 Trade and other receivables

| (x EUR 1,000) | 2008 | 2007 |
|------------------------------|--------------|--------------|
| Trade receivables (net) | 2,346 | 1,536 |
| Taxation and social security | 36 | 23 |
| Other | 425 | 514 |
| Total | 2,807 | 2,073 |

The fair value of the trade receivables does not materially differ from the book value.

Trade receivables are shown net of impairment losses amounting to EUR 9,000 (2007: EUR 9,000) arising from identified doubtful receivables from customers.

| (x EUR 1,000) | 2008 | 2007 |
|------------------------------------|----------|----------|
| Balance at 1 January | 9 | 23 |
| Addition to the bad debt provision | 0 | -14 |
| Balance at 31 December | 9 | 9 |

5.29 Cash and cash equivalents

| (x EUR 1,000) | 2008 | 2007 |
|--------------------------|-------------|-------------|
| Cash at bank and on hand | 538 | 205 |
| Bank overdrafts | -1,160 | -1,174 |
| Total | -622 | -969 |

The securities mentioned under long-term liabilities (note 5.32.2) have also been provided to German credit institutions for the current liabilities. The credit line with the banks as of 31 December 2008 totalled EUR 1,880,000.

The interest rates ranges from 8.15% to 10.40% (2007: 8.25% to 8.50%).

The credit line with the credit institutions in the Netherlands as of 31 December 2008 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 2007 | 26,741 | 2,941 | 16,723 | 19,664 |
| Share options granted to employees | 0 | 0 | 4 | 4 |
| Balance at 31 December 2007 | 26,741 | 2,941 | 16,727 | 19,668 |
| Balance at 1 January 2008 | 26,741 | 2,941 | 16,727 | 19,668 |
| Share options exercised by employees | 401 | 44 | 1 | 45 |
| Share exercised through convertible loan | 1,585 | 175 | 158 | 333 |
| Share exercised through payment interest convertible loan | 25 | 3 | 5 | 8 |
| Share 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 |

At 31 December 2008 the authorized share capital comprised 35,900,000 ordinary shares (2007: 35,900,000). The shares have a nominal value of EUR 0.11 each. At 31 December 2008, 30,489,148 ordinary shares (2007: 26,741,086) 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 (2007: 4,100) in its own share capital. The number of treasury shares held by the company at the end of the year under review comprised 0.01% of the issued and paid-up capital (2007: 0.02%).

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 2008 is as follows:

| Granted In | Options 31-12-07 | Granted in 2008 | Exercised in 2008 | Expired in 2008 | Options 31-12-08 | Exercise price in € | First date of exercise | Last date of exercise |
|--------------|------------------|-----------------|-------------------|-----------------|------------------|---------------------|------------------------|-----------------------|
| 2004 | 9,500 | 0 | 0 | 0 | 9,500 | 0.68 | 1 Apr 07 | 31 Mar 09 |
| 2005 | 26,000 | 0 | 3,500 | 0 | 22,500 | 0.46 | 4 Jan 08 | 3 Jan 10 |
| 2006 | 47,400 | 0 | 0 | 0 | 47,400 | 0.51 | 5 Jan 09 | 4 Jan 11 |
| 2007 | 58,500 | 0 | 0 | 0 | 58,500 | 0.55 | 5 Jan 10 | 4 Jan 12 |
| 2008 | 0 | 74,500 | 0 | 0 | 74,500 | 0.37 | 9 Jun 08 | 8 Jun 11 |
| Total | 141,400 | 74,500 | 3,500 | 0 | 212,400 | | | |

As at 31 December 2008, 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 2008 is as follows:

| Granted In | Options 31-12-07 | Granted in 2008 | Exercised in 2008 | Expired in 2008 | Options 31-12-08 | Exercise price in € | First date of exercise | Last date of exercise |
|--------------|------------------|-----------------|-------------------|-----------------|------------------|---------------------|------------------------|-----------------------|
| 2008 | 0 | 397,000 | 397,000 | 0 | 0 | 0.11 | 1 Oct 08 | 30 Sep 11 |
| Total | 0 | 397,000 | 397,000 | 0 | 0 | | | |

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. As at 31 December 2008, Mr Ph. M. G. Nijenhuis held 397,000 shares in the Group.

In 2008, the CEO received 100,000 options based on his contract, 97,000 options based on his fulfilment of conditions related to the Group's performance and 200,000 options based on his extraordinary merit for RoodMicrotec.

These 200,000 options did not arise from the CEO's contract and were approved at the extraordinary shareholders' meeting of 31 July 2008.

For the second half year of 2008 a provision is raised for 200,000 potential options rights of 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 2008 is as follows:

| Granted In | Options 31-12-07 | Granted in 2008 | Exercised in 2008 | Expired in 2008 | Options 31-12-08 | Exercise price in | First date of exercise | Last date of exercise |
|--------------|------------------|-----------------|-------------------|-----------------|------------------|-------------------|------------------------|-----------------------|
| 2008 | 0 | 25,000 | 0 | 0 | 25,000 | 0.42 | 10 Jun 08 | 10 Jun 09 |
| 2008 | 0 | 50,000 | 0 | 0 | 50,000 | 0.42 | 11 Jun 08 | 11 Jun 09 |
| 2008 | 0 | 37,500 | 0 | 0 | 37,500 | 0.42 | 30 Jun 08 | 30 Jun 09 |
| 2008 | 0 | 61,250 | 0 | 0 | 61,250 | 0.42 | 1 Jul 08 | 1 Jul 09 |
| 2008 | 0 | 250,000 | 0 | 0 | 250,000 | 0.45 | 3 Jul 08 | 3 Jul 10 |
| Total | 0 | 423,750 | 0 | 0 | 423,750 | | | |

5.31 Reserves

(x EUR 1,000)

| | Revaluation reserve | Retained earnings | Total |
|------------------------------------|---------------------|-------------------|----------------|
| Balance at 1 January 2007 | 2,021 | -18,350 | -16,329 |
| Addition to reserves | -30 | 30 | 0 |
| Net result year 2007 | 0 | 5 | 5 |
| Balance at 31 December 2007 | 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 |

As a result of the revaluation of land and buildings in 2005, a revaluation reserve has been formed. Based on the revaluation of the building in December 2008 and the change of the German tax structure (to 30%) the revaluation reserve is adjusted.

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) | 2008 | 2007 |
|--|---------------------|---------------------|
| Secured bank loans | 513 | 1,512 |
| Unsecured bank loans | 525 | 0 |
| Convertible loans | 1,667 | 1,000 |
| Finance lease liabilities | 1,203 | 436 |
| Other loans | 933 | 700 |
| | <u>4,841</u> | <u>3,648</u> |
| Less: current portion of long-term loans | -3,253 | -1,954 |
| | <u>1,588</u> | <u>1,694</u> |

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 | 513 | 513 | 0 | 0 | 0 | 0 |
| Unsecured bank loans | 525 | 350 | 175 | 175 | 0 | 0 |
| Finance lease liabilities | 1,203 | 540 | 663 | 340 | 323 | 0 |
| Other loans | 933 | 933 | 0 | 0 | 0 | 0 |
| Total | 3,174 | 2,336 | 838 | 515 | 323 | 0 |
| Convertible loans | 1,667 | 917 | 750 | 250 | 500 | 0 |
| Total Loans and borrowings | 4,841 | 3,253 | 1,588 | 765 | 823 | 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 a corporate guarantee of EUR 578,750.

5.32.3 Unsecured bank loans

In 2008, a euro loan facility of EUR 700,000 was agreed with the CommerzBank (Augsburg, Germany). The loan has a term of two years. The interest rate is 8.75%. This facility was used in full during 2008.

5.32.4 Finance lease liabilities

The Group leases certain equipment; leases for which the Group bears substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized 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 2008, new financial leases totalling EUR 170,000 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.

Equipment includes the following amounts where the Group is a lessee under a finance lease:

| (x EUR 1,000) | 2008 | 2007 |
|---------------------------------|--------------|------------|
| Cost-capitalized finance leases | 2,263 | 711 |
| Accumulated depreciation | -940 | -219 |
| Net book amount | 1,323 | 492 |

5.32.5 Other loan

In 2008, a euro loan facility of EUR 250,000 was agreed with a private investor. The loan has a term of one and a half year and a fixed interest rate of 5%. This facility was used during 2008.

In 2008, a euro bridge loan facility of EUR 1,025,000 was agreed with a group of private investors. This loan was used in full and refinanced at 31 December 2008. The loan has a term of 9 months and a fixed interest rate of 1% per month. This facility was used during 2008.

5.32.6 Interest rates

The average interests paid were as follows:

| | Year ended 31 December | |
|---------------------------|------------------------|----------------|
| | 2008 | 2007 |
| Bank overdrafts | 8.15% - 10.40% | 8.25% - 8.50% |
| Bank loans | 7.29% - 8.25% | 7.29% - 8.25% |
| Finance lease liabilities | 4.41% - 6.69% | 5.73% - 6.056% |
| Other loan | 5.0% - 12.68% | 7.0% |

5.33 Convertible loan

The convertible loan totals EUR 1,000,000 (2007: 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 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 totalling EUR 1,000,000. The convertible loan was issued on 2 June 2008 and 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 shares related to this

redemption will be transferred to the lender within ten days after redemption date. The Group has the right to redeem the open amount of the loan (including interest) with cash at any time during the contract.

| (x EUR 1,000) | 2008 | 2007 |
|----------------------------------|--------------|--------------|
| Balance as at 1 January | 1,000 | 1,000 |
| New loan | 1,000 | 0 |
| Repayment | -333 | 0 |
| Balance as at 31 December | 1,667 | 1,000 |

5.34 Retirement benefit obligations

| (x EUR 1,000) | 2008 | 2007 |
|--|--------------|--------------|
| Present value of unfunded obligations | 4,688 | 3,351 |
| Fair value of plan assets | 1,396 | 1,392 |
| Present value of unfunded obligations | 3,292 | 1,959 |
| Unrecognized actuarial gains and losses | -224 | -86 |
| Other pension assets | 1,971 | 1,400 |
| Net liability recognized in the balance sheet | 1,545 | 645 |

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 are partly reinsured. In determining the annual costs the nature of the plan is recognized which includes (conditional) indexation of pension benefits insofar as the return on the separated investments surpasses the actuarial required interest.

The reserves required for these obligations are recognized, net of plan assets, in the balance sheet.

Not all insurance meets 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 2008 by Mercer Deutschland GmbH, Mülheim an der Ruhr. The present value of the defined benefit obligation and the related current service cost and past service cost have been measured using the projected unit credit method.

| (x EUR 1,000) | 2008 | 2007 |
|---|------|------|
| Discount rate at 31 December | 5.7% | 5.5% |
| 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% |

5.34.2 Expenses recognized in the income statement

| (x EUR 1,000) | 2008 | 2007 |
|---|------------|------------|
| Current service costs | 21 | 23 |
| Interest on obligation | 220 | 168 |
| Expected return on plan assets | -55 | -56 |
| Actuarial losses recognized in the year | 0 | 4 |
| Total | 186 | 139 |

The charge for the year is included in the employee benefits expense in the income statement. The actual return on plan assets was EUR 51,806 (2007: EUR 51,368).

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

| (x EUR 1,000) | 2008 | 2007 |
|--|--------------|--------------|
| Opening defined benefit obligation | 3,351 | 3,812 |
| Acquisition of subsidiary | 1,411 | 0 |
| Service costs | 21 | 24 |
| Interest costs | 220 | 168 |
| Actuarial gain (-) or loss | -141 | -487 |
| Pension payments | -174 | -166 |
| Closing present value of the defined benefit obligation | 4,688 | 3,351 |

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

| (x EUR 1,000) | 2008 | 2007 |
|--|--------------|--------------|
| Opening fair value of plan assets | 1,392 | 1,387 |
| Expected return on plan assets | 55 | 56 |
| Actuarial gain (-) or loss | -3 | -4 |
| Contributions by employer | 17 | 17 |
| Benefits paid | -64 | -64 |
| Closing fair value of plan assets | 1,396 | 1,392 |

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 weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

5.35 Trade accounts payables

| (x EUR 1,000) | 2008 | 2007 |
|---|--------------|--------------|
| Suppliers and trade credits | 772 | 606 |
| Non-trade payables and accrued expenses | 1,349 | 403 |
| Total | 2,121 | 1,009 |

5.36 Net sales

| (x EUR 1,000) | 2008 | 2007 |
|---------------|---------------|--------------|
| EU | 10,125 | 9,117 |
| Outside EU | 2,932 | 411 |
| Total | 13,057 | 9,528 |

5.37 Personnel expenses

| (x EUR 1,000) | 2008 | 2007 |
|--|--------------|--------------|
| Salaries | 5,562 | 4,000 |
| Social security | 1,073 | 854 |
| Share options granted to directors and employees | 55 | 4 |
| Pension charges | 186 | 104 |
| Own work capitalized | -178 | -211 |
| Total | 6,698 | 4,751 |

The average number of people employed by the Group in 2008 on a full-time basis was 125 (2007: 99).

5.38 Depreciation and amortization

| (x EUR 1,000) | 2008 | 2007 |
|--------------------------------|--------------|--------------|
| Intangible fixed assets | | |
| Intangible fixed assets | 14 | 30 |
| Tangible fixed assets | | |
| Land and buildings | 120 | 122 |
| Machinery and equipment | 1,616 | 1,260 |
| Other fixed assets | 142 | 142 |
| Total | 1,892 | 1,554 |

5.39 Other operating expenses

| (x EUR 1,000) | 2008 | 2007 |
|---|--------------|--------------|
| Other operating expenses | 2,673 | 1,998 |
| Special items | | |
| Result on disposal of tangible fixed assets | -26 | 0 |
| Total | 2,647 | 1,998 |

The most important task of the external auditor is the audit of the annual accounts of Rood Testhouse International N.V. Furthermore, the external auditor assists with annual accounts-related work. Tax advice is in principle given by specialist firms or specialized

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) | 2008 | 2007 |
|----------------------------|------------|------------|
| Interest expenses: | | |
| - bank borrowings | 229 | 327 |
| - convertible loan | 74 | 45 |
| - other loans | 172 | 0 |
| - other financial expenses | 51 | 0 |
| Total | 526 | 372 |

5.41 Income tax expenses

| (x EUR 1,000) | 2008 | 2007 |
|---|------------|-----------|
| Current tax expense | | |
| Current year | 15 | 3 |
| Previous years | 64 | 0 |
| Deferred tax from expense | | |
| Recognition of tax losses carried forward | 461 | 20 |
| Total | 540 | 23 |

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.

| (x EUR 1,000) | 2008 | 2007 |
|--|--------|--------|
| Profit attributable to equity holders of the company | 84 | 5 |
| Weighted average number of ordinary shares in issue (in thousands) | 28,140 | 26,741 |
| Basis earnings per share | 0.00 | 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 have been exercised.

| (x EUR 1,000) | 2008 | 2007 |
|---|-----------|----------|
| Profit attributable to equity holders of the company | 84 | 5 |
| Profit used to determine diluted earnings per share | 84 | 5 |
| (x 1,000) | | |
| Weighted average number of ordinary shares in issue | 28,140 | 26,741 |
| Adjustments for: | | |
| - Share options | 0 | 141 |
| - Convertible debt | 2,130 | 0 |
| Weighted average number of ordinary shares for diluted earnings per share | 30,270 | 26,882 |
| Diluted earnings per share | 0.00 | 0.00 |

5.43 Off-balance sheet commitments

5.43.1 Operating leases as lessee

| (x EUR 1,000) | 2008 | 2007 |
|----------------------------|------------|------------|
| Less than one year | 166 | 166 |
| Between one and five years | 182 | 183 |
| More than five years | 0 | 0 |
| Total | 348 | 349 |

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 2008 the Group entered into a contract to purchase property, plant and equipment for EUR nil (2007: EUR nil).

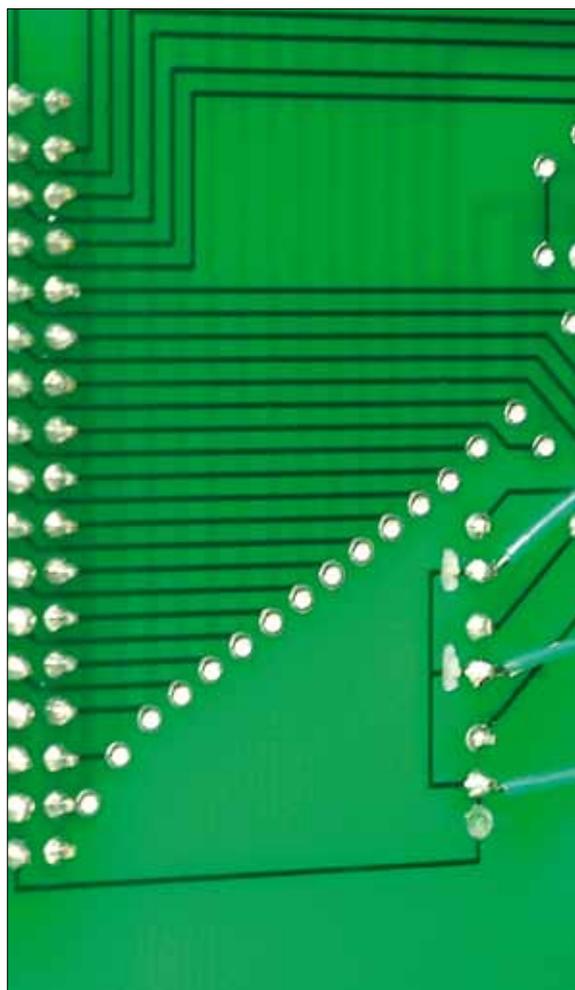
5.43.4 Contingencies

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 single tax unit for corporate tax. Each of the operating companies is severally liable for tax to be paid by all companies that belong to the fiscal unit.

5.44 Subsequent events

No significant events have taken place after balance sheet date.



5.45 Related parties

5.44.1 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 2008 | Total 2007 |
|----------------------------|--------------|-------|---------|-------------------|------------|------------|
| Mr Ph.M.G. Nijenhuis (CEO) | 130 | 0 | 13 | 50 | 193 | 110 |
| Total | | | | | 193 | 110 |

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 realization of Group and personal targets are taken into

account. The supervisory board defines the targets each half year.

The remuneration of key management totalled EUR 403,000 in 2008.

There are no guarantees or obligations vis-à-vis or on behalf of the 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).

5.44.2 Remuneration of the supervisory board

| (x EUR 1,000) | 2008 |
|---------------------------|-----------|
| Mr C.W.M. Koot (chairman) | 14 |
| Mr A. Mommer | 11 |
| Total | 25 |

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

5.44.3 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 | |
|-------------------------------------|-------------------|--------------|
| | 2008 | 2007 |
| Assets | | |
| Non-current assets | | |
| Fixed assets | | |
| Property, plant and equipment | 9 | 11 |
| 8.4 Financial fixed assets | | |
| 8.19.1 Group companies | 2,043 | 2,185 |
| 8.19.2 Loans to group companies | 1,984 | 1,984 |
| | 4,027 | 4,169 |
| Current assets | | |
| Receivables | | |
| Group companies | 3,213 | 795 |
| Other receivables | 25 | 52 |
| Cash and cash equivalents | 0 | 174 |
| | 3,238 | 1,021 |
| Total assets | 7,274 | 5,201 |
| Equity | | |
| Share capital | 3,354 | 2,941 |
| Share premium | 17,461 | 16,723 |
| Legal reserve | 1,744 | 2,099 |
| Retained earnings | -18,511 | -18,424 |
| Result for the year | 84 | 5 |
| 8.20 Total equity | 4,132 | 3,344 |
| Liabilities | | |
| Non-current liabilities | | |
| 8.21 Convertible loan | 750 | 1,000 |
| Current liabilities | | |
| Bank overdrafts | 4 | 0 |
| Current portion of long-term debt | 1,850 | 700 |
| Trade and other payables | 528 | 157 |
| Current tax liabilities | 10 | 0 |
| Total liabilities | 3,142 | 1,857 |
| Total equity and liabilities | 7,274 | 5,201 |

7 Company income statement

| (x EUR 1,000) | For the year ended | |
|---------------------------------|--------------------|----------|
| | 2008 | 2007 |
| Net profit from group companies | 301 | 38 |
| Other income | -217 | -33 |
| Net profit | 84 | 5 |

8 Notes to the company financial statements

8.1 General

The annual accounts of Rood Testhouse International N.V (the Company), as presented hereafter have been prepared in conformity with Generally Accepted Accounting Principles in the Netherlands and compliant 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 5.23 of this annual report.

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

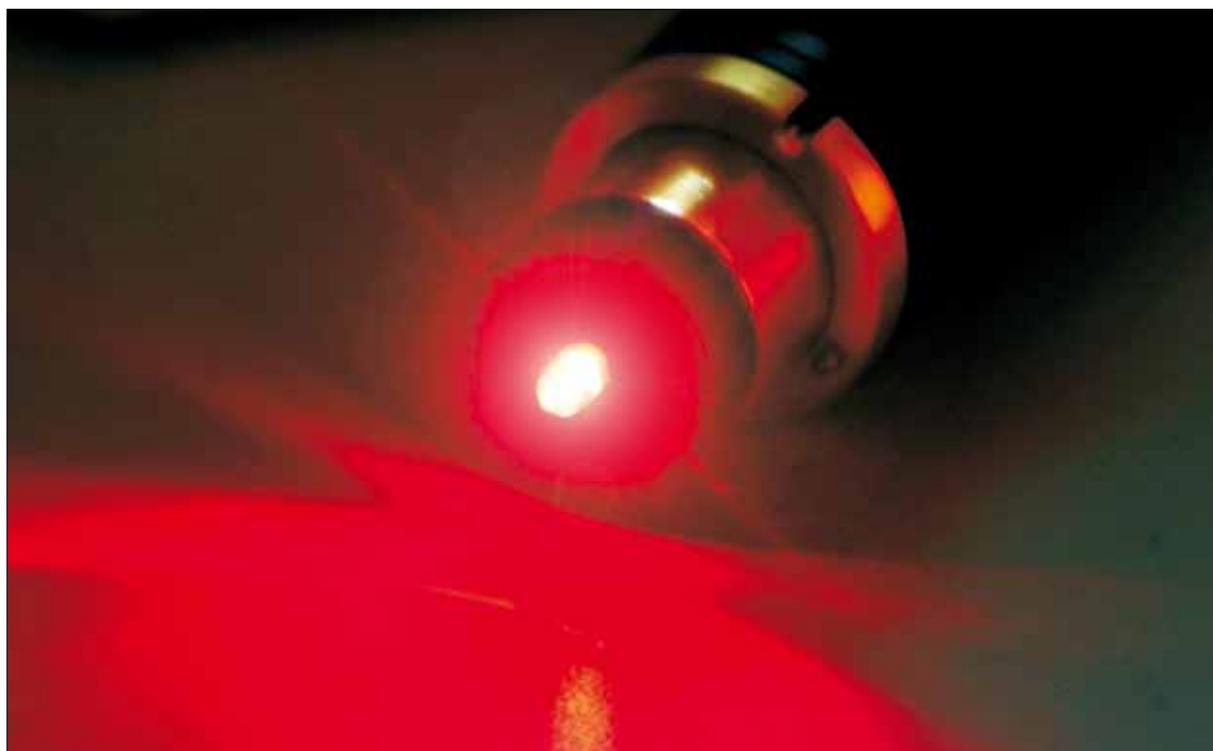
The notes to the consolidated annual accounts under IFRS form an integral part of the annual accounts prepared under Dutch GAAP. Material differences are separately disclosed in this section.

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.



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 realized. 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) | 2008 | 2007 |
|----------------------------------|--------------|--------------|
| Balance as at 1 January | 2,185 | 2,147 |
| Revaluation differences | -443 | 0 |
| Profit of group companies | 301 | 38 |
| Balance as at 31 December | 2,043 | 2,185 |

8.19.2 Loans to group companies

This item relates to three subordinated loans issued to a German group company. A loan of EUR 1,534,000 and a loan of EUR 300,000 are subordinated to all other liabilities. A loan of EUR 150,000 is subordinated to bank debts.

During 2004, 2005 and 2006 part of the loans issued to the German group company was converted into equity.

The interest rate is between 6.50% and 6.75%

Movements in this item were as follows:

| (x EUR 1,000) | 2008 | 2007 |
|----------------------------------|--------------|--------------|
| Balance as at 1 January | 1,984 | 1,984 |
| New loan | 0 | 0 |
| Conversion into equity | 0 | 0 |
| Balance as at 31 December | 1,984 | 1,984 |

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 | 2,941 | 16,727 | 2,099 | -18,423 | 3,344 | 3,335 |
| Employee options exercised | 44 | 1 | 0 | 0 | 45 | 0 |
| Valuation options granted | 0 | 66 | 0 | 0 | 66 | 4 |
| Conversion convertible loan | 175 | 158 | 0 | 0 | 333 | 0 |
| Conversion interest payment convertible | 3 | 5 | 0 | 0 | 8 | 0 |
| Shares issued by private placement | 191 | 504 | 0 | 0 | 695 | 0 |
| Reserve building revaluation | 0 | 0 | -355 | -88 | -443 | 0 |
| | 3,354 | 17,461 | 1,744 | -18,511 | 4,048 | 3,339 |
| Appropriation of result | 0 | 0 | 0 | 84 | 84 | 5 |
| Balance as at 31 December | 3,354 | 17,461 | 1,744 | -18,427 | 4,132 | 3,344 |

As a result of the revaluation of land and buildings in 2005 in Rood Technology Deutschland GmbH + Co, a legal reserve has been formed. Based on the revaluation of this building in

December 2008 and the change of the German tax structure (to 30%) the legal reserve is adjusted.

8.20.2 Legal reserves

| | Revaluation reserve | Total 2008 | Total 2007 |
|---|------------------------|---------------|---------------|
| Balance as at 1 January | 2,099 | 2,099 | 2,129 |
| Addition due to correction revaluation reserve | -355 | -355 | -30 |
| Balance as at 31 December | 1,744 | 1,744 | 2,099 |

8.21 Convertible loan

The convertible loan totals EUR 1,000,000. At 31 December 2007, the amount of EUR 1,000,000 has been received by the Company. 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 share 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 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 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 discount of 5%. The shares related to this redemption will be transferred to the lender within ten days after redemption date. 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) | 2008 | 2007 |
|----------------------------------|--------------|--------------|
| Balance as at 1 January | 1,000 | 1,000 |
| New loan | 1,000 | 0 |
| Repayment | -333 | 0 |
| Balance as at 31 December | 1,667 | 1,000 |

| (x EUR 1,000) | 2008 | 2007 |
|-----------------------------------|--------------|--------------|
| Presented under | | |
| Non-current liabilities: | | |
| Subordinated convertible loan | 750 | 1,000 |
| Current liabilities | | |
| Current portion of long-term debt | 917 | 0 |
| Total | 1,667 | 1,000 |

Addresses and personal data

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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

Rood Technology Deutschland
Beteiligungs GmbH

Management

Ph.M.G. Nijenhuis
T. Bucksch

Management

Ph.M.G. Nijenhuis
T. Bucksch

Management

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Management

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