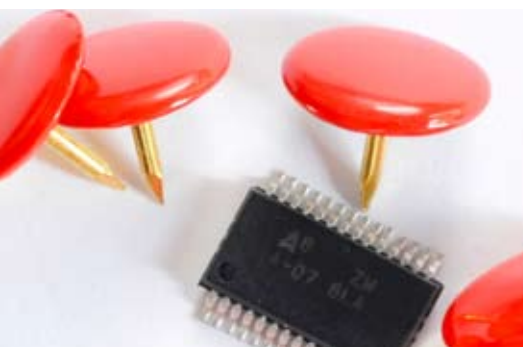




RoodMicrotec
powerful solutions



20



10



RoodMicrotec N.V.

Annual Report 2010





RoodMicrotec for
LED applications

2010 Highlights

Commercial/operational

- Recovery of Test and Supply Chain Management of 67% and 47% respectively.
- Introduction of Key Account Project Management.
- Partner in 'LED light for you' network.
- Growth of LED activities, in particular in aerospace, automotive, medical and home lighting.
- Integration of Test Engineering into RoodMicrotec's other services. In this sense, Test Engineering will act as an in-house service provider.
- A new test concept for distributor customers was developed.
- We made our first foray into the Russian market.

Financials

- Strong 31% sales growth to EUR 15.563 million.
- EBITDA increased by 315% to EUR 2.36 million.
- EBIT increased from EUR -1.30 million to EUR 0.733 million.
- Net income increased from EUR -1.742 million to EUR 0.448 million.
- Solvency improved to 41% (2009: 23%).
- Debt position improved to 1.4 times EBITDA (2009: 6.1).
- Shareholders' equity improved due to EUR 2 million mezzanine capital facility.
- Positive development of earnings per share to EUR 0.01 (2009: EUR -0.05)

General

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

- supply chain management (SCM); facilitating the worldwide purchasing, testing and acceptance of semiconductors; managing the complete supply chain from wafer to final product including logistics around the world;
- testing semiconductors (microchips) – which represents the majority of sales – optoelectronics (image sensors, OASIC, LEDs) and printed circuit boards;
- end-of-line manufacture and service;
- developing test software for semiconductors;
- qualifying semiconductors, printed (circuit) boards assemblies;
- qualifying production processes in accordance with interconnection technologies and ESD sensitivity;
- analysing failures at wafer, package and board level;
- reliability and environmental investigations of semiconductors and (assembled) printed circuit boards (PCBs);
- project management and consulting.

This complete service package in conjunction with our staff of highly experienced engineers gives us a unique position in the market.

Vision

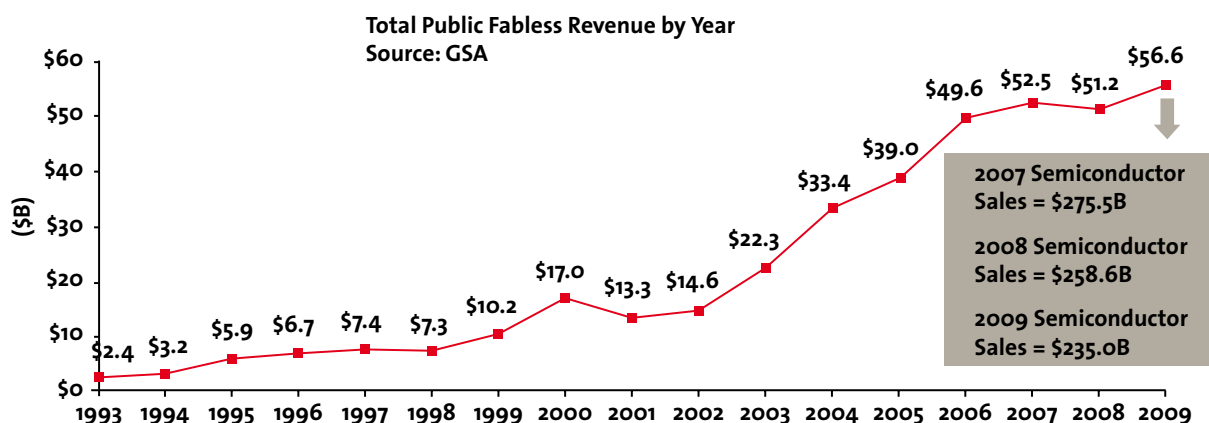
We anticipate that an increasing number of companies will focus on the core segments in which they have a strong position, but also that many of these companies are often vertically integrated, will shed non-core activities to lower their risk exposure. Such activities would include testing, assembly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

Ambitions

We have set ourselves the following goals:

- position ourselves as a first-class one-stop-shopping supply chain service provider for OEMs and Fabless Companies;
- offer the highest quality individual Qualification & Reliability, Failure & Technology Analysis, Test Engineering, Supply Chain Management and Test & End-of-line services;
- develop into a major worldwide player in the semiconductor supply chain;
- develop into a key player in the electronics services market from wafer to board;
- position ourselves as a leading innovative testhouse in Europe.

Revenue Fabless Semiconductor Companies





RoodMicrotec for
Medical solutions
and applications

We always look for the most efficient total test solution

Focus on retaining and motivating staff
Our one-stop-shopping concept reduces overall costs

Industrial activity is increasing

We deliver added value by additional services and clever solutions

RoodMicrotec seminar A new service to identify counterfeit parts

RoodMicrotec anticipates capacity shortage Ionic contamination has many sources

RoodMicrotec offers tailored approach

Failure Analysis is a step by step process Monitored burn-in: a clear competitive advantage

RoodMicrotec receives award from major customer Supply chain management:
first-class one-stop-shopping





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number 33251008

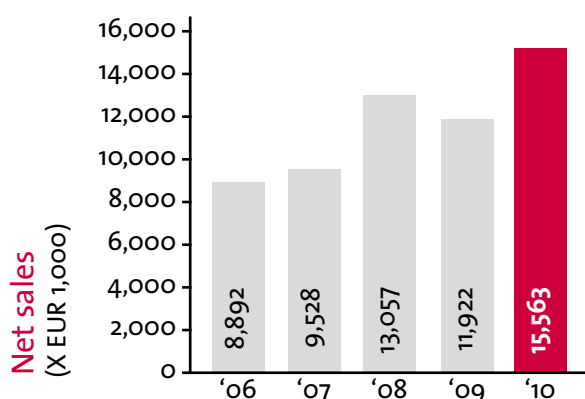
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**RoodMicrotec for
Consumers industry**

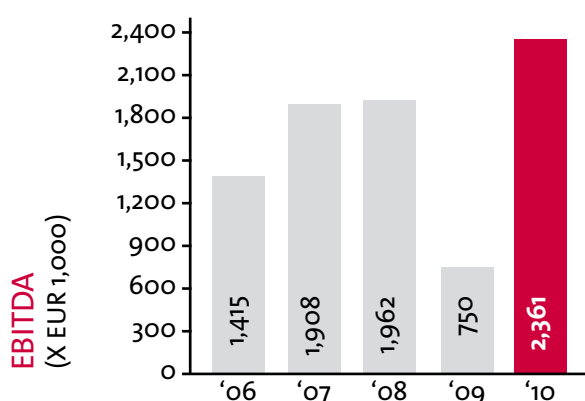
RoodMicrotec in perspective



SALES: EUR 15.6 MILLION

Sales growth is a key aspect for RoodMicrotec since the total semiconductor market grows by approx. 8% each year, the unit costs keep falling and complexity is increasing. This is why volume growth and sales growth are needed for us to retain our intended market position. Sales growth allows us to finance the expert knowledge in the company and bring about essential costs reductions.

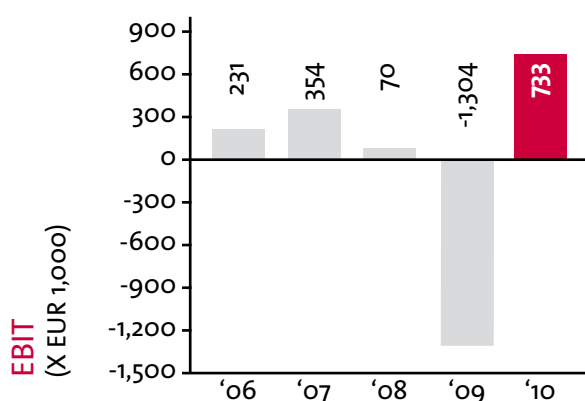
Objective for 2011: annual growth of between 8% and 15% based on an average market growth 2011 forecast of approx. 6%.



EBITDA: EUR 2.4 MILLION

EBITDA, the operating result before depreciation and amortisation, is one of RoodMicrotec's key evaluation criteria. Working as we do in a hightech environment, investment in production equipment and innovation is vital in order to be able to continue to provide the desired technological solutions. This is why strong growth of EBITDA over the next few years is one of our key objectives.

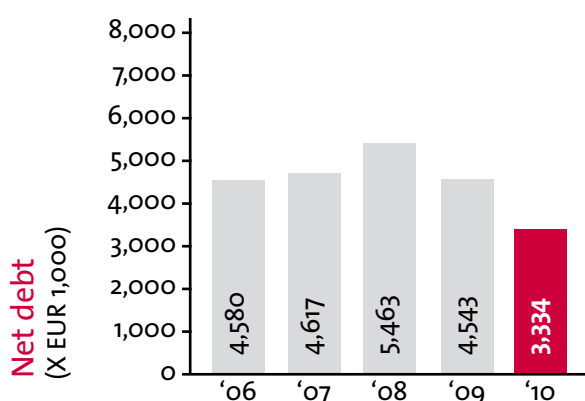
Objective for 2011-2013: EBITDA to rise to 20% of sales.



EBIT: EUR 0.7 MILLION, OR 4.7% OF SALES

EBIT – the operating result or the difference between income and operating costs – is the main benchmark for the profitability of our operations and the continuity of our company. The EBIT is highly dependent on the internal efficiency of the company. RoodMicrotec has therefore set itself the objective of further optimising its operations.

Objective for 2011-2013: EBIT growth to 10%.



NET INTEREST-BEARING DEBT: EUR 3.3 MILLION

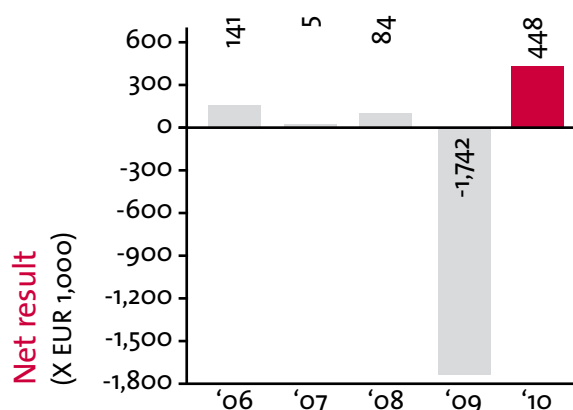
A significant debt position can negatively impact business operations, which in turn may impede the growth of the company. Since financing is regularly required for new activities, being able to respond rapidly is imperative. A limited debt position makes operating in the market far easier.

Objective: a tentative reduction of the debt position vis-à-vis banks based on the present business model.

NET RESULT: EUR 0.45 MILLION

The net result is the eventual reward of all our activities. RoodMicrotec is aware of the need to create a higher profitability than in the past, and also of the logic that we can only achieve higher profitability by raising production volumes and sales.

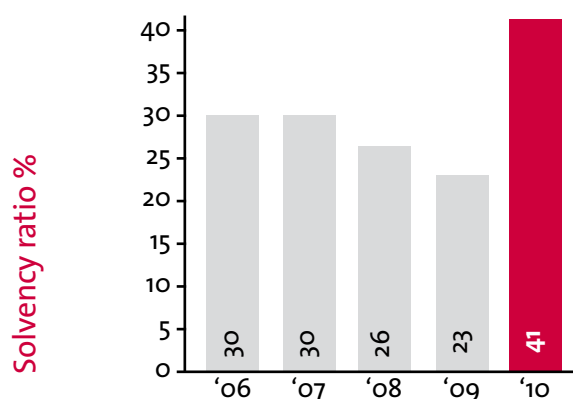
Objective for the next few years: to raise the net result step by step to a level between 5% and 10% of sales.



SOLVENCY: 41 PERCENT

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

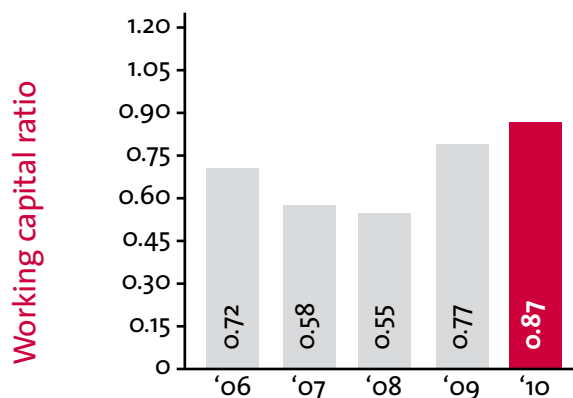
Solvency target: in a range between 38% and 50%.



WORKING CAPITAL RATIO: 0.9 (CURRENT ASSETS/ CURRENT LIABILITIES)

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

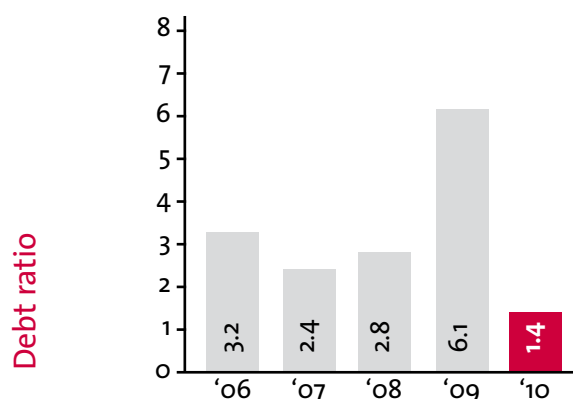
Objective: to keep the ratio of working capital to gross margin between 1.0 and 1.5.



DEBT RATIO: 1.4

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

Objective: RoodMicrotec considers a debt ratio of between 1.0 and 2.5 as a solid position that can be defended vis-à-vis the bank syndicates.



Key figures

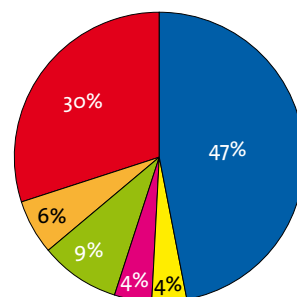
(x EUR 1,000)	2010	2009	2008	2007	2006
Result					
Net sales	15,563	11,922	13,057	9,528	8,892
Total operating income	15,684	12,076	13,019	9,517	8,912
Gross margin	12,242	9,821	11,307	8,657	7,948
EBIT (operating result)	733	-1,304	70	354	231
EBITDA	2,361	750	1,962	1,908	1,415
Cash flow (net result and depreciaton)	2,076	312	1,976	1,559	1,325
Cash flow from operating activities	1,689	315	2,815	1,495	151
Net result	448	-1,742	84	5	141
Capital, Debt & Liquidity Ratios					
Total assets	13,726	13,713	16,107	11,295	11,144
Group equity	5,647	3,115	4,132	3,344	3,335
Convertible Debt	500	750	1,667	1,000	1,000
Group equity + Convertible loans	6,147	3,865	5,799	4,344	4,335
Net debt	3,334	4,543	5,463	4,617	4,580
Capital (=Net debt + equity)	8,981	7,658	9,595	7,961	7,915
Gearing ratio (net debt / capital)	37%	59%	57%	58%	58%
Solvency (group equity / total liabilities)	41%	23%	26%	30%	30%
Debt ratio (Net debt / EBITDA)	1.4	6.1	2.8	2.4	3.2
Net working capital	-569	-974	-2,994	-1,788	-897
Working capital ratio (current assets /current liabilities)	0.87	0.77	0.55	0.58	0.72
Assets					
Tangible fixed assets	5,710	6,629	8,367	8,449	8,433
Investments in tangible fixed assets	681	288	941	1,540	3,088
Investments in subsidiaries	0	0	2,987	0	0
Depreciation of tangible fixed assets	1,600	2,026	1,878	1,524	-1,106
Data per share (x EUR 1)					
Capital and reserves	0.16	0.09	0.14	0.13	0.12
Operating results	0.02	-0.04	0.00	0.01	0.01
Cash flow	0.05	0.01	0.09	0.06	0.01
Net result	0.01	-0.05	0.00	0.00	0.01
Share price: year end	0.17	0.15	0.15	0.57	0.66
Share price: highest	0.19	0.57	0.57	0.66	0.96
Share price: lowest	0.15	0.12	0.12	0.43	0.55
Issue of nominal shares					
At year end (x 1,000)	35,769	35,196	30,489	26,741	26,741
Number of FTE's (Permanent)					
At year end	120	126	148	100	104
Average	124	132	125	99	97
Sales (total)/ Average FTE's (Permanent)	126	90	104	96	92

Key figures

Markets served

Figures for: - Revenue per market segment (X EUR 1,000)

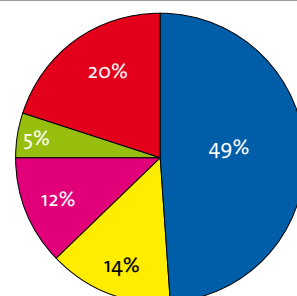
Automotive	7,473	47%
Telecommunication	590	4%
Consumer	586	4%
HiRel/space	1,380	9%
Data Processing	875	6%
Industrial/Medical	4,659	30%



Revenue per business unit

Figures for: - Revenue per Business Unit (X EUR 1,000)

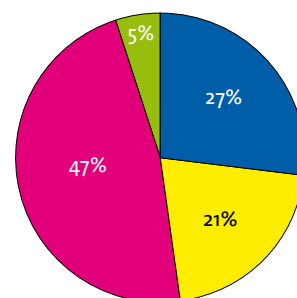
Test&EOL	7,658	49%
Q&R	2,241	14%
Failure	1,842	12%
Test Engineering	762	5%
SMC	3,060	20%



Revenue per customer type

Figures for: - Revenue per customer type (X EUR 1,000)

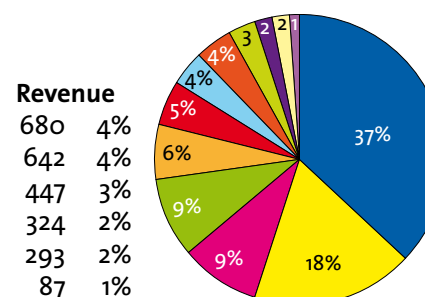
IDM	4,178	27%
Fabless, IP, Provider, SCM	3,318	21%
OEM	7,240	47%
Disti, CEM, OSH	827	5%



Revenue split per country

Figures for: - Revenue split per country 2010 (X EUR 1,000)

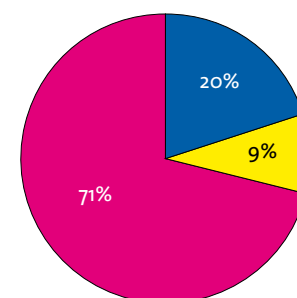
Country	Revenue	Country	Revenue
Germany	5,939 37%	Benelux	680 4%
USA	2,764 18%	Switzerland	642 4%
Poland	1,398 9%	France	447 3%
China and rest of Asia	1,363 9%	Brazil	324 2%
UK	901 6%	Eastern/Southern Europe	293 2%
Austria	725 5%	Scandinavia	87 1%



Revenue per continent

Figures for: - Revenue per continent 2010 (X EUR 1,000)

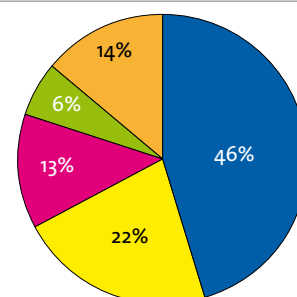
Country	Revenue
America	3,088 20%
Asia	1,363 9%
Europe	11,112 71%



Costs per category

Figures for: - Costs per category 2010 (X EUR 1,000)

	2010	
Personnel costs	7,030	46%
Cost of sales	3,321	22%
Operating costs	1,921	13%
Energy (current, gas, water)	887	6%
Other expenses	2,154	14%



Shareholder information

Major Holdings in Listed Companies Disclosure Act

As at 31 December 2010, RoodMicrotec has not received any reports in the context of the Major Holdings in Listed Companies Disclosure Act.

Regulations to prevent insider trading

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

Dividend

So far, we have not distributed any dividend since our financial position did not allow it.

The management prefers to allow the company in the next few years to grow and to further improve its financial health. The management prefers to use the company's own resources to finance growth, and strives to increase the market value of the share through such growth. In the next few years, we will seek a balance between the intended debt reduction, essential investment and a fair return for investors. The board of management proposes in view of the limited profits not to distribute any dividend for the year 2010.

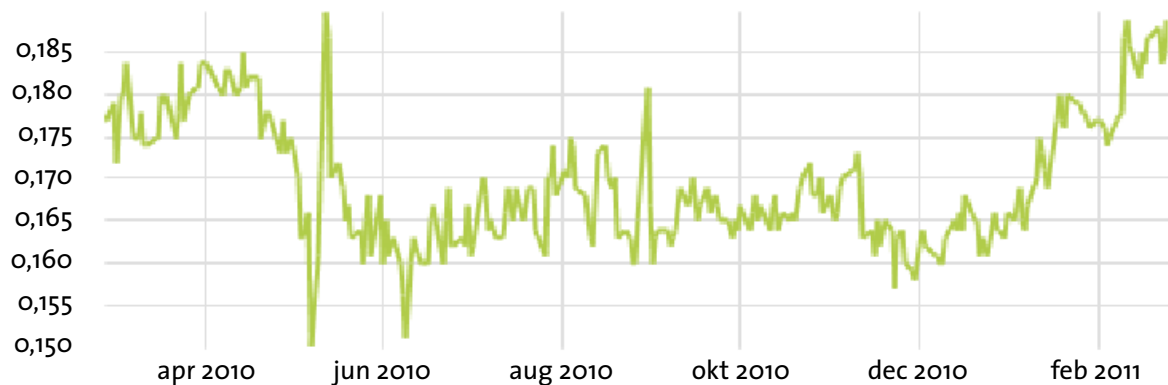
Changes in the number of shares in 2010

Position as at 1 January: 35,196,000

Position as at 31 December: 35,769,000

As at 31 December 2010, the company held 4,100 of its own shares.

Share price development and stock exchange value of RoodMicrotec N.V. in 2010



RoodMicrotec 1 January 2010 – 25 February 2011

Investor relations

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

As in 2010, in 2011 we will raise our profile by organising seminars highlighting our core activities and the corresponding services for Fabless Companies and OEMs. The objective is to communicate our specific knowledge and share it with our customers and partners. We will also give more attention to publicity. Communication with the various target audiences is provided through the company's website, www.roodmicrotec.com, and the newsletter introduced in 2007, which now is issued monthly.

Liquidity provider

In order to promote the trade in the RoodMicrotec N.V. share and to optimise the company's relationship with its shareholders, SNS Securities N.V. in Amsterdam was engaged as liquidity provider as of 16 January 2006.

Finance

IFRS

As of 2005, RoodMicrotec N.V. being a listed company on NYSE EURONEXT Amsterdam stock exchange, has to report its financial statements in accordance with International Financial Reporting Standards (IFRS). RoodMicrotec has adopted IFRS and reports on the 2010 financial year in accordance with IFRS as endorsed by the European Union.

Annual general meeting of shareholders 2010

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

Financial agenda

11 March 2011	Publication annual report 2010
28 April 2011	Annual general meeting of shareholders
11 May 2011	Publication trading update
7 July 2011	Publication sales figures first half 2011
31 August 2011	Publication interim report 2011
31 August 2011	Conference call for press and analysts
10 November 2011	Publication trading update
10 January 2012	Publication sales figures full year 2011
23 February 2012	Publication annual figures 2011
23 February 2012	Conference call for press and analysts
9 March 2012	Publication annual report 2011
26 April 2012	Annual general meeting of shareholders
15 May 2012	Publication trading update
10 July 2012	Publication sales figures first half 2012
31 August 2012	Publication interim report 2012
31 August 2012	Conference call for press and analysts
15 November 2012	Publication trading update

Report of the CEO

For RoodMicrotec, 2010 was marked by a recovery of sales and by a number of operational challenges.

Our 31% sales increase was in line with the recovery of the world market, but outstripped the European market, which lagged behind the world market.

We have welcomed many new customers and made our first foray into the Russian market, which we expect will be profitable in the future. We have also made important gains last year in the LED market.

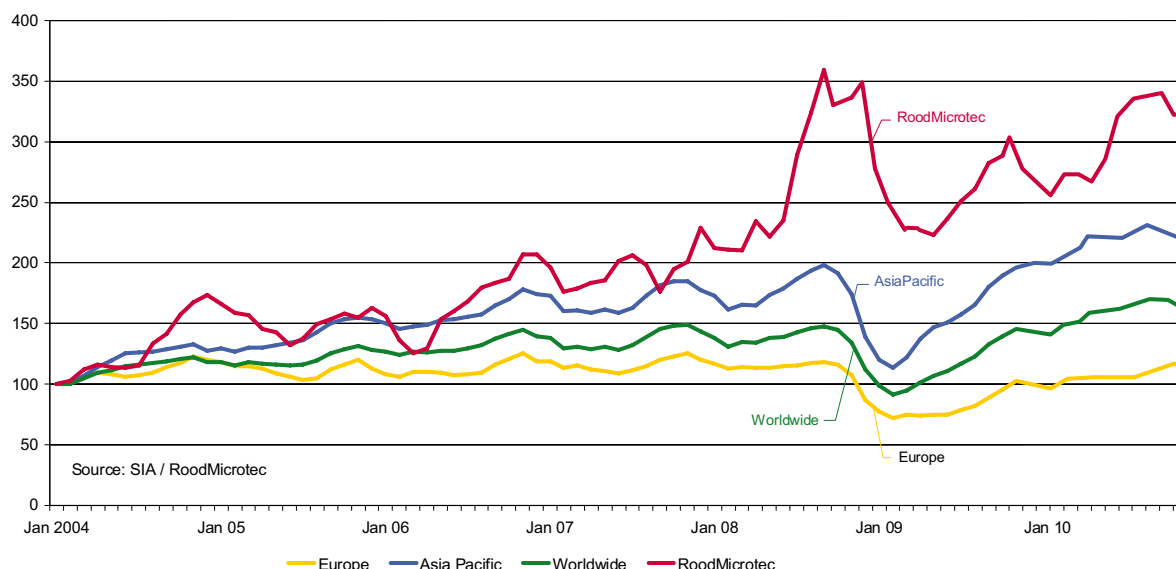
Our name recognition in Europe is clearly on the rise, which is partly due to our monthly newsletter to some 4,000 interested parties.

The sales increase varied across the business units. In some units we still had employees on short-time working while in others we were short of staff; that led to disaffection in some quarters and to strain in others. All in all, we faced considerable operational challenges.

Throughout 2010 we worked hard to overcome these problems in order to be able to realise a further step-up in sales without needing major new investments.

Sales Revenue Index (in US dollars)

RoodMicrotec lags behind the market trend by 3 months



There have also been some changes in the management of the company. Firstly, Mr Cees Koot retired after 12 years of valuable service to the company, having guided it through times of stormy weather. Mr Jan Stolker has succeeded him as chairman of the supervisory board. We will certainly benefit from Mr Stolker's broad experience.

In November, Mr Remy Cuny joined RoodMicrotec as CFO replacing Bas Hollenberg. We expect his many years' experience in medium-sized companies will be very useful to us. He has since reviewed the company's annual accounts in consultation with our auditor and updated them to the latest regulations. We are confident that this has further improved the transparency of our financial reporting.

In view of the growth of the organisation, we have also made a number of changes to the management team.

In the area of finance we have made an important stride in strengthening our balance sheet ratios. Strengthening the balance sheet had been a stated intention for some years, and was listed among our objectives. We are pleased to report that we have now succeeded in raising our solvency to approximately 41% by means of mezzanine capital.



Outlook for 2011

The SIA (Semiconductor Industry Association) forecasts for 2011 and 2012 clear sector growth of 6% and 3.4% respectively. This growth will be concentrated in Asia; Europe will lag behind. Partly based on the SIA forecasts, we have set a short-term internal sales growth target for 2011 of around 10%, the larger part to be realised in the second half of the year.

We anticipate considerable growth in all business units over the next few years. We expect that sales in the business unit Supply Chain Management will remain stable in 2011, but will return to growth in the years following 2011.

Long-term (as from 2011) we aim to maintain our sales growth at the same level as in the past few years (5%-15% autonomous growth). Our sales growth will exceed that of the global market, which in the past ten years was approx. 8% per year.

In line with the strategy set out in the past, in 2011 we will focus more strongly on improving the operating result and the net result.

In addition, we will continue to investigate partnerships with other parties.

Ph.M.G. Nijenhuis
CEO

Zwolle, 24 February 2011

**RoodMicrotec for
Telecom/communication
applications**



General

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

With 42 years' experience as an independent value-added service provider in the area of micro and optoelectronics, we offer Fabless Companies, OEMs and other companies a one-stop shopping proposition. With our powerful solutions we have built up a strong position in Europe.

Our services comply with the industrial and quality requirements of the high reliability/space, automotive, telecommunications, medical, IT and electronics sectors. Certified by RoodMicrotec concerns inter alia certification of products to the stringent ISO/TS 16949 standard that applies to suppliers to the automotive industry. We also have an accredited laboratory for Qualification & Reliability, Failure & Technology Analysis and calibration to the ISO/IEC 17025 and ISO 14001 standards.

Our customers are mainly based in Europe. The high level of know-how in the organisation and the most complete portfolio of services enables us, with our foundry, back-end service and design partners, to strongly support the supply chain of Fabless Companies and the OEM segment. As one of the largest independent testhouses, we focus on more complex products in the aeronautical and aerospace, industry, automotive and telecom sectors, of which 'Opto ASIC' is an example. With our focus on the complete field of electronics (micro and opto) from wafer to assembled board we are the independent testhouse in Europe able to offer Qualification & Reliability, Test, Test Engineering, Failure & Technology Analysis services and consultancy for the semiconductor industry as a whole and the Fabless market and OEMs in particular. The majority of our customers operates in the automotive sector (approximately 47%), the industry/medical sector (approximately 30%) and the hi-rel/space sector (approximately 9%).

The core activities of Test & Related Services consist of development, production and service provision to the semiconductor industry. This complete service package with highly experienced engineers gives us a unique position in the market.

The activities have been grouped into the following business units/important activities:

- Supply Chain Management
- Test & End-of-line Services
- Failure & Technology Analysis
- Test Engineering
- Qualification & Reliability
- Key Account Project Management
- Consulting

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

At year-end 2010, the company had 120 employees on permanent staff. In the 2010 financial year, sales of EUR 15,563 million generated a net result of EUR 0.448 million.

Strategy

General strategic objective

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

Market choices

After the slump in the semiconductor market in 2009, this market is expected to see strong growth of between 2% and 6% over the next few years. Within the semiconductor market we will continue to focus on the fastest growing segments in order to grow at least at the same rate as the market as a whole.

Customer types

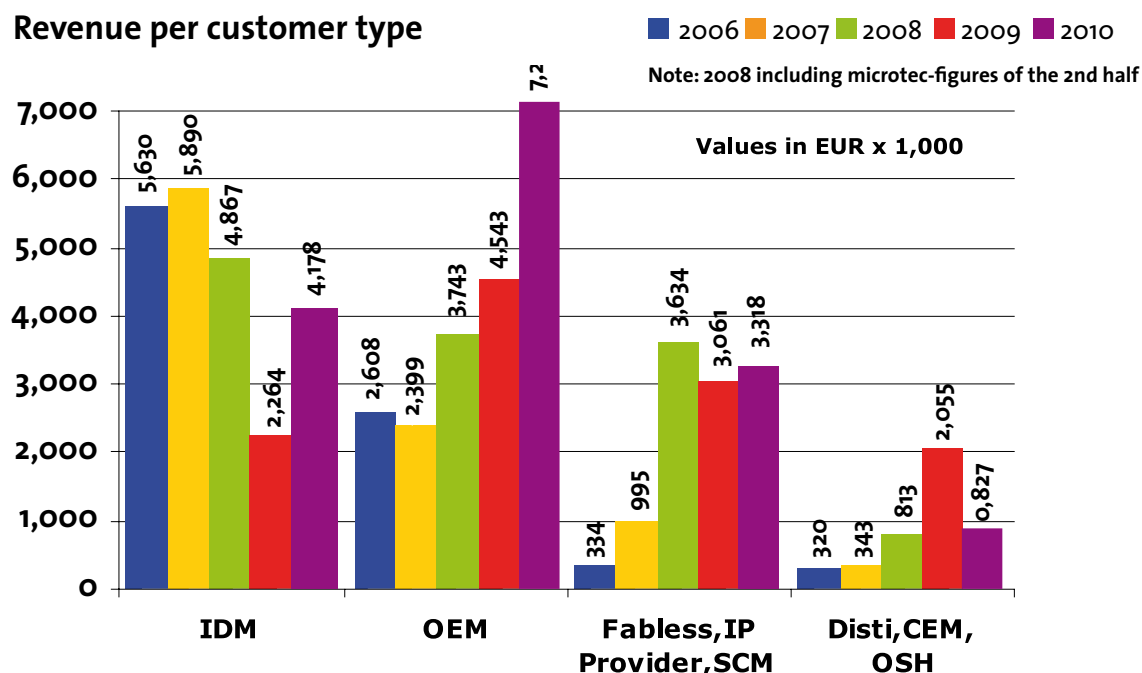
• Fabless Companies

We focus on Fabless Companies that have shown double-digit growth for a number of years. There are between 300 and 400 of these Fabless Companies in Europe, of which a large number is active in the more complex mixed-signal chips.

• OEMs

OEMs are getting ever leaner. To achieve that goal, they often contract out their non-core activities, including semiconductor manufacturing facilities.

Revenue per customer type



Product choices

Our know-how and services are focused on the following products:

• Semiconductors

There is a wide range of products in the semiconductor market. We focus on more complex products that often combine analog and digital technologies and that are used in the space and aeronautical, automotive, medical and communication technologies as well as in other industrial applications. These applications demand high reliability. So we emphatically do not focus on toys, on cheap consumer electronics, etcetera.

• Optoelectronics

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

• Printed Circuit Boards

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

Service provision choices

- **Core activities**

Our core services like Supply Chain Management, Test Engineering, Failure & Technology Analysis, Qualification & Reliability and Logistics are set out in the company profile on page 3. As product use in Europe will increase and production is being scaled down, the volume of the semiconductor supply chain will rise in the next few years. We intend to expand our role in this supply chain.

- **Back-end test and assembly services**

Offering assembly capacity is crucial in order to play a major role in the supply chain referred to above. To ensure this, we have concluded partnerships in Europe and Asia that enable us to offer a competitive integral solution.

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

Based on our extensive know-how, we are moving into consultancy and assessment of reliability, interconnection technology and ESD. Reputed industry experts are the basis to offer valuable solutions for the customer.

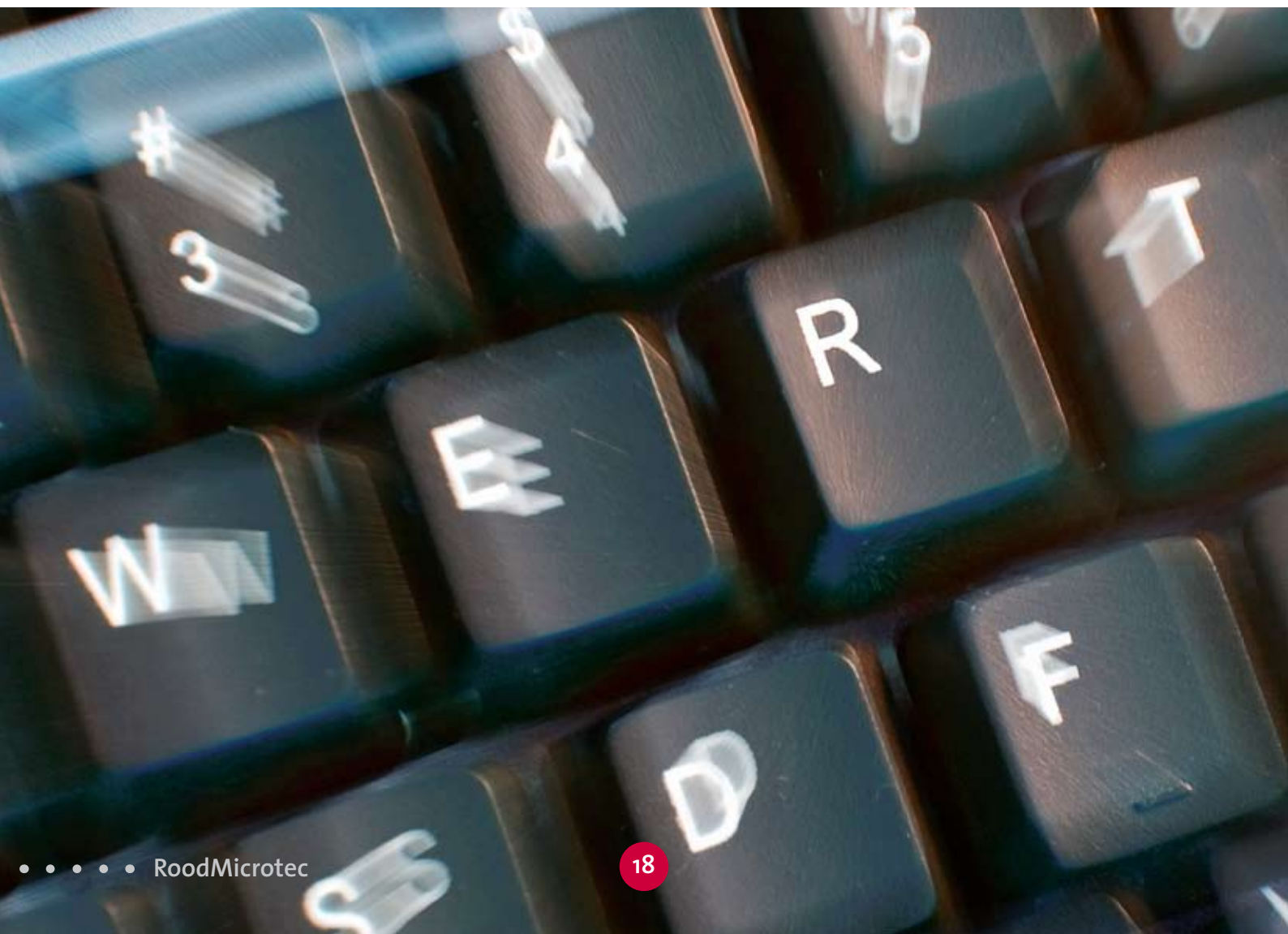
- **High-tech Test & Related Services**

We will continue to focus on the mixed-signal and image sensor products used extensively in the automotive, industrial, high-rel/satellite, medical and telecom sectors. All these market segments are strong in Europe.

Internal assessment of the company

SWOT analysis

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



Strengths

- Our employees are highly motivated and dedicated, conscientious and market-oriented.
- Our company's location in southern Germany, which has achieved the necessary critical mass per service.
- The staff's (intercompany) know-how and quality awareness are of the highest level, which amplifies synergy effects.
- Positive cash-flow and balance sheet ratios.

Weaknesses

- The financial net result remains quite poor.
- Staff shortage in some business units.
- Short-time working, which is still in operation in some units, is felt as stressful by some of our staff. In certain situations this has caused unease among employees. It may also in some cases affect communication.

Opportunities

- There are attractive opportunities in the service provision market to Fabless Companies and OEMs.
- A key opportunity is to become a first-class European one-stop-shopping supply chain provider and a partner for leading high-tech FABs.

Threats

- The value of the dollar is also problematic, despite our limited exposure to it. If the dollar remains low, there is a risk that new product development may be moved from Europe to Asia. That would spell danger for the entire industry, which in turn might affect us negatively. We have not yet observed any such development, however.

Critical success factors

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

Financial objectives realised in 2010

The objectives for 2010 were based on a relatively optimistic market analysis. We have easily reached the sales targets we had set for ourselves, and largely realised our other financial objectives. The net result was slightly higher than anticipated, while we far exceeded the balance sheet and solvency targets.

We achieved the following results:

- sales of EUR 15.563 million, a 31% increase;
- a rising operating result of EUR 2.037 million;
- solvency strongly improved to 41%;
- 12% growth in the second half of 2010;
- ongoing integration of business units;
- better management based on results per employee.

Long-term financial objectives

- we aim to maintain our sales growth at the same level as in the past few years (5%-15% autonomous growth). Our sales growth will exceed that of the global market, which in the past ten years was approx. 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 the boards.
- A strong project management organisation for our key accounts.
- Optimising the debt position by means of long-term and short-term loans.

Report of the supervisory board

We hereby present the 2010 annual report as prepared by the board of management in accordance with Article 26 of the Articles of Association of the company.

The financial statements were audited and issued with an unqualified opinion by Mazars Paardekooper Hoffman Accountants N.V. and discussed by the supervisory board with the board of management in the presence of Mazars. We propose to our shareholders to adopt these financial statements in the general meeting of shareholders on 28 April 2011 and to discharge the board of management of its responsibility for the conduct of business in 2010 and the members of the supervisory board for their supervision of the management.

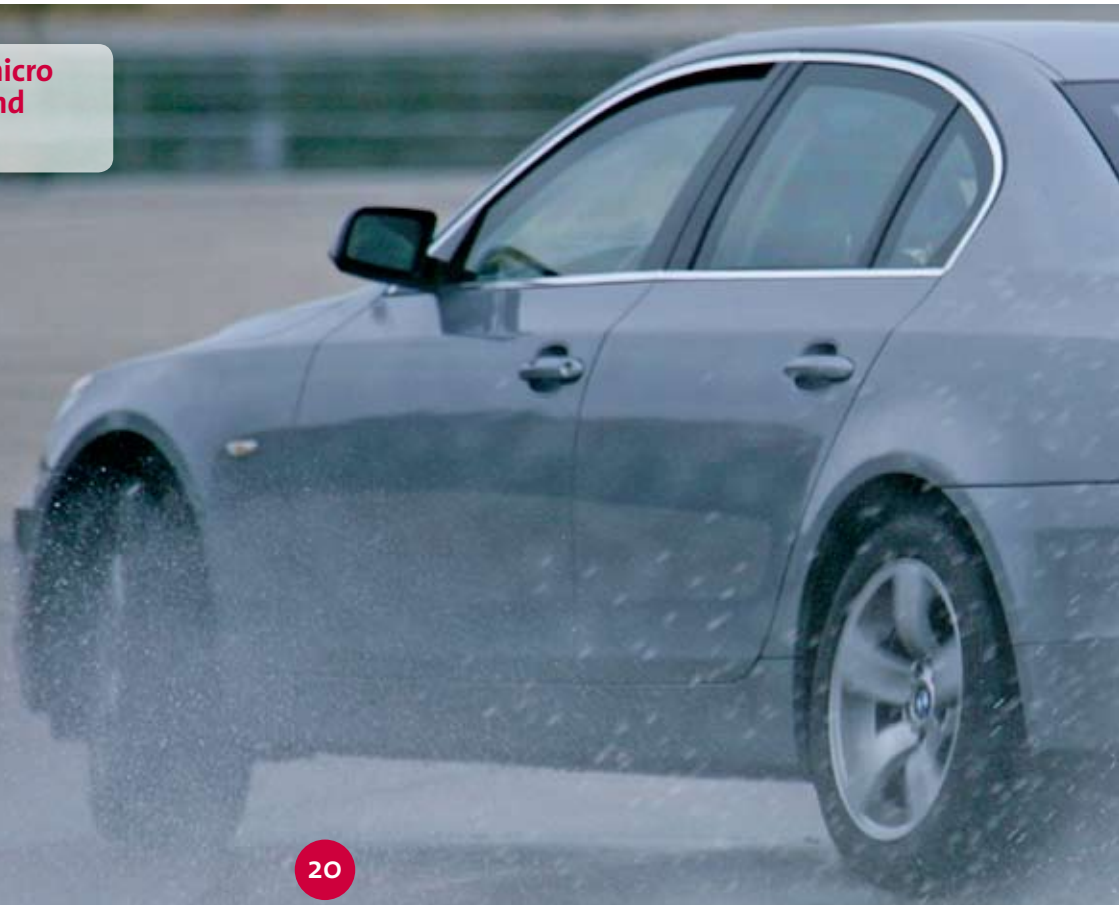
In consultation with the board of management we propose that no dividend be distributed. 2010 was marked by a recovery of revenues from the serious crisis of 2009. Challenges still remain with regards to raising the company's profitability.

During 2010, the supervisory board met with the board of management five times; further meetings were held by individual members of the supervisory board. These meetings took place both in Zwolle at corporate head office and at the production sites in Stuttgart and Nördlingen. Given the places of residence of the supervisory board members, some meetings were held with the assistance of teleconferencing.

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

- the business update, operational and financial targets
- hiring a new chief financial officer
- major restructuring plans to improve profitability
- the financial position
- relevant capital expenditures
- financing of pension liabilities
- the scope and strategy of the company and the related risk profile
- management development plans
- strategic partnerships
- press releases and
- other issues such as risk management, auditing, remuneration and appointments.

RoodMicrotec for micro electronics in Car and Transport industry



The plans to create a more efficient organisation and focus on new profitable markets were implemented in close cooperation between the board of management and the supervisory board.

The supervisory board reviewed the performance of the organisation, structural business developments and audit issues with the external auditor. The financial control system and internal audits were also reviewed.

The supervisory board also met with representatives of the works council in the absence of the board of management. Topics of discussion were the company's operations, possible investment, the operations culture and involvement of workers in decision processes.

The supervisory board gives a high priority to good corporate governance practice. Given the difficult business environment, much attention was given to risk management related to measures to come to higher productivity and a more efficient organisation, financing of pension liabilities and in general the risk profile of our business segments.

The supervisory board has not appointed separate remuneration and audit committees since the supervisory board comprises two members, and all topics are discussed in or in the context of the joint meetings with the board of management.

Given the size of the company, the supervisory board feels that the relatively small size of its supervisory board is adequate. Competences in the areas of semiconductor technology, commercial management, strategic management, finance and risk management as well as international experience are adequately represented.

In March 2010, Mr C. Koot resigned from his position as chairman of the supervisory board. We wish to express our gratitude to Cees for his many years of continuous and valuable support to the company. The supervisory board would like to thank the board of management and all staff for their continued dedication and support during 2010.

The supervisory board

J.H.P.M. Stolker, chairman

V.G. Tee

Zwolle, 24 February 2011



Report of the board of management

1. General

The outlook for 2010 had been far better than for 2009, but success was never guaranteed. For this reason, from the start of the year, the management has focused on executing orders as they came in. The order portfolio kept increasing, and pressures rose to an extreme level in the sectors directly to the end product, like Test and Supply Chain Management, which made it necessary for employees to sacrifice national and other holidays. On the other hand, the business units more dependent on projects for products under development lagged behind somewhat. So while we had to work overtime in some units, in others short-time working was still in place.

In the course of the year it became clear that the sales increase was becoming more sustained. In the second half of the year, we therefore focused more on structural improvements in Test, Test Engineering and Qualification & Reliability, while at the same time keeping a close eye on cost control. We believe we will benefit from these measures in 2011.

Key developments in 2010

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

- We successfully concluded a mezzanine loan of EUR 1.994 million (issued by The Luxembourg-based PLENTUM-Gruppe), outsourcing part of our pension costs and significantly improving our solvency ratio to approx. 41%. This facility will strengthen our standing in the financial markets.
- We obtained major orders for complete projects from world players.
- Sales by permanent employee increased to a new high of EUR 126,000.
- Key Account Project Management introduced in our organisation.

Operational and commercial objectives achieved in 2010

We have realised the following objectives set out in the 2009 annual report:

- Growing 47% in SCM, we have proved ourselves as a major one-stop shopping supply chain service provider in the European semiconductor industry.
- We have not attained our aim of expanding our position in Qualification & Reliability, Failure & Technology Analysis and Test Engineering, but we maintain our objectives.
- We are still working on creating strategic alliances for engineering activities, and we hope to considerably strengthen our portfolio in this area in 2011.
- Over the next few years we will continue to extend our commercial geographical coverage from its centre in southern Germany to the rest of Europe.

Operational and commercial objectives for 2011

In the 2011 reporting year, we will focus on:

- finding new customers in the Fabless Company segment;
- strengthening our position in the Benelux countries;
- reducing operating costs in Test and Qualification & Reliability.
- raising the equipment load and exploiting our engineering capacity;
- improving our internal logistics.

1.1 Market developments and market position

The following trends may be identified in the semiconductor industry:

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

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

1.2 Strategic development

We presently have a strong market position, especially in southern Germany. We wish to achieve further growth in the sectors in which we are currently active, except in pure 'standalone' testing. Expansion of test facilities will be critically assessed and will only be approved if long-term contracts are agreed.

RoodMicrotec aims to continue to invest in the various high-tech segments of its services.

The company does not rule out collaboration and/or mergers with other companies, in particular if it strengthens its position in the market. This would be to the benefit of all stakeholders. Collaboration and/or merging with a profitable party in the same industry would be especially attractive, as this would allow tax loss carry forwards to be effected earlier.

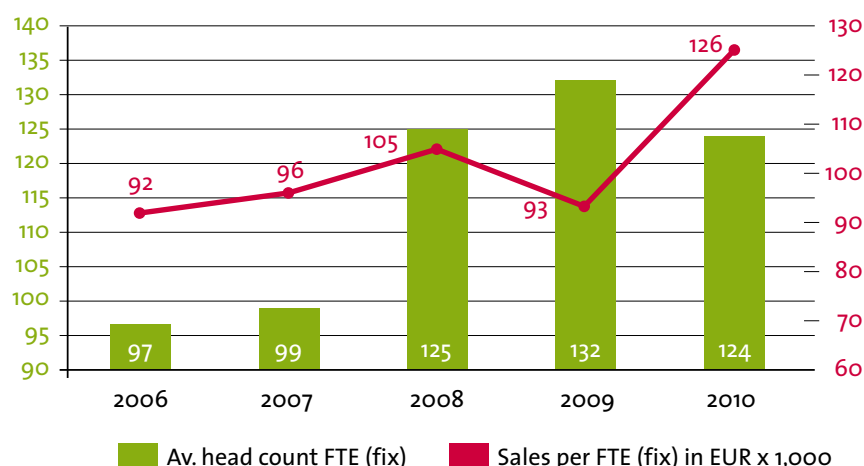
1.3 Organisation and personnel

At year-end 2010, RoodMicrotec had 120 full-time employees on permanent staff and 5 trainees, in total 125. This is a decrease of 6 employees compared to year-end 2009 (126). The average number of employees fell to 125.7 and 5 trainees, in total 130.7.

Sales per full-time employee increased by approx. 40% from EUR 90,000 in 2009 to EUR 126,000 in 2010. This excludes short-time working schemes.

Sales per employee and head count

(Test & related services)



Our strategy remains focused on considerably limiting the rise of the costs of permanent staff relative to sales growth.

1.4 Sustainability

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

Ultimately, any organisation can only achieve its goals by striving to establish a performance-oriented environment for its employees, so that they can use their talents to help the company achieve its objectives. RoodMicrotec strives to improve the employee assessment systems, and the corresponding introduction of objectives.

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

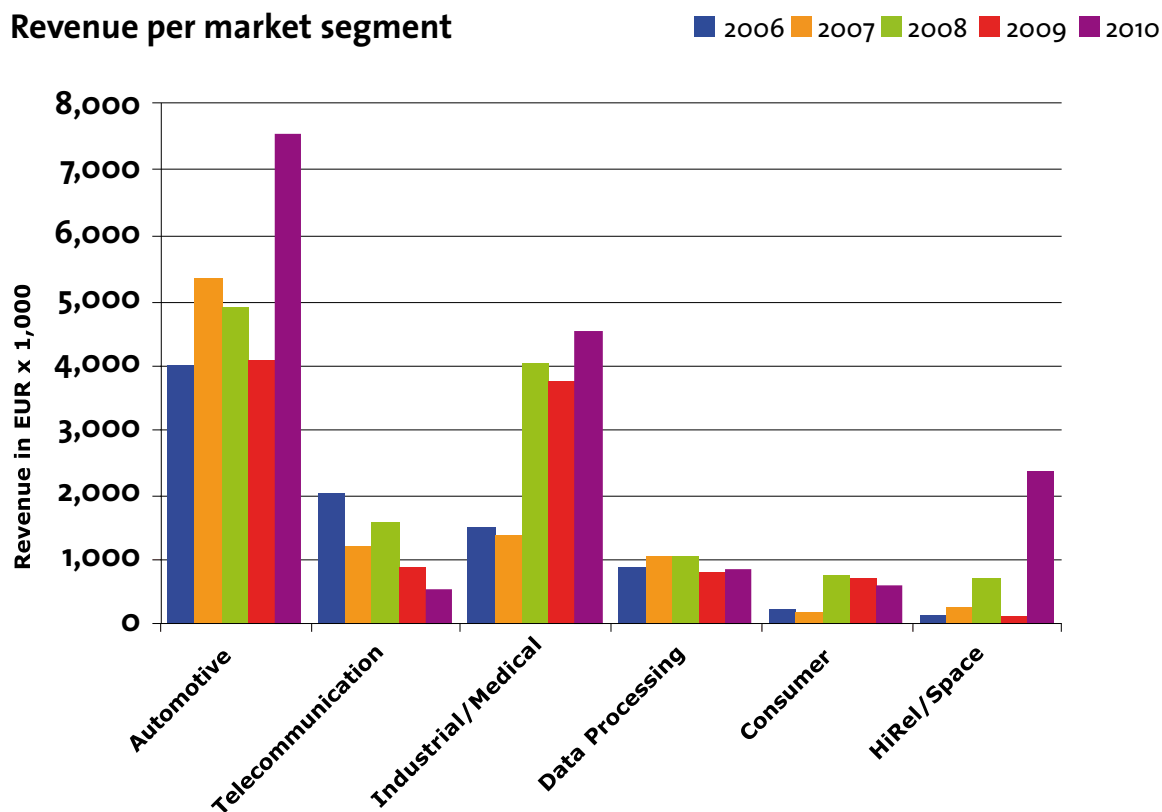
RoodMicrotec is certified to the ISO 14001 and the ISO/TS 16949 standard. This certification is the result of collaboration between ISO and IATF (International Automotive Task Force) and is recognised by all automotive QS-9000 and VDA 6.1 oriented industries. The Qualification & Reliability and Failure & Technology Analysis labs in Stuttgart and Nördlingen are certified by the DAkkS Deutsche Akkreditierungsstelle GmbH (German Accreditation Body) based on ISO/IEC 17025 'general requirements for the competence of testing and calibration laboratories'. This enables us to execute verifications as a notified body.

1.5 Sales and result

In 2010, RoodMicrotec's sales increased strongly, partly due to recovery of the automotive industry. Net sales broken down by customer category/sector are presented below.

(x EUR 1,000)	2008	2009	2010
Automotive	4,901	4,120	7,473
Telecoms	1,574	894	590
Industrial/Medical	4,023	3,788	4,659
Electr Data Proc.	1,045	799	875
Consumer	783	727	586
Hi-rel/Space	731	1,594	1,380
	13,057	11,922	15,563

Revenue per market segment

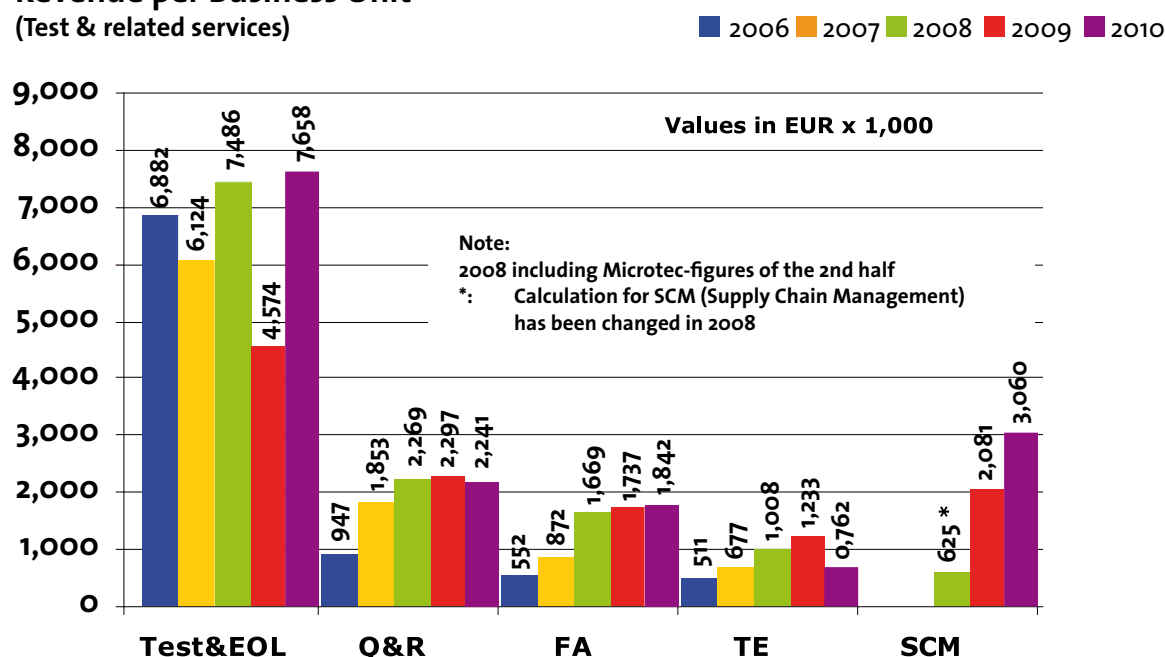


The sales results of the business units were as follows.

(x EUR 1,000)	2010	Approx. change
Test	7,658	+67%
Supply Chain Management	3,060	+47%
Failure & Technology Analysis	1,842	+ 6%
Test Engineering	0,762	-38%
Qualification & Reliability	2,241	- 2%
Total	15,563	+31%

Revenue per Business Unit

(Test & related services)



RoodMicrotec's consolidated net sales rose by 31% to EUR 15,563 million (2009: EUR 11,922 million). On balance, the operating result improved to EUR 0.733 million (2009: EUR -1.304 million), while net earnings increased to EUR 0.448 million, (2009: EUR -1.742 million). This equates to earnings per share (average number of shares in issue in the financial year) of EUR 0.01 (2009: EUR -0.05).

The operating result was pushed up in 2010 by a strong increase of sales after the credit crunch and by a lower gross margin due to far higher sales.

1.6 Investment and financing

In 2010, net investments in tangible fixed assets totalled EUR 0.681 million (2009: EUR 0.288 million); additionally, no additional equipment was leased in 2010 (2009: EUR 0.237 million). Depreciation and amortisation was EUR 1.628 million (2009: EUR 2.054 million). These investments were partly financed from operational cash flow.

At year-end 2010, equity amounted to EUR 5,647 million a 81% increase compared to year-end 2009 (EUR 3,115 million). Solvency improved to 41% (year-end 2009: 23%).

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

2. Report per business unit and department

2.1 Research and Development

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

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

Consequently, participation in international innovative projects promoted by the European Union and the European Council ENIC/AENEAS (Association for European NanoElectronics Activities) have been continued.

Key developments in 2010

- RoodMicrotec collaborates with other European companies on developing embedded technology. This project focuses on further improvement of embedded chip technology (thin chips embedded in electronic boards) and the test methods required to assure quality and reliability. A number of application fields in which costs and time-to-market are vital, such as automotive, security and power, require tailored test solutions and strategies. The innovative challenge for RoodMicrotec is to combine semiconductor testing and board testing. We have developed and implemented new handling and test concepts last year in collaboration with our project partners.
- LED technology: there is a growing market for LEDs in automotive, medical, aerospace and house lighting applications. Implementation and installation of a high-power LED-test setup, -20°C measurements and measurement procedure for thermal resistance have brought us a significant step forward.

Objectives realised in 2010

- Expansion of FIB (Focused Ion Beam) technology at chip level, using copper compounds instead of aluminium in the normal technology. After the planning/evaluation phase in 2009 the introduction of copper technology was realised.
- OEE (Overall Equipment Efficiency): the pilot phase of a project aimed at improving equipment utilisation started in 2008. After reduced activity due to the general market situation in 2009, the project was continued and further test platforms were subjected to the same monitoring system.
- April project: high-performance contacting technology. The printed board technology project was completed in 2010.

Objectives for 2011

- A LED-test setup for -40°C measurements and a test setup for street lighting are required for the growing market in high-power lighting in Russia.
- Wafer Level Burn-In (continuation of 2010): increasing reliability and life of Known Good Dies (KGD).
- Development and industrialisation of Wafer Level Burn-In in order to meet high-reliability and automotive market requirements. Wafer Level Burn-In is an ideal service for outsourcing due to its high investment demands. Sharing equipment with other customers drives down costs and lowers the barrier to implementing Wafer Level Burn-In in the production flow.
- Wafer Level Burn-In concerns early product screening to ensure that only tested and qualified dies are processed. This results in production cost savings, but also involves increased investment costs for customers.
- In order to reduce customers' investment RoodMicrotec aims to provide technology and capacity and offer a cost-effective service by clustering customers' demands.

- Discussions with key customers on economic outsourcing solutions are in progress.
- MANOS, or 'modular design of systems with nano-modified surfaces for automotive and industrial sensor' has been selected for the 'ICT 2020 - Research for Innovation' funding programme of the Federal Ministry of Education and Research (BMBF).
Our well-known partners (Würth Elektronik, ContiTemic, Sick, KERONA, Fraunhofer IZM) will work with RoodMicrotec on a joint research project. Focus points of the project are process evaluation, strategies, electrical test and qualification.
The total volume for RoodMicrotec is some EUR 500,000, a significant part of which is funded by BMBF. The project will start in mid-2011.

2.2 Key Account Project Management

Introduction

RoodMicrotec's customer portfolio has changed fundamentally in recent years. In the past, we worked almost solely for large companies that required little support on projects. Our current portfolio with more, but smaller customers demands more (change) management support, in particular on projects. As a result, the importance of project management has grown over the past few years.

Current market features are:

- Rapidly changing market and customer conditions
- Shorter product life cycles
- Customer demand for professional solutions
- Increasing pressure from competition

Key Project Account Management objectives

The Key Account Project Manager's role starts as early as the project's tendering phase. In the preparation of the project the process flow is defined so that project risks can be identified immediately. The biggest process risks occur in projects that involve many disciplines. For a proper execution of a project it is desirable or even necessary to assign a project manager in order to better keep costs and leadtime under control. This is in the interests of both the customer and RoodMicrotec.

Key Account Project Management provides the following improvements:

- Economic benefits
- Focus on prevention (avoiding errors)
- Sustained improvement of the quality of the product and results
- Transparency of improvement
- Future demands, options, chances and risks are taken into consideration
- Optimisation of runs
- Project monitoring for customers via RoodMicrotec's web page ([www: roodmicrotec.com](http://www.roodmicrotec.com))

Key Account Project Management benefits

- Focus on added value
- Greater focus on results by subsequent calculation
- Increased process efficiency
- New energy to activate improvement
- Prioritisation of qualification processes in line with the company's objectives
- Larger involvement of staff by process owners and teams

The introduction of Key Account Project Management at RoodMicrotec means 'managing' as well as controlling projects in all standalone processes and at all professional and personal levels.



RoodMicrotec for various
LED applications

2.3 Business unit Test & End-of-line Services

Profile of test activities

The business unit Test & End-of-line Services focuses on testing, programming, scanning, screening and other semiconductor operations.

The business unit acts as a direct subcontractor for IDMs and for partners like OEMs and Fabless Companies. The broad customer mix is and will remain important for a stable position in the market.

We have facilities in Nördlingen and Stuttgart.

Key developments in 2010

- Yield improvement through hiring of process engineers. This process for key projects was finalised and implemented in Stuttgart and Nördlingen.
- These measures have yielded good results and will continue in 2011. Health checks on handling systems and investment in new equipment brought a significant improvement of the system uptime.
- During the recession in 2009 the production time was reduced. The return to 24/7 production in 2010 was vital to meet the demands and requirements of our customer.

Objectives realised in 2010

- Optimisation of the business unit. This target was achieved by means of great dedication and flexibility among our staff. Productivity increased by over 10%.
- Increase of sales and marketing activities aimed at SCM, OEM and Fabless Companies. This objective has been achieved. Several new customers were acquired.
- The level of technical knowledge of our employees was raised to gain more flexibility across the different sites.
This objective will continue in 2011. It takes more time than expected.

Objectives for 2011

- Continuation of a measurement method, OEE (Overall Equipment Efficiency).
This project was started in 2008 and will be extended for all our test and programming equipment.
- Selection and implementation of a revised shift model at Nördlingen site.
- Structural optimisation of our test facilities.
- Studying the possibilities of flexible staff deployment in production by temporary staff agencies.
This should enable us to respond faster to market fluctuations.

Sales Manager



Dieter Schreiber

Study at the Fachhochschule in Munich

Previous positions: Management positions in planning, customer service and sales at Signetics and SES Electronics

Today: Sales and marketing manager at RoodMicrotec

2.4 Business unit Test Engineering

Profile of test program development

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

Services in test and product engineering include:

- design for test
- design for manufacturing
- test time reduction
- yield improvement
- off-load & test-site transfer
- data analysis & statistics
- and added-value engineering services including:
 - test transfer & conversion
 - site transfer & production off-load
 - platform conversion (incl. hardware)
 - correlation
 - validation
 - ramp-up

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

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

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

Application know-how has been developed specifically for:

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

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

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

In 2011, our strategy will be to further integrate Test Engineering into other RoodMicrotec services. In this sense, Test Engineering will act as an in-house service provider, for example for customers' return or qualification business. This decision will make RoodMicrotec more competitive in the market place and will improve our company's attractiveness to customers.

In 2010, the Hermes project delivered the first demonstrator devices, which are available in-house. The test strategy was verified and works successfully. The project will be extended by additional six month

due to delays at other project contributors.

The HERMES project, in which RoodMicrotec is one of eleven partners, includes global players such as AT&T, Infineon, Siemens, Bosch and Thales. It aims to further develop the concept of thin chips embedded in electronic boards as a basis for integrated manufacture of electronic circuits.

Key developments in 2010

- Complete product engineering for 'New Memory' developments was delivered to customers. Analysis, characterisation tools and the test setup were developed successfully.
- A new test concept for distributor customers was developed. This 'quick implementation package' also reduces production costs and effort.
- A first project for the security business was started and the initial test setup was developed on time.
- In order to improve the know-how of the test engineering department, engineers from Nördlingen received training on D10 test systems.
- Extensive production support and test program development were delivered to the test department in order to improve project productivity.

Objectives realised in 2010

- Further sales growth.
The target could not be achieved due to the impact of the downturn in 2009.
- Further improvement of productivity.
We improved the productivity of our engineers by improved project management.
- Performance indicators.
Due to the limited workload and short-time working in 2010, revenue per engineer deteriorated and targets were not met.
- Increased share of Fabless Companies, serving a strongly growing market of complex ICs for a wide range of applications, such as RF devices.
The share of Fabless Companies was increased as planned.
- Secure and further extend high-reliability business.
Activity in the sector is currently very limited.
- Strengthen test engineering capacity for Verigy 93000 test systems.
Engineers have been trained and external test systems are in use.

Objectives for 2011

- Install Verigy 93000 test platform in-house.
- Increase engineering capacity for Teradyne Flex systems.
- Increase external services on Teradyne Flex systems.
- Establish in-house production support.
- Improvement of project planning and controlling.
- Sales growth and improvement of the results.

Sales Manager



Arno Rudolph

Studies at University of Stuttgart (Electronics) and Berufsakademie Baden-Württemberg (Business)
Previous positions: R&D and marketing at Hewlett-Packard, ASIC design center manager / product marketing manager at Fujitsu Semiconductors Europe
Today: Sales and marketing manager at RoodMicrotec

2.5 Business unit Failure & Technology Analysis

Profile

RoodMicrotec's well-equipped failure & technology analysis laboratory is capable of providing failure, construction and qualification-related analysis of all kinds of electronic parts like wafers, integrated circuits, discrete components, electromechanical components, printed circuit boards and complete printed board assemblies. These different types of analytical investigations may be performed as a part of a reliability assessment. This service will be completed with focused ion beam (FIB) services and consulting/line surveys concerning electrostatic discharge (ESD).

Failure & Technology Analysis

Analysis of defective devices (failure & technology analysis) is carried out using physical, chemical and metallurgical analytical methods. These methods are applied to confirm customer-complained failures, to detect the area of the defect and identify the failure mechanisms, and to initiate corrective actions for quality improvement.

Construction Analysis and DPA

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

Qualification-related Analysis

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

FIB service

With our highly sophisticated focused ion beam (FIB) we offer our customers chip modifications, circuit editing, micro cross-sectioning, TEM lamella preparation, micromachining and material science applications. The business unit has a broad European customer base, primarily in the automotive, aeronautical and aerospace industries.

Key developments in 2010

- Relocation of failure analysis equipment and staff from Nördlingen to Stuttgart, concentrating failure analysis activities in Stuttgart and destructive physical analysis (DPA) activities in Nördlingen.
- The collaboration with EMPA in Switzerland was extended further.
- Preferred supplier to our key customers for metallographic preparation and light-optical microscopy.
- Increasing number of FIB operators for extended equipment utilisation.

Objectives realised in 2010

- Optimisation of the organisation of the two laboratories.
The combined capacity of both sites (Stuttgart and Nördlingen) is used as a virtual organisation and further steps and concentration of activities were completed: failure analysis in Stuttgart, DPA in Nördlingen.
- Sales growth and improvement of the results/revenue per employee.
We have overcome the downturn in this recession. Continuous improvement of key indicators in the course of 2010.
- Identification of counterfeit parts
We have been able at very short notice to provide analyses to identify counterfeit components from distributors.

Objectives for 2011

- Introduction of copper FIB.
- Introduction of new service to identify failures on ceramic capacitors during printed circuit board assembly.
- Sales growth and improvement of the results/revenue per employee.

2.6 Business unit Qualification & Reliability

Profile

The business unit Qualification & Reliability, with sites in Nördlingen and Stuttgart, focuses on investigating electrical components like semiconductors, passives and PCBs in various stress environments. It tests products under extreme conditions such as climatic and temperature changes as well as under vibration and mechanical shock to determine whether the components meet the required qualification standards. Using burn-in (monitored or standard), components are stressed in order to identify parts prone to premature failure.

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

Key developments in 2010

- High-power LED measurement from -20°C up to 85°C.
- Mechanical stress tests under stimulated bias.
- Established partnership in partner network 'LED light for you'.
- Qualification tests on ceramic substrate for power applications.
- Combined vibration test on devices with an ATE system under operational conditions and monitoring.

Objectives realised in 2010

- Expanded customer base with high-voltage devices.
- Realisation of a monitored LTOL (Low Temperature Operating Life) qualification with a rented chamber requested by a customer.
- Start of our first qualification of SIM cards for outdoor applications.
- Consolidation on dedicated sites with electrical qualification in Nördlingen and optoelectrical and mechanical qualification in Stuttgart.
- Cooperation established between operational sites on stress and tests side.
- Set up workshop on customer site for failure analysis, optical qualification and ESD at production level for LEDs.
- Organised in-house seminar in Nördlingen entitled 'Solutions for reliable, timely and cost-effective results' with special focus on reliability and qualification topics.
- Successfully completed further customer safe-launch Burn-In projects.

Objectives for 2011

- Reliability testing of high-power LEDs down to -40°C.
- Qualification tests for high-power and high-voltage devices.
- Pilot study into qualification on lithium battery devices.
- Improvement of financial indicators.

Sales Manager



Holger Pross

Study of technical Computer Science at the Fachhochschule in Furtwangen
Previous positions: Management positions in Test Engineering, Quality Programs and Account Management at HP and Soletron.
Today: Sales and marketing manager at RoodMicrotec

2.7 RoodMicrotec Dresden

Profile

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

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

RoodMicrotec Dresden has an excellent infrastructure for wafer handling and probing due to the installation of a class 1000 cleanroom. RoodMicrotec is making use of the well-equipped site and the high-level industry knowledge standards in the area. Both academic and industry-related research institutes are located close by. RoodMicrotec aims to strengthen its involvement in public research and hopes to participate in further European and national research projects. The unit's location away from major operational sites Stuttgart and Nördlingen adds flexibility and extends RoodMicrotec scope.

Objectives realised in 2010

- Test engineering activity is at a low level due to the market circumstances in Dresden.
- Failure analysis is performed in cooperation with our Stuttgart site.

Objectives for 2011

- Dresden remains an important site for RoodMicrotec especially in terms of new services. Wafer level burn-in is still being discussed with customers.
- A relationship with Brandenburg University Cottbus led to plans for a EU-funded project in the area of Time Domain Reflectometry. This project combines academic and industry partners from different countries working on a leading edge technology. The goal is to increase test efficiency and introduce innovative test concepts.

2.8 Supply Chain Management (SCM)

Profile

In this business model RoodMicrotec supports customers who wish to bring high-quality semiconductors, in particular ASICs and ASSPs, into the worldwide market.

RoodMicrotec provides all services from the beginning of the manufacturing process (design with partners) up to the delivery to its customers including wafer test, assembly with partners, final test, qualification, failure analysis and logistics. We do this by qualifying and testing suppliers as well as products and, if requested, we can execute the entire project management for this process.

RoodMicrotec has the capacity to manage the complete process (flow), but can also provide all individual process steps separately.

Key developments in 2010

We have been able to compensate the loss of one customer by a new promising customer for a very complex product. In this project we cooperate with high-level organisations to bring the product to market. We secured this order in competition with Asian assembly suppliers.

Objectives realised in 2010

- We have successfully extended our partnership with an additional foundry.
- On the way to become a first-class one-stop-shopping supply chain provider in Europe, we increased our market presence and received a five-fold increase in the number of requests for proposals.
- We started the process to optimise internal logistics and costs; the key areas have been identified.
- We more than doubled the number of SCM customers in the consumer-, industry- and satellite markets.
- Despite the crisis we managed to increase supply chain management revenue by 47%.
- We organised a technical seminar dedicated to the European fabless market with approx. 50 attendees. This seminar brought together potential customers and industry experts.

Objectives for 2011

- Stabilisation of sales compared with 2010, further growth in 2012 and beyond.
- Further increase of the number of customers in the area of navigation and in the Russia market.
- Establish RoodMicrotec as 'the supply chain provider in Europe' as recognised by Fabless Companies by offering design services to the semiconductor industry through partners.
- Present ourselves in one or more seminars as the supply chain partner for Fabless Companies in European countries as UK, the Benelux and Russia.

2.9 Events after balance sheet date

Appointment of Mr Norbert Wirth to the board of management and *resignation* of Mr Thorsten Bucksch (CTO)

Dipl-Phys Mr Norbert Wirth will be appointed as a member of the corporate management team as of 1 March 2011, succeeding Dipl-Ing Mr Thorsten Bucksch, who will continue his career elsewhere. We are very grateful to Mr Bucksch for his dedication and his contributions over the past few years.

Mr Wirth, 55, has worked for Siemens Semiconductor/Infineon and Qimonda for 23 years as an engineer, manager and senior manager of the test development department.

His experience of semiconductor development and his management qualities are an excellent match for RoodMicrotec's needs. Since he joined the company in November 2010 he has shown to be a first-rate manager of the engineering department. Next to engineering, he will be responsible for Failure & Technology Analysis and Qualification & Reliability in Stuttgart and Nördlingen. He will focus on issues including the strategy of the abovementioned business units, production process optimisation, raising customer satisfaction and improvement of the result.

Board of Management

Ph.M.G. Nijenhuis

Zwolle, 24 February 2011

Risk management

General

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

Operational technology risks

Sales

Sales in Test & End-of-line Services make up approx. 50% of total sales.

In this sector we have a strong reputation and we have built up a relationship of trust with our major customers. The spreading within our customer base has increased strongly over the past few years, which has reduced risk. While we have long-term contracts with most of our major customers, these contracts do not include purchase guarantees. Risks are mitigated by intensive communication with customers about anticipated volumes. Other sales are made in the sectors Qualification & Reliability, Failure & Technology Analysis, Test Engineering and Supply Chain Management. We focus on high-end work, which further reduces operating risks.

Costs

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

Qualified staff

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

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

Market risks

Market

We operate in a highly cyclical market, which has contracted in Europe in 2008 but continues to grow in Asia (China). The use of semiconductors, however, continues to rise, also in Europe. They are increasingly imported from Asia. We have opted for this growth segment – the supply chain – from the point of view of risk management as it better safeguards continuity.

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

RoodMicrotec's ideal and preferred form of outsourcing is for customers to contract out all their Engineering, Qualification & Reliability, Failure & Technology Analysis and Test activities (Total Test Solution) to RoodMicrotec.

Cyclical downturn risks also affect fast-growing sectors such as Failure & Technology Analysis and Qualification & Reliability.

RoodMicrotec mitigates its risks through an active personnel policy seeking a balance between permanent and temporary staff.

Competition

In Europe we are faced with competition from a number of countries. We aim to minimise our risk as a European independent testhouse by operating with branches in the Netherlands and Germany and agents in Britain, France, Israel and Russia as the main partner to Fabless Companies in the area of Test & Related Services.

Finance

Currency and interest rates

So far, we have made most of our sales in Europe. Since 90% of our invoices are in euros we have only limited exposure to currency fluctuations. We hedge our currency risk as much as possible. We will continue to monitor this aspect actively, certainly in view of the international operations that are under development.

We pay a relatively high interest rate on our short-term loans, and the repayments are considerable. The high interest rate was partly due to our balance sheet ratio with relatively low solvency. Our much improved balance sheet in 2010 has put us in a better position to obtain loans at better conditions. We will continue to strive to improve our balance sheet. (See also financial risk management and sensitivity analysis on page 61).

Access to funding

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

Impairments

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

Insurance

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

Internal risk management and control system

General

RoodMicrotec has opted for an integrated IT solution for all sites in order to reduce risks. An integrated logistics system is still under development.

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/indicators per sector and per manager.

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

Strategic plans

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

Internal evaluations and external audits

A schedule is drawn up every year for internal evaluations and external audits to be carried out by our employees and external auditors. Both the internal evaluations and the external audits may result in corrective measures; the management letters arising from the external audits are discussed by the supervisory board's audit committee.

Audit committee

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

Letter of representation

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



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RoodMicrotec for GPS and navigation systems

RoodMicrotec N.V. values the Dutch Corporate Governance Code (hereinafter referred to as the Code) highly, yet considers its application in the light of the company's scale. In this context, RoodMicrotec has decided on a trend-follower position. We will adhere to the system of the Code in this chapter; the section numbers correspond with those in the Code.

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

- customers
- investors
- employees
- our immediate social environment

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

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

I. Enforcement and application of the Code

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

II. The Board of Management

II. 1.1– 1.11 Tasks and working methods

Our CEO had a four-year contract, which has been extended to mid-2012 with the option of a further two years' extension. In compliance with Article 12 of the Preamble of the Code, the four-year term shall apply to any new board members to be appointed. The CEO shall resign at the request of the general meeting of shareholders, provided that it is not made by one dominant shareholder, but broadly supported and backed by at least 25% of the issued capital. If such a percentage is not present at the meeting, but an absolute majority of the votes cast, rather than one dominant shareholder, is in favour of the dismissal or of removing the binding nature of the nomination, a new meeting may be convened in which such a resolution may be passed with an absolute majority of votes, provided it does not concern one dominant shareholder, regardless of the portion of the issued capital represented at the meeting.

Such a resolution shall be regarded 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 customary for the supervisory board and the board of management to determine RoodMicrotec's operational and financial targets and the company's objectives in consultation, as well as the strategy and the framework conditions to be implemented. We will continue to highlight these in the annual report.

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 the board of management and employees must adhere to, which is published on the company's website www.roodmicrotec.com, (d) guidelines for the layout of financial reports and the procedures to be followed in the preparation of the reports, (e) a system of disclosure controls.

The risk management and control system has proved to function adequately and effectively. This was achieved through special focus on the operating and control system. Organisational adjustments were implemented, including the selection of 'empowered' management. As a result of this decision, all business unit managers are now accountable. We measure the performance of the business unit management by key indicators.

The need to optimise the organisation was discussed with the supervisory board on several occasions.

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

The board of management is responsible for the strategy and the associated risk profile and reports to the supervisory board and the general meeting of shareholders in this context.

The board of management is responsible for compliance with all relevant laws and regulations, the control of risks associated with the company's business operations and the financing of the company. The board of management reports on this topic and discusses the internal risk management and control systems with the supervisory board and its audit committee.

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

In the annual report the board of management describes the main risks related to the company's strategy.

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

RoodMicrotec employees can report suspected irregularities within the company without 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 having to fear for their legal position. Insofar as the suspected irregularities do not involve RoodMicrotec's managing director(s), 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), the whistle-blower is to communicate this to the chairman of RoodMicrotec's supervisory board.

Before an employee may invoke that his/her legal position has been jeopardised as a consequence of a report as described above, the chairman of the board of management (in the case of a report not involving suspicions against RoodMicrotec's managing director(s)) or the chairman of the supervisory board (in the case of a report involving suspicions against RoodMicrotec's managing director(s)) must issue an assessment in writing. This assessment document must be provided within 14 days after the relevant request.

No members of RoodMicrotec's board of management hold the post of board member in other listed companies. The employment contract with board members stipulates that accepting other posts in a business environment is subject to approval by RoodMicrotec's supervisory board. Insofar as this has been applicable, the company has complied with this provision.

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

Shareholders may make use of their right to place issues on the agenda of the general meeting of shareholders. If it concerns a matter that may result in a change of strategy, for example the dismissal of managing directors or supervisory directors, the supervisory board will set a reasonable term to

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

II. 2.1 – 2.1.15 Remuneration

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

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

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

The supervisory board determines the level and the structure of the directors' remuneration partially based on the scenarios analysed, taking into account the balance of remunerations within the company. An overview of the options granted is provided in the company's financial statements.

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

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

The remuneration of the CEO consists of a fixed salary plus a variable component that is paid out in options. A scheme has been put in place for exercising the share options, which stipulates that the exercise price of the share options must be paid at the time when they are cashed in. There is a balance between the fixed and variable components. The calculation is transparent. As stated above, the granting of options is subject to achieving the targets set by the supervisory board in the context of the company's strategic plan. The achievement of the targets by the CEO is evaluated every six months and new targets set, taking into account significant changes in circumstances such as market developments. The targets for the CEO are not described in the annual accounts on competition grounds. The company's objectives are described in this report.

The CEO's contract, which will end in 2012, provides an option for two additional years. The CEO's employment contract may be terminated subject to six months' notice in writing before the end of the calendar month. RoodMicrotec complies with provision II.2.7 of the Code, which determines inter alia that the exercise price of the share options and other conditions may be adjusted during the term of the contract.

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

The remuneration of the managers of the company comprises a fixed salary plus a substantial variable part on top of the fixed salary. The variable part relates firstly to the financial result and sales targets of the entire company. If all financial and sales results of the company have been reached, the variable part will be based on personal objectives.

II. 3.1 – 3.4 Conflicting interests

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

III. The supervisory board

III. 1.1 – 1.9 Task and working methods

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

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

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

III. 2.1 – 2.3 Independence

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

III. 3.1 – 3.6 Expertise and composition

The regulations for the supervisory board including profile and extension of rules is available on the website www.roodmicrotec.com

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

All new members of the supervisory board must attend an introduction programme on general financial and legal issues, the company's financial reporting, specific aspects of the company's activities and the responsibilities of a supervisory director. Current supervisory directors will annually evaluate their need for training. The company will provide all necessary assistance.

RoodMicrotec's Articles of Association stipulate that a member of the supervisory board is appointed for a maximum term of four years, and be re-appointed no more than three times. The resignation rota is set out in the report of the supervisory board.

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

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

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

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

III. 5.1 – 5.14 Composition and the role of three core committees amongst the supervisory board

The company feels the supervisory board should have two or three members. RoodMicrotec intends to establish a remuneration and audit committee whenever there are three members. The company will then apply the relevant provisions of the Code. Currently, the responsibilities of the core committees are performed by the entire supervisory board.

III. 6.1 – 6.7 Conflict of interest

A supervisory director who has a conflict of interest as described in provision III.6.1 of the Code shall report this to the chairman of the supervisory board and the supervisory director will not take part in the discussion of the matter in which the supervisory director has a major conflict of interest. Moreover, all transactions concerning a conflict of interest require prior approval from the supervisory board and will be reported in the annual report.

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

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

The company shares the views of the Code on the tasks and authority of a delegated member of the supervisory board.

III. 7.1 – 7.3 Remuneration

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

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

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

IV. The (general meeting of) shareholders

IV. 1.1 – 1.8 Scope of authority

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

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

IV. 2.1 – 2.8 Depositary receipts for shares

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

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

RoodMicrotec complies with the best-practice provisions concerning informing shareholders and other parties in the financial market simultaneously and equally on issues that may affect the share price. However, based on a cost/benefit analysis, the company will not spend money on technology aimed at attending meetings remotely.

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

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

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

Motions to be approved or authorised by the general meeting will be explained in writing. In its explanation, the board of management will address all facts and circumstances relevant for the approval or authorisation requested. The notes to the agenda will be placed on the company's website.

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

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

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

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

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

IV. 4.1 – 4.6 Responsibility of institutional investors

RoodMicrotec currently does not have any institutional investors. If this should change in the future, RoodMicrotec will ask the institutional investors to apply these best-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.

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

- a willingness to engage in discussion;
- exercise of the right to set agenda items, in consultation with the board of management;
- voting at one's discretion, based on an independent opinion on the advised voting policy;
- agenda items must be explained in the meeting.

V. Financial report audits and the position of the internal audit function and the external auditor

V. 1.1 – 1.3 Financial reporting

RoodMicrotec's supervisory board monitors the reporting and publication of the annual report, the annual accounts and other financial statements required by internal procedures.

The board of management bears responsibility for the internal procedures that ensure the adequacy, accuracy and reliability of the external financial reporting.

V. 2.1 – 2.3 The external auditor's role, appointment, remuneration and performance assessment

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. The company's Articles of Association (Article 25, paragraph 2) provide that the authority to appoint the external auditor lies with the general meeting of shareholders.

V. 3.1 – 3.3 Internal audit function

RoodMicrotec does not have an internal auditor.

A new best-practice provision highlights the need for and importance of the internal audit function. The Committee's opinion is that in principle every listed company should have an internal auditor based on best-practice provision V.3.1.

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

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

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

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

Zwolle, 24 February 2011



**RoodMicrotec for
Automotive industry**

Management statement

Corporate Governance statement

This is a statement concerning corporate governance as referred to in article 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) effective as of 1 January 2010 (the 'Decree'). This statement forms part of RoodMicrotec's Annual Report 2010 (included in the chapter on Corporate governance), which is available on RoodMicrotec's website: www.roodmicrotec.com.

The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree can be found in the following chapters, sections and pages of RoodMicrotec's Annual Report 2010 and are deemed to be included and repeated in this statement:

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

True and fair view statement

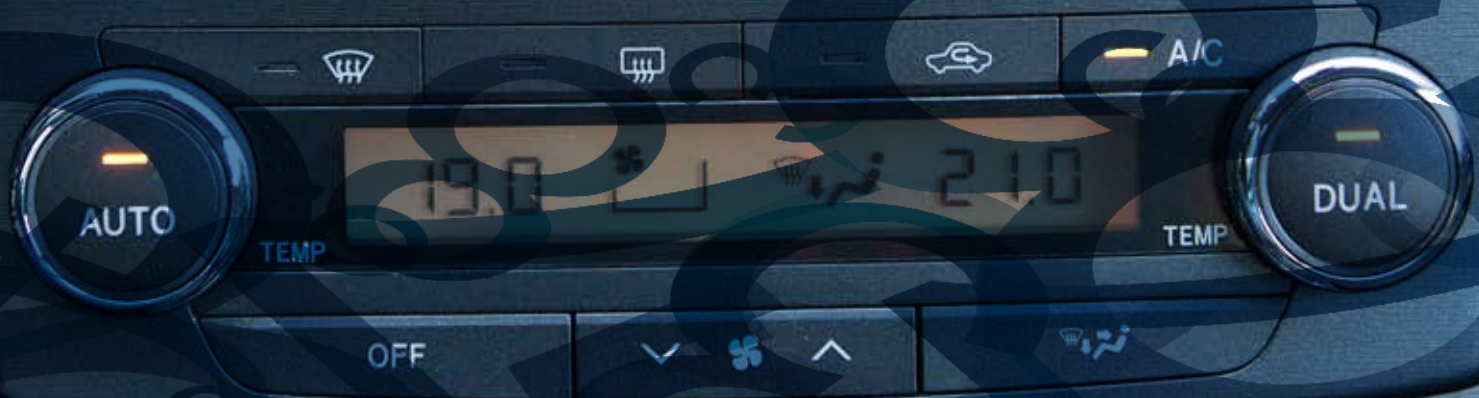
This statement is an integral part of the annual report dated on 24 February 2011. This statement is based on Article 5:25 c Clause 2 sub C of the Financial Supervision Act. The statements following this law are obliged as a new ruling for the annual report 2010.

Our opinion of the annual accounts is that it gives a true and fair view of the assets, liabilities, financial position and the result of RoodMicrotec N.V. and the companies included in the consolidation.

The annual report gives a true and fair view of the situation on balance sheet date and the developments during the financial year of RoodMicrotec N.V. and the group companies for which the financial information is recognised in its financial statements. The most important risks confronting RoodMicrotec N.V. are described in the annual report.

The members of the board of management have signed the annual report and financial statements in fulfilment of their legal obligations arising from Article 5:25 c Clause 2 sub C of the Financial Supervision Act.

RoodMicrotec for micro electronics in car industry





RoodMicrotec
powerful solutions



ROODMICROTEC N.V.

Annual Accounts 2010

Consolidated income statement

(euro in thousands)	Note	Year ended December 31	
		2010	2009
Net sales	1	15,563	11,922
Cost of Sales	2	-3,321	-2,101
GROSS MARGIN		12,242	9,821
Personnel expenses	3	7,073	6,666
Other operating expenses	4	2,808	2,405
OPERATING EXPENSES		9,881	9,071
EBITDA		2,361	750
Depreciation and amortisation	5	1,628	2,054
EBIT		733	-1,304
Financial expenses	6	-526	-440
RESULT BEFORE TAXATION		207	-1,744
Taxation	7	241	2
NET RESULT		448	-1,742

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

- basic	16	0.01	-0.05
- diluted	16	0.01	-0.05

Consolidated statement of comprehensive income

Income for the year	448	-1,742
Gains on revaluations of land and buildings	-	-
Total comprehensive income for the year	448	-1,742

Consolidated balance sheet (before appropriation of net result)

(euro in thousands)	Note	31 December 2010	31 December 2009	01 Januari 2009
ASSETS				
Property, plant and equipment	8	5,710	6,629	8,367
Intangible assets	9	1,811	1,839	1,867
Deferred income tax assets	10	588	233	233
Financial assets	11	1,665	1,803	1,971
Non-current assets		9,774	10,504	12,438
Inventories	12	654	589	324
Trade and other receivables	13	3,040	2,312	2,807
Cash and cash equivalents	14	258	308	538
Current assets		3,952	3,209	3,669
TOTAL ASSETS		13,726	13,713	16,107
EQUITY AND LIABILITIES				
Issued capital	15	3,935	3,872	3,354
Share premium	15	17,695	17,668	17,461
Revaluation reserve	15	1,552	1,647	1,744
Retained earnings	15	-19,529	-20,072	-18,427
Mezzanine capital	15	1,994	-	-
Equity, attributable to equity holders		5,647	3,115	4,132
Interest-bearing loans and borrowings	18	1,647	2,340	838
Convertible loan	19	-	500	750
Deferred tax liabilities	10	326	208	208
Retirement benefit obligations	20	1,585	3,367	3,516
Non-current liabilities		3,558	6,415	5,312
Bank overdrafts	14	603	724	1,160
Current portion of long-term debt	18	1,342	1,287	3,253
Trade account and other payables	21	2,443	2,026	2,121
Current income tax liabilities		133	146	129
Current liabilities		4,521	4,183	6,663
TOTAL EQUITY AND LIABILITIES		13,726	13,713	16,107

Consolidated cash flow statement

(euro in thousands)		Year ended 31 December	
		2010	2009
EBITDA		2,361	750
Adjustments for:			
- Share based payments		27	27
- Increase/decrease pension provision		212	-149
- Accrued interest		-80	-41
- Other adjustments		-9	-23
Changes in working capital			
- Inventories		-65	-265
- Trade and other receivables		-728	495
- Changes in trade and other current liabilities		417	-78
Cash flow from operating activities		2,135	716
Interest paid	6	-446	-399
Income tax paid	7	-	-2
Net cash generated from operating activities		1,689	315
Cash flow from investing activities			
Investments in property, plant and equipment	8	-681	-288
Investments in long term assets	20	-1,994	-
Received on financial assets	11	138	168
Net cash flow from investing activities		-2,537	-120
Cash flow from financing activities			
Proceeds from issuance of ordinary new shares	17	63	-
Proceeds from issuance of Mezzanine capital	15	1,994	-
Proceeds from borrowings		1,000	2,287
Repayment of borrowings		-2,138	-2,276
Net cash flow from financing activities		919	11
Net cash flow		71	206
Cash +/- Bank overdrafts at beginning of year	14	-416	-622
Cash +/- Bank overdrafts at end of year	14	-345	-416
Net Cash flow		71	206

Consolidated statement of changes in equity

(euro in thousands)	Number of shares x1,000	Issued Capital	Share Premium	Revaluation reserve	Retained earnings	Mezzanine	Equity, attributable to shareholders
Balance at 1 January 2009	30,489	3,354	17,461	1,744	-18,427	-	4,132
Recognised loss for the year 2009	-	-	-	-	-1,742	-	-1,742
Depreciation buildings	-	-	-	-97	97	-	-
Value employee options granted	-	-	27	-	-	-	27
Shares issued for convertible loan	4,479	493	174	-	-	-	667
Shares issued for interest convertible	228	25	6	-	-	-	31
Balance at 31 December 2009	35,196	3,872	17,668	1,647	-20,072	-	3,115
Balance at 1 January 2010	35,196	3,872	17,668	1,647	-20,072	-	3,115
Recognised profit for the year 2010	-	-	-	-	448	-	448
Depreciation buildings	-	-	-	-95	95	-	-
Employee share options exercised	573	63	-	-	-	-	63
Value employee options granted	-	-	27	-	-	-	27
Mezzanine capital	-	-	-	-	-	1,994	1,994
Balance at 31 December 2010	35,769	3,935	17,695	1,552	-19,529	1,994	5,647

The revaluation reserve and retained earnings as of 31 December 2009 have been adjusted to reflect the annual depreciation on buildings for the year 2009 which was not included in the 2009 annual accounts. This adjustment has no income impact.

Notes to the consolidated financial statements

General information

RoodMicrotec N.V. is a public limited liability company with its registered office in Zwolle, the Netherlands. The consolidated financial statements of the company for the year ended 31 December 2010 comprises the company and its subsidiaries (jointly referred to as the 'Group'). The Group includes the wholly-owned subsidiaries:

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

The 2010 financial statements were prepared by the board of management and released for publication on 24 February 2011. The 2010 financial statements were adopted by the supervisory board on 24 February 2011 and will be submitted for adoption to the annual general meeting of shareholders on 28 April 2011.

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

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.

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 judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the result of which form the basis for making 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.

Revisions of accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Changes in IFRS/IAS standards

The Group has adopted the changed amended IFRS standards that are currently and retrospectively applicable, or could be applicable in the nearby future; the impact to the statements is minimal.

Standard	Topic	Effective for periods	Applicable for Company
IFRIC 9	Reassessment of embedded derivatives and IAS 39, "Financial instruments": Recognition and measurement- embedded derivatives	After 30 June 2009	Not applicable
IFRIC 16	Hedges of a net investment in a foreign operation	After 1 July 2009	Not applicable
IFRIC 17	Distribution of non-cash assets to owners	After 1 July 2009	Applicable
IFRIC 18	Transfers of assets from customers	After 1 July 2009	Not applicable
IFRS 2	Scope of IFRS 2 and IFRS 3(revised).	After 1 July 2009	Applicable
IFRS 3	Business combinations	After 1 January 2010	Applicable
IFRS 5	Disclosure required in respect of non-current assets classified as held for sale or discontinued operations	After 1 January 2010	Not applicable
IFRS 8	Disclosure of information about segment assets	After 1 January 2010	Applicable
IAS 1	Current/non-current classification of convertible instruments	After 1 January 2010	Applicable
IAS 7	Classification of expenditures on unrecognised assets	After 1 January 2010	Not applicable
IAS 17	Classification of leases of land and buildings	After 1 January 2010	Applicable
IAS 18	Determining whether an entity is acting as a principal or as an agent	N/A. not part of the standard	Not applicable
IAS 23	Capitalisation of borrowing costs directly attributable to an acquisition	After 1 January 2009	Applicable
IAS 27	Consolidate and separate financial statements related to non-controlling interests	After 1 July 2009	Not applicable
IAS 36	Unit of accounting for goodwill impairment test	After 1 January 2010	Applicable
IAS 38	Additional consequential amendments arising from IFRS 3 regarding intangible assets	After 1 January 2010	Applicable
IAS 38	Measuring the fair value of an intangible asset acquired in a business combination	After 1 January 2010	Not applicable
IAS 39	Treating loan pre-payment penalties as closely related derivatives	After 1 January 2010	Not applicable
IAS 39	Scope for exemption for business combination contracts	After 1 January 2010	Not applicable
IAS 39	Cash flow hedge accounting	After 1 January 2010	Not applicable
IAS 39	Hedging using internal contracts	After 1 January 2010	Not applicable

Basis of consolidation

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

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

Foreign currency translation

Functional and presentation currency

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

Transaction and balances

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

Property, plant and equipment

Owned assets

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

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

Lease assets

Leases in 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 and impairment losses.

Subsequent cost

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

Depreciation

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

Category	Years
Buildings	70
Machinery and equipment	2-10
Other fixed assets	4-10
Intangible assets	3-5

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.

Intangible assets

Internal generated assets

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

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on 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.

Customer relations

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

Amortisation

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

Financial assets

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

Inventories

Inventories

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

Work in progress

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

Trade and other receivables

Trade and other receivables are stated at fair value and subsequently measured at amortised cost less impairment losses.

Cash and cash equivalents

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

Impairment

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

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

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

Share capital

Ordinary shares

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

Share premium

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

Dividends

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

Mezzanine capital

Mezzanine capital is classified as equity against its nominal value.

Convertible loan

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

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

Borrowings

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

Deferred income tax

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

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

Deferred income tax is 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.

Employee benefits

Defined contribution plan

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

Defined benefit plans

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

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

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

Share-based payment transactions

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

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

Profit-sharing and bonus plans

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

Provisions

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

Trade and other payables

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

Net sales

Net sales

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

Government grants

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

Expenses

Operating lease payments

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

Finance lease payments

Minimum lease payments are 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.

Net financing costs

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

Income tax

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

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

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

Cash flow statement

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

Financial risk management and sensitivity analysis

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

Foreign currency risks and sensitivity analysis

Within the Group's customer portfolio, the Group is exposed to credit risk and currency risk. The management has set up credit control policies to reduce the credit risk and foreign exchange risk as much as possible. The foreign exchange risk is mitigated by exchange rate clauses in most of the Group's contracts. Finally, procurement for some US dollar denominated customers takes place in US dollars. The average credit rating of the Group's customers is comparable to the industry.

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

(x EUR 1,000)	2010	2009
Euro denominated net sales	13,860	10,475
US dollar denominated net sales	1,703	1,447
Balance at 31 December	15,563	11,922

Foreign exchange risks arise from commercial transactions. At 31 December 2010 the euro had weakened by about 7% against the US dollar compared to 31 December 2009. The exchange rate results during 2010 were minimal.

The group has minor exposure to the fluctuations of the US dollar. US dollars received from customers are immediately sold for euros. However, these risks are considered not to be material to the group as US sale orders concern a great number of relatively small orders which are spread throughout the year. A 10% increase or decrease in the exchange ratio of the euro against the US dollar at year-end would amount to almost EUR 170 thousand, assuming that all other variables, especially interest rates, remain constant and assuming that US net sales in 2010 comprised sales orders at year-end.

Borrowing risks and sensitivity analysis

All of the Group's long-term borrowings have fixed interest rates partially realised by way of interest rate swaps. The bank overdrafts carry a floating rate. The value of these swaps is approximately EUR 20,000. Generally, the Group raises new long-term borrowings at fixed rates. The table below sets out the Group's borrowings position.

(x EUR 1,000)	Fixed rate	Floating rate
Long-term borrowings from banks	1,600	0
Long-term borrowings from other parties	1,389	0
Bank overdrafts	0	603
Balance at 31 December 2010	2,989	603

In 2010 the larger part of the long-term borrowings from banks were from the Hypo- und Vereinsbank AG (Donauwörth), rated A and VR Leasing (Germany), rated A by Standard & Poor's. The borrowings from other parties were from ICN part Rood B.V. (Netherlands) and private investors. In 2010 the floating-rate bank overdrafts were obtained from the Hypo- und Vereinsbank AG (Donauwörth) and the Commerzbank (Augsburg).

As a result of the current financial position and capital structure of the company, the Group's interest risks are in the short term (1 year) limited to interest changes for the credit facility carrying a floating interest rate. A change by 300 basis points in the charged interest rate would result in an increase or decrease of the 2010 result of approximately EUR 45,000 assuming that all other variables, especially exchange rates, remain constant. Long-term interest risks (starting from one year) are limited as the interest rates are fixed by interest swap. Upon a renewal of interest swap, long-term interest rates changed by 300 basis points would result in an increase or decrease of approximately EUR 90,000.

Liquidity risk

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

Market interest rates and pensions

Changes in discount rates used in pension calculations are related to the changes in capital market interests. Changes in discount rates will result in actuarial gains or losses. These actuarial gains and losses are not all immediately recognized in the income statement, but spread over the expected remaining working lives of the employees and therefore the impact of this risk mitigated. Disregarding this mitigation a 1% change in the market interest rate would affect pension costs by approximately EUR 350,000.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may, if and when applicable, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During 2010, the group's strategy was to decrease the gearing ratio significantly. Below is stated the gearing ratio of the 2010 compared to 2009.

(x EUR 1,000)	2010	2009
Total borrowings	3,592	4,851
Less cash and cash equivalents	-258	-308
Net debt	3,334	4,543
Total equity	5,647	3,115
Total capital	8,981	7,658
Gearing Ratio (net debt/capital x 100%)	37%	59%

1. Net Sales

The Group is active in one operating segment. Sales are reported internally as well as externally in different product/services groups. Every month a consolidated P&L is prepared, based on which an analysis and management report is communicated. Monthly P&Ls per product/service group are not available. Ad-hoc segmented information is prepared as if and when necessary. Only a small part of the fixed assets (EUR 4,000) is located in the Netherlands. The bulk of the tangible fixed assets are located in Germany.

Net sales per business unit

(x EUR 1,000)	2010	2009
Test	7,657	4,574
Supply Chain	3,060	2,081
Failure & Technology Analysis	1,842	1,737
Test Engineering	0,762	1,233
Qualification	2,242	2,297
Total	15,563	11,922

Net Sales per country in 2010

(x EUR 1,000)

Germany	5,939
USA	2,764
Eastern Europe	1,398
China/ Asia	1,363
Rest of Europe	3,775
Rest of the World	324
Total	15,563

2. Cost of Sales

(x EUR 1,000)

	2010	2009
Change in work in process capitalized	121	154
Cost of raw materials and consumables	-3,442	-2,255
Total	-3,321	-2,101

3. Personnel expenses

(x EUR 1,000)

	2010	2009
Salaries	5,731	5,587
Social security	989	826
Share options granted to directors and employees	27	27
Pension charges	326	234
Own work capitalised	-	-8
Total	7,073	6,666

The average number of people employed by the Group in 2010 on a full-time basis was 124 (2009: 132). At year-end the Group employed 120 people (2009: 126). At year end less people work for the company compared to 2009, however personnel costs increased due to less use of short time work arrangement in Germany

4. Other operating expenses

(x EUR 1,000)

	2010	2009
Other operating expenses	2,804	2,400
Currency differences	4	5
Total	2,808	2,405

Auditor's fee 2010

The task of the external auditor is to audit the annual accounts of RoodMicrotec N.V. Mazars Paardekoo-per Hoffman Accountants N.V. charges EUR 18,500 for the statutory audit. Tax advice is in principle given by specialist firms or specialised departments of local audit firms, which are rarely involved in the audit of the annual accounts of the relevant subsidiary. Other than these advisory services, RoodMicrotec N.V. makes only limited use of external advisors. If such services are required, specialists are engaged that are not associated with the external auditor. The fees for the above mentioned services, which are included in 'other operating expenses' are evaluated regularly and in line with the market.

(x EUR 1,000)	Statutory	Other auditor	Total
Audit Annual Accounts	18,500	47,000	65,500
Non audit	1,500	1,500	3,000
Total	20,000	48,500	68,500

5. Depreciation and amortisation

(x EUR 1,000)	2010	2009
Intangible fixed assets	28	28
Land and buildings	95	97
Machinery and equipment	1,334	1,730
Other fixed assets	171	199
Total	1,628	2,054

6. Financial expenses

(x EUR 1,000)	2010	2009
Interest expenses:		
- bank borrowings	277	209
- convertible loan	53	55
- other loans	193	174
- other financial expenses	3	2
Total	526	440
Interest paid	446	399
Interest accrued	80	41
Total	526	440

7. Taxation

(x EUR 1,000)	2010	2009
Income tax current year	-	2
Recognition of tax losses carried forward	225	-
Change in deferred tax liability	16	-
Total	241	2
	2010	2009
<i>Result before tax</i>	207	-1,744
Expected taxation (based on average statutory tax rates)	-62	523
Use of tax asset	62	-
Recognition of deferred tax asset previously not recognised	225	-
Non recognition of deferred tax asset	-	-523
Change in tax liability	16	-
Other tax expenses	-	2
Actual taxation	241	2

8. Property, plant and equipment

(x EUR 1,000)	Land and buildings at fair value	Machinery and equipment	Other	Total
At 31 December 2008				
Cost or valuation	8,374	22,066	2,107	32,547
Accumulated depreciation	-4,692	-17,770	-1,718	-24,180
Closing net book amount At 31 December 2008	3,682	4,296	389	8,367
Opening balance At 1 January 2009				
Adjustment additions	-223	-	223	-
Adjustment cost	-3,424	-	-	-3,424
Adjustment accumulated depreciation	3,424	-	-	3,424
	76	-	-76	-
Adjustment net book amount	-147	-	147	-
At 1 January 2009				
Cost or valuation	4,727	22,066	2,330	29,123
Accumulated depreciation	-1,192	-17,770	-1,794	-20,756
Opening net book amount At 1 January 2009	3,535	4,296	536	8,367
Additions	-	260	28	288
Disposals/ transfers	-	-4	4	-
Depreciation charge	-97	-1,730	-199	-2,026
Depreciation charge disposals	-	-	-	-
Closing net book amount At 31 December 2009	3,438	2,822	369	6,629
At 1 January 2010				
Cost or valuation	4,727	22,322	2,362	29,411
Accumulated depreciation	-1,289	-19,500	-1,993	-22,782
Opening net book amount At 1 January 2010	3,438	2,822	369	6,629
Additions	-	652	29	681
Disposals/ transfers	-	-719	-99	-818
Depreciation charge	-95	-1,334	-171	-1,600
Depreciation charge disposals	-	719	99	818
Closing net book amount At 31 December 2010	3,343	2,140	227	5,710
At 31 December 2010				
Cost or valuation	4,727	22,255	2,292	29,274
Accumulated depreciation	-1,384	-20,115	-2,065	-23,564
Net book amount At 31 December 2010	3,343	2,140	227	5,710
Useful economical life in years	70	2-10	4-10	

Value of historical costs of land & buildings and accumulated depreciation has been adjusted due to a clean-up on the opening balance of land and buildings. These adjustments do not have impact to the balance or income statement.

Land and buildings at historical cost

(x EUR 1,000)	2010	2009
Initial costs land and buildings	4,727	4,727
Accumulated depreciation	-3,875	-3,780
Net book amount	852	947

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). The valuation of the building is based on a market valuation of land and rental value in combination with the technical life of the building. The next valuation is scheduled for December 2011.

Impairment loss and subsequent reversal

The company has neither incurred nor reversed any impairment losses in 2010. In 2008, the land and building assets were revaluated and the current valuation report issued.

Assets under construction

Assets under construction are included in the category 'other' and total nil (2009: nil).

Security

The following types of security 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.

Government grants

Grants included in property, plant and equipment totalled EUR 87,000 in 2010 (2009: nil). This amount is recognised in machinery and equipment.

9. Intangible assets

(x EUR 1,000)	Goodwill	Customer relations	Total
At 1 January 2009			
Cost	1,630	140	1,770
Accumulated amortisation and impairment charges	-	-14	-14
Closing net book amount 31 December 2008	1,630	126	1,756
Opening balance			
At 1 January 2009			
Adjustment Cost	111	-	111
Adjustment net book amount 1 January 2009	111	-	111
At 1 January 2009			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-14	-14
Net book amount 1 January 2009	1,741	126	1,867
Year ended 31 December 2009			
Opening net amount	1,741	126	1,867
Amortisation charge	-	-28	-28
Closing net book amount 31 December 2009	1,741	98	1,839
At 31 December 2009			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-42	-42
Net book amount 31 December 2009	1,741	98	1,839
Year ended 31 December 2010			
Opening net amount	1,741	98	1,839
Amortisation charge	-	-28	-28
Closing net book amount 31 December 2010	1,741	70	1,811
At 31 December 2010			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-70	-70
Net book amount 31 December 2010	1,741	70	1,811

Goodwill is tested annually for impairment. The goodwill is allocated to the Group's cash-generating unit RoodMicrotec Stuttgart GmbH. The recoverable amount of this cash-generating unit is determined using value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period with an average sales growth of 10%. Cash flows beyond the five-year period are extrapolated at a flat sales growth. Management determines the budgets based on past performance and expectations of market development. The discount rate (WACC of 11.79%) used is pre-tax and reflects specific (market) risks and represents the current WACC of the company. The proportion of the equity and debt used in the WACC calculation is based on the optimal capital structure.

10. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The amounts offset are attributed to the following items in the table. The deferred income tax assets and liabilities originate from different tax jurisdictions.

(x EUR 1,000)	2010	2009
Deferred income tax asset to be recovered after more than 12 months	917	683
Deferred income tax asset to be recovered within 12 months	191	200
Deferred income tax asset	1,108	883
Deferred tax liability to be recovered after more than 12 months	-846	-858
Deferred tax liability to be recovered within 12 months	-	-
Deferred income tax liability	-846	-858

Deferred tax assets and tax liabilities within the same jurisdiction are netted in balance statements as follows:

(x EUR 1,000)	2010	2009
Deferred tax asset jurisdiction 1	687	344
Deferred tax liability jurisdiction 1	-99	-111
Deferred tax asset (netted)	588	233
Deferred tax asset jurisdiction 2	421	539
Deferred tax liability jurisdiction 2	-747	-747
Deferred tax liability (netted)	-326	-208

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

Deferred tax assets

(x EUR 1,000)	Capitalized carry forward losses	Total
At 1 January 2009	883	883
Charges	-	-
Balance at 31 December 2009	883	883
Balance at 1 January 2010	883	883
Use of tax asset	- 62	- 62
Charges (credited)	287	287
Balance at 31 December 2010	1,108	1,108

The board of management has decided to recognise a small amount of deferred tax assets for all of the tax losses that are available for compensation of future tax payments. For the taxes in the Netherlands no deferred tax assets have been recognised due to the expiration of this possibility by the end of 2011. Taxes in Germany are indefinite in time. There is however an uncertainty and no strong evidence at balance sheet date that all losses will be compensated. Projected tax payments resulting from profits generated in the next three years have been recognised as tax assets as at 31 December 2010. The three years period corresponds to term of our detailed business plan. The unrecognised tax losses in the Netherlands total approximately EUR 14 million (usable up to 2011). The unrecognised tax losses in Germany total approximately EUR 10 million 'Körperschaftsteuer' (indefinite in time) and approximately EUR 4 million 'Gewerbeertragssteuer' (indefinite in time). The applicable tax rate in Germany is 30%. Deferred tax assets are netted with deferred tax liabilities when possible. Comparable figures 2009 have been adjusted.

Deferred tax liabilities

(x EUR 1,000)	Accelerated Tax depreciation Land & buildings	Fair value gains Land & Buildings	Intangible assets	Other	Total
Balance at 31 December 2008		747	-	-	747
Adjustment acquisition subsidiary	-	-	42	69	111
Balance at 1 January 2009	-	747	42	69	858
Depreciation land & buildings	29	-29	-	-	-
Balance at 31 December 2009	29	718	42	69	858
Depreciation land & buildings	29	-29	-	-	-
Charged (credited) to the income statement	-	-	-15	3	-12
Balance at 31 December 2010	58	689	27	72	846

As a result of the revaluation of land and buildings, a provision for deferred tax liabilities has been recognised amounting to 30% of the difference between the fiscal and commercial valuation. The adjustment to the opening balance relates to the difference between commercial and fiscal valuation of intangible assets that were recognised at the Microtec acquisition in 2008. Deferred tax assets within the same jurisdiction have been netted with the deferred tax liabilities starting from January 2010. Comparative figures thereto comparable figures have been adjusted.

11. Financial Assets

(x EUR 1,000)	2010	2009
Balance at 1 January	1,803	1,971
Investments (proceeds)	-138	-168
At 31 December	1,665	1,803

The financial assets comprise life insurance policies. These policies were concluded in order to finance future pension liabilities.

However, the insurance contracts do not place the company under any formal and legal obligations towards pension liabilities and pensioners. The company is free to use these cash flows in the company's regular operating cash flows. Consequently, these assets do not qualify as pension assets according to IAS 19. Until 2009 they were classified as pension liabilities. The comparative figures 2009 have been adjusted.

12. Inventories

(x EUR 1,000)	2010	2009
Raw materials and consumables	153	209
Work in progress	277	218
Finished services	224	162
Total	654	589

13. Trade and other receivables

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

(x EUR 1,000)	2010	2009
Not overdue	1,782	1,198
< 30 days overdue	551	521
> 30 days and < 60 days overdue	155	72
> 60 days overdue	94	115
Provisions for bad debt	-12	-35
Trade receivables	2,570	1,871
Other receivables	470	441
Trade and other receivables	3,040	2,312

Provisions for bad debt

(x EUR 1,000)	2010	2009
Balance at 1 January	-35	-9
Addition to the bad debt provision	-24	-26
Write off bad debts	47	-
Balance at 31 December	12	-35

14. Cash and cash equivalents

(x EUR 1,000)	2010	2009
Cash at bank and on hand	258	308
Bank overdrafts	-603	-724
Total	-345	-416

The securities stated under long-term liabilities have also been provided to German credit institutions for the current liabilities. The credit line with these banks as of 31 December 2010 totalled EUR 1,550,000. The interest rates ranges from 6.70% to 8.5% (2009: 6.7% to 10.5%).

The credit line with the credit institutions in the Netherlands as of 31 December 2010 totalled EUR 25,000, without any security.

15. Share capital

Authorised share capital

At 31 December 2010 the authorised share capital comprised 50,000,000 ordinary shares (2009: 50,000,000). The shares have a nominal value of EUR 0.11 each. At 31 December 2010, 35,769,184 ordinary shares (2009: 35,196,185) 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 572,999 shares in the company. The company holds 4,100 ordinary shares (2009: 4,100) in its own share capital. The number of shares held by the company at the end of the year under review was less than 0.01% of the issued and paid-up capital (2009: < 0.01%).

Reserves

As a result of the revaluation of land and buildings in 2005, a revaluation reserve has been formed. The revaluation reserve cannot be used for dividend payments.

Mezzanine capital

As at 30 November 2010 the group issued a perpetual bond of EUR 1,994,096 to Plentum Luxembourg S.à.r.L (owner) for the financing of the pension liabilities of RoodMicrotec Nördlingen GmbH + Co. KG. This capital has been immediately transferred and paid to a German pension fund named 'Unterstützungskasse'. German law deems this pension outsourcing. Pension risks and liabilities related to the pensioners, however, have not been changed. According to IFRS accounting standards, these risks have been recognised in the financial statements. An annual compensation of 11.70% has to be paid. If an annual compensation payment leads to an annual net loss for the company in the business year to which the determining profit period refers, or increases a net loss, the claim to this compensation does not arise for the accounting period. Only the company can unilaterally call in this bond. This bond does not entitle the owner to any RoodMicrotec N.V. shareholder rights.

16. Earnings per share

Basic

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

(x EUR 1,000)	2010	2009
Profit attributable to equity holders of the company	448	-1,742
Weighted average number of ordinary shares in issue (in thousands)	35,207	33,206
Basic earnings per share (x EUR 1)	0.01	-0.05

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to take into account conversion of all dilutive potential ordinary shares. The company has two categories of dilutive potential ordinary shares: convertible debt and share options. The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (defined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares as calculated above is compared with the number of shares that would have been issued if the share options had been exercised.

(x EUR 1,000)	2010	2009
Profit attributable to equity holders of the company	448	-1,742
Profit used to determine diluted earnings per share	448	-1,742
Weighted average number of ordinary shares in issue	35,207	33,206
Adjustments for:		
- share options (in the money)	356	383
Weighted average number of ordinary shares for diluted earnings per share	35,563	33,589
Diluted earnings per share (x EUR 1)	0.01	-0.05

17. Options

Share options

Share options are granted to directors and to selected employees. The exercise price of the granted options is equal to the market price of the shares 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. The Share options are valued using the Black and Scholes valuation model. Here the following inputs are used for the model:

- 30% volatility, 60 days
- 1% dividend yield
- 3.1% annual risk-free interest rate
- Expected option life of 3 years

The value of the granted options in 2010 was EUR 27,223 (2009: EUR 27,000).

Share option rights

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

Granted In / To	Options 31-12-09	Granted in 2010	Exercised in 2010	Expired in 2010	Options 31-12-10	Exercise price in € (average)	First date of exercise	Last date of exercise
2005	22,500	-	-	22,500	-	0.46	4 Jan 08	3 Jan 10
2006	40,700	-	-	-	40,700	0.51	5 Jan 09	4 Jan 11
2007	48,500	-	-	-	48,500	0.55	5 Jan 10	4 Jan 12
2008	61,500	-	-	-	61,500	0.37	9 Jun 08	8 Jun 11
2010	-	180,000	-	-	180,000	0.17	07 Jul 10	07 Jul 13
Employee Rights	173,200	180,000	-	22,500	330,700	0.44		
2009	188,247	-	188,247	-	-	0.11	3 Mar 09	3 Mar 12
2009	194,752	-	194,752	-	-	0.11	3 Sep 09	3 Sep 12
2010	-	175,888	-	-	175,888	0.11	2 mar 10	2 mar 13
2010	-	190,000	190,000	-	-	0.11	20 dec 10	20 dec 13
Rights Nijenhuis	382,999	365,888	572,999	-	175,888	0,11		
2009	250,000	-	-	250,000	-	0.45	3 Jul 08	3 Jul 10
Rights Other	250,000	-	-	250,000	-	0,45		
Total	806,199	545,888	572,999	272,500	506,588	0,23		

Execution of options in 2010 and effects on equity

The execution of 572,999 options at an exercise price of EUR 0.11 led into a value of issued share capital of EUR 63,030.

Supervisory Board

As at 31 December 2010, the members of the supervisory board did not hold any options on shares in the company.

Mr. Ph.M.G. Nijenhuis

During the time of his 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 achievement of certain targets related to the Group's performance. The options will be granted in half-yearly portions. The targets are defined by the supervisory board. In 2010 the CEO received for the second half year 2009 100,000 fixed options and 75,888 variable options based on performance. For the first half year 2010 the CEO received 100,000 fixed options and 90,000 variable options based on performance. For the second half of 2010 a provision has been made for 200,000 potential options rights for the CEO, which has not yet been approved by the supervisory board. A scheme has been put in place for exercising the share options, which stipulates that the exercise price of the share options must be paid at the time when they are cashed in.

Other share option rights

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

18. Interest-bearing loans and borrowings

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

(x EUR 1,000)	2010	2009
Secured bank loans	1,600	1,800
Unsecured bank loans	-	175
Finance lease liabilities	489	882
Other loans	400	520
	2,489	3,377
Less: current portion of long-term loans	-842	-1,037
	1,647	2,340

Terms and debt repayment schedule

(x EUR 1,000)	Total	Current Liabilities	Non-current Liabilities	1 to 2 Years	2 to 5 Years	more than 5 years
Secured bank loans	1,600	400	1,200	400	800	-
Finance lease liabilities	489	292	197	197	-	-
Other loans	400	150	250	250	0	-
Total	2,489	842	1,647	847	800	-
Convertible loans	500	500	-	-	-	-
Total interest-bearing loans and borrowings	2,989	1,342	1,647	847	800	-
Bank overdrafts	603	603	-	-	-	-
Trade and other payables	2,447	2,447	-	-	-	-
Current income tax liabilities	133	133	-	-	-	-
Total other current liabilities	3,183	3,183	-	-	-	-
Total	6,172	4,525	1,647	847	800	-

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

Interest expenses repayment schedule

(x EUR 1,000)	Total	Current Liabilities	Non-current Liabilities	1 to 2 Years	2 to 5 Years	more than 5 years
Lease	34	22	12	12	-	-
Loan	207	124	83	68	15	-
Total	241	146	95	80	15	-

Secured bank loans

The bank loans and the current liabilities to credit institutions are secured by a mortgage on land and buildings, with a carrying amount of EUR 3,323,397, pledges on machinery and equipment, pledges on trade receivables and inventories and corporate guarantees for liabilities of subsidiaries amounting EUR 300,000.

Subordinated loan EUR 250,000

This loan facility has been refinanced on 15 April 2010 and has a term of two years with 6% interest. As at December 31, 2010 this loan amounts EUR 250,000.

Loan private investor

In the first half year of 2008, a EUR 250,000 loan facility of was agreed with a private investor from Belgium. This loan expires on August 31, 2011. As at December 31, 2010 an amount of 150,000 had been used.

Finance lease liabilities

The Group leases certain equipment; leases for which the Group bears substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised upon the commencement of the lease at the lower of the fair value of the leased equipment and the present value of the minimum lease payments. In 2010, no new financial leases were contracted (2009: EUR 237,000).

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

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

(x EUR 1,000)	2010	2009
Cost-capitalised finance leases	2,278	2,278
Accumulated depreciation	-1,702	-1,257
Net book amount	576	1,021

(x EUR 1,000)	2010	2009
Gross financial lease liabilities	2,592	2,592
Paid lease terms	-2,069	-1,634
Outstanding lease terms	523	958
Within 1 year	293	435
Between 1 and 5 years	230	523
More than 5 year	-	-
Outstanding lease terms	523	958
Less interest expenses	-34	-76
Present value of financial lease liabilities	489	882

(x EUR 1,000)	2010	2009
Present value of financial lease liabilities		
Within 1 year	292	392
Between 1 and 5 years	197	490
More than 5 year	-	-
Present value of financial lease liabilities	489	882

Interest rates

The average interests paid were as follows:

	2010	2009
Bank overdrafts	6.67% - 8.50%	6.70% - 10.50%
Bank loans	6.67% - 7.90%	6.70% - 7.90%
Finance lease liabilities	4.41% - 6.69%	4.41% - 6.69%
Other loan	4.50% - 7.50%	4.50% - 5.00%

19. Convertible loan

The convertible loan totals EUR 500,000 (2009: EUR 750,000). The convertible loan was issued on 29 April 2005 and has been refinanced in April 2010 by a new loan of EUR 750,000 with convertible rights. The loan will be redeemed by the Group in monthly payments of EUR 25,000 and EUR 50,000. Interest of 6.00% will be paid annually up to that settlement date. 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.

(x EUR 1,000)	2010	2009
Balance as at 1 January	750	1,667
Repayment due to refinancing	-750	-
New loan April 2010	750	-
Repayment 2010	-250	-917
Current portion of long term debt	-500	-250
Balance as at 31 December	-	500

20. Retirement benefit obligations

(x EUR 1,000)	2010	2009	2008	2007	2006
Actuarial assumptions					
Discount rate at 31 December	5.1%	5.5%	5.7%	5.5%	4.5%
Expected return on plan assets at 31 December	4.0%	4.0%	4.0%	4.0%	4.0%
Medical cost trend rate	0%	0%	0%	0%	0%
Future pension increases	1.0%	1.0%	1.0%	1.0%	1.0%
Inflation	1.0%	1.0%	1.0%	0%	0%
Pension Obligations and plan assets					
Opening defined obligation	4,860	4,688	3,351	3,812	3,780
Acquisition of subsidiary	-	-	1,411	-	-
Service costs	28	28	21	24	30
Interest costs	260	261	220	168	167
Actuarial gain (-) or loss	230	125	-141	-487	-9
Pension payments	-257	-242	-174	-166	-156
Present value of pension obligations	5,121	4,860	4,688	3,351	3,812
Opening fair value of plan assets	1,397	1,396	1,392	1,387	1,365
New asset plan / acquisition	1,994	-	--	-	-
Expected return on plan assets	45	55	55	56	55
Actuarial gain (-) or loss	-	-7	-3	-4	15
Contributions by employer	17	17	16	17	16
Benefits paid	-64	-64	-64	-64	-64
Closing fair value of plan assets	3,389	1,397	1,396	1,392	1,387
Net present value of unfunded obligations (pension obligations -/- plan assets)	1,732	3,463	3,292	1,959	2,424
Unrecognised actuarial gains and losses	-147	-96	224	-86	401
Net liability recognised in the balance sheet	1,585	3,367	3,516	1,873	2,825

	2010	2009	2008	2007	2006
Current service costs	28	28	21	23	30
Interest on obligation	260	261	220	168	167
Expected return on plan assets	-45	-55	-55	-56	-55
Actuarial losses recognised in the year	83	0	0	4	9
Expenses recognised in income statement	326	234	186	139	151

The discount rate has been evaluated according to the standards of actuaries. The discount rate in 2010 has been adjusted in accordance with decreased market interest rates. The estimated pension payments for 2011 are EUR 260,000. The Group makes contributions to a number of defined benefit plans that provide pension benefits for employees upon retirement in Germany.

In Germany the defined benefit pension plan comprising final pay arrangements and arrangements congruently matched by an insurance policy are partly reinsured. In determining the annual costs the nature of the plan is recognised which includes (conditional) indexation of pension benefits insofar as the return on the separated investments surpasses the required actuarial interest. The reserves required for these obligations are recognised, net of plan assets, in the balance sheet.

Not all insurances qualify as insurance policies as defined in IAS 19 'employee benefits'. The fair value of insurance policies that do not qualify as plan assets have been presented as financial assets.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on 31 December 2010 by Mercer Deutschland GmbH, Mülheim an der Ruhr. The present value of the defined benefit obligation and the related current service costs and past service costs have been measured using the projected unit credit method.

The charge for the year is included in the employee benefits expense in the income statement. The actual return on plan assets was EUR 45,343 (2009: EUR 47,974). The plan assets do not include any of the Group's own financial instruments, nor any property occupied by or other assets used by the Group. The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by the A Stock Exchange. The overall expected rate of return was calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio. By transferring the pension liabilities to the German pension fund, pension fund concluded an insurance policy with an annual rate of return of 10%. As per 31 December 2010 the rate of return was calculated prudentially, however for the forthcoming years the overall expected rate of return will increase due to this new plan assets.

21. Trade accounts and other payables

(x EUR 1,000)	2010	2009
Suppliers and trade credits	1,304	1,239
Non-trade payables and accrued expenses	1,139	787
Total	2,443	2,026

22. Off-balance sheet commitments

Operating leases as lessee

(x EUR 1,000)	2010	2009
Less than one year	113	130
Between one and five years	161	93
More than five years	-	2
Total	274	225

The Group leases a number of vehicles and equipment under various operating lease agreements. The leases typically run for an initial period of between two and five years, with an option to renew the lease after that date. Lease payments are increased annually to reflect market rentals. None of the leases includes contingent rentals. The operating lease expenses in 2010 are EUR 136,000 (2009: EUR 136,000). There are no sublease contracts or conditional lease payments.

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

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 20,600.

Capital commitments

During the year ended 31 December 2010 the Group entered into a contract to purchase property, plant and equipment for EUR 385,000 (2009: EUR nil).

Security

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

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

Contingencies

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

The holding company and the majority of the Dutch operating companies form a fiscal unity for corporate tax. Each of the operating companies is severally liable for tax to be paid by all companies that belong to the fiscal unity.

23. Subsequent events

The Chief Technology Officer Mr. T. Bucksch will leave the company as per April 2011.

24. Related parties

Remuneration of the managing director

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

(x EUR 1,000) Mr. Ph.M.G. Nijenhuis (CEO)	Fixed Salary	Remittance Salary	Bonus	Pension	Valuation options	Total
2010	150	-9	0	14	27	182
2009	150	-15	0	14	27	176

Currently no private security put up by the CEO is outstanding. In previous years the CEO was provided with a company car. Starting from March 2010 the CEO has been provided with a monthly car compensation comparable to lease and fuel payments. The remuneration of the CEO is determined by the supervisory board. In determining the number of granted options, the realisation of Group and personal targets are taken into account. The supervisory board defines the targets every six months. There are no further guarantees or obligations vis-à-vis the CEO. The information about the options granted to members of the board of management is provided on an individual basis.

Remuneration of the supervisory board

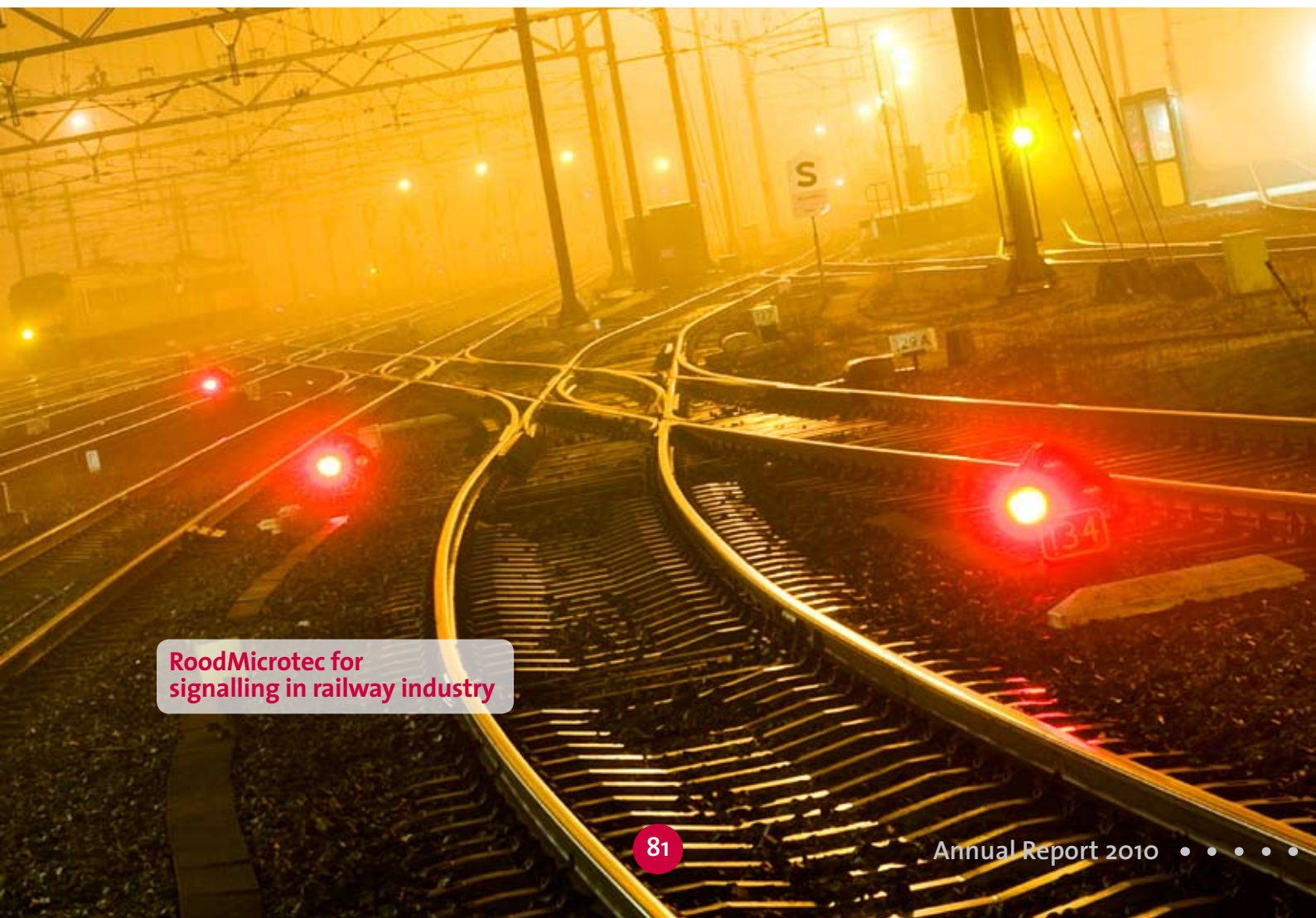
(x EUR 1,000)	2010	2009
Mr. J.H.P.M. Stolker (chairman)	13	8
Mr. V.G. Tee	8	8
Mr. C.W.M. Koot (former chairman)	3	13
Mr. A. Mommer	-	3
Total	24	32

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

Mr. J.H.P.M. Stalker holds a 1.25% participation in ICN Part Rood Fund B.V. ICN Part Rood Fund B.V. provided a loan to the company.

Other related party transactions

The Group has not entered into any joint ventures.



**RoodMicrotec for
signalling in railway industry**

Company balance sheet & Company Income statement

(before appropriation of net result)

(x EUR 1,000)	note	31 December 2010	31 December 2009
ASSETS			
Property, plant and equipment		4	5
Group companies	25	2,653	534
Loans to group companies	26	3,851	3,851
Non-current assets		6,508	4,390
Group companies		95	146
Other receivables		140	72
Cash and cash equivalents		18	1
Current assets		253	219
TOTAL ASSETS		6,761	4,609
EQUITY AND LIABILITIES			
Issued capital		3,935	3,872
Share premium		17,695	17,668
Revaluation reserve		1,552	1,647
Retained earnings		-19,977	-18,330
Result for the year		448	-1,742
Mezzanine		1,994	-
Equity	27	5,647	3,115
Interest-bearing loans and borrowings		250	250
Convertible loan	28	-	500
Non-current liabilities		250	750
Bank overdrafts		-	17
Current portion of long-term debt		650	520
Trade account and other payables		208	194
Current income tax liabilities		6	13
Current liabilities		864	744
TOTAL EQUITY AND LIABILITIES		6,761	4,609
(x EUR 1,000)		year ended 31 december	
		2010	2009
Net profit from group companies		125	-2,109
Other income		323	367
NET RESULT		448	-1,742

Notes to the company financial statements

Accounting principles and determination of profit or loss

Assets and liabilities have been valued and results determined in accordance with the valuation criteria contained in the accounting policies as stated above. RoodMicrotec N.V. makes use of the option provided in Section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of RoodMicrotec N.V. are the same as those applied for the consolidated financial statements.

Participating interests over which the company exercises significant control are accounted for by the equity method.

The consolidated financial statements are prepared according to the standards set by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as EU IFRS).

Financial fixed assets

Subsidiaries of RoodMicrotec N.V.

(Including registered office and interest)

Unless stated otherwise, the direct or indirect interest of RoodMicrotec N.V. amounts to 100%. Insignificant subsidiary companies in terms of third-party revenue and balance sheet total have been deleted. These subsidiary companies are fully incorporated into the consolidated annual accounts of RoodMicrotec N.V., unless stated otherwise. Subsidiaries are accounted for by the net equity value method.

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

Loans to group companies

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

25. 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)	2010	2009
Balance as at 1 January	534	2,043
Revaluation differences	0	0
Profit of group companies	125	-2,109
Conversion of loan to subsidiary into equity	-	600
Mezzanine capital in RoodMicrotec Nördlingen	1,994	-
Balance as at 31 December	2,653	534

26. Loans to Group companies

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

Movements in this item were as follows:

(x EUR 1,000)	2010	2009
Balance as at 1 January	3,851	1,984
New loan	-	1,867
Balance as at 31 December	3,851	3,851

27. Equity

The movements in equity were as follows:

(x EUR 1,000)	Issued Share Capital	Paid-in surplus	Legal Reserve	Other Reserves	Mezzanine	Total 2010	Total 2009
Balance as at 1 January	3,872	17,668	1,647	-20,072	-	3,115	4,132
Employee options exercised	63	-	-	-	-	63	-
Valuation options granted	-	27	-	-	-	27	27
Conversion convertible loan	-	-	-	-	-	-	667
Conversion interest payment convertible	-	-	-	-	-	-	31
Reserve building revaluation	-	-	-95	95	-	-	-
Issued capital	-	-	-	-	1,994	1,994	-
	3,935	17,695	1,552	-19,977	1,994	5,199	4,857
Appropriation of result	-	-	-	448	-	448	-1,742
Balance as at 31 December	3,935	17,695	1,552	-19,529	1,994	5,647	3,115

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

Statutory reserves

(x EUR 1,000)	Revaluation reserve	Total 2010	Total 2009
Balance as at 1 January	1,647	1,647	1,744
Addition due to correction revaluation reserve	-95	-95	-97
Balance as at 31 December	1,552	1,552	1,647

The revaluation reserve cannot be used for dividend payments.

28. Convertible loan

The convertible loan totals EUR 500,000 (2009: EUR 750,000). The convertible loan was issued on 29 April 2005 and has been refinanced in April 2010 by a new loan of EUR 750,000 with convertible rights. The loan will be redeemed by the Group in monthly payments of EUR 25,000 and EUR 50,000. Interest of 6.00% will be paid annually up to that settlement date. 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.

Movements in this item were as follows:

(x EUR 1,000)	2010	2009
Balance as at 1 January	750	1,667
Repayment due to refinancing	-750	-
New loan April 2010	750	-
Repayment 2010	-250	-917
Current portion of long-term debt	-500	-250
Balance as at 31 December	-	500

Guarantees

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

Amsterdam, 24 February 2011

Board of Management
Ph. M.G. Nijenhuis, CEO

Corporate Management Team
R. Pusch, Vice-president and CSO
T. Bucksch, CTO
H.P. Neuber, COO
R.A. Cuny, CFO

Supervisory board
J.H.P.M. Stoker, Chairman
V.G. Tee

INDEPENDENT AUDITOR'S REPORT

To the general meeting of shareholders of RoodMicrotec N.V.

AUDITOR'S REPORT

Report on the annual accounts

We have audited the Annual Accounts 2010 of RoodMicrotec N.V., Zwolle. The Annual Accounts consist of the consolidated annual accounts and the company annual accounts. The consolidated annual accounts comprise the consolidated balance sheet as at 31 December 2010, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company annual accounts comprise the company balance sheet as at 31 December 2010, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated annual accounts

In our opinion, the consolidated annual accounts give a true and fair view of the financial position of RoodMicrotec N.V. as at 31 December 2010 and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company annual accounts

In our opinion, the company annual accounts give a true and fair view of the financial position of RoodMicrotec N.V. as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

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

Amsterdam, 24 February 2011

MAZARS PAARDEKOOPEL HOFFMAN ACCOUNTANTS N.V.

drs. J.J.W. Galas RA

POST BALANCE SHEET DATE EVENTS

Reference is made to note 23.

Profit appropriation

Article 27 of the Articles of Association includes the following provisions for profit appropriation:

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

Proposed profit appropriation

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

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
Corporate management team member since July 2008
Previous positions: senior management positions with Alcatel and general manager of microtec GmbH



Norbert Wirth (1956)

Nationality: German
Corporate management team member starting February 2011
Previous positions: Senior management positions with Siemens, Infineon and Qimonda
Senior Principal Test Engineering



Remy A. Cuny (1976)

Nationality: Dutch
Chief Financial Officer
Corporate management team member since 1 November 2010
Previous positions: management positions with ALSI N.V and Micronit Microfluidics B.V.



Hans-Peter Neuber (1958)

Nationality: German
Chief Operating Officer
Corporate management team member since July 2008
Previous positions: operations manager and authorised officer with microtec GmbH since 1986

Supervisory board



Cees W.M. Koot (1936)

Nationality: Dutch
Chairman of the supervisory board from 1998 until 26 March 2010
Previous positions: senior management and board positions with Philips Components, Communications and Semiconductors



Jan H.P.M. Stolker (1955)

Nationality: Dutch
Member of the supervisory board until April 2010; since then: chairman of the supervisory board
Appointed on 26 March 2009
Term of office ends in 2013
Previous positions: senior management and board positions with ABN Amro Bank, NeSBIC Investment Funds II and a number of private companies

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



Victor G. Tee (1943)

Nationality: English
Member of the supervisory board
Appointed on 26 March 2009
Term of office ends in 2013
Previous positions: senior management positions with Philips and Siliconix
Current position: president and CEO of Millennium Microtech Group

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Ph.M.G. Nijenhuis, CEO

Members of Corporate Management Team

R. Pusch, VP and CSO
N. Wirth
H.P. Neuber, COO
R. Cuny, CFO

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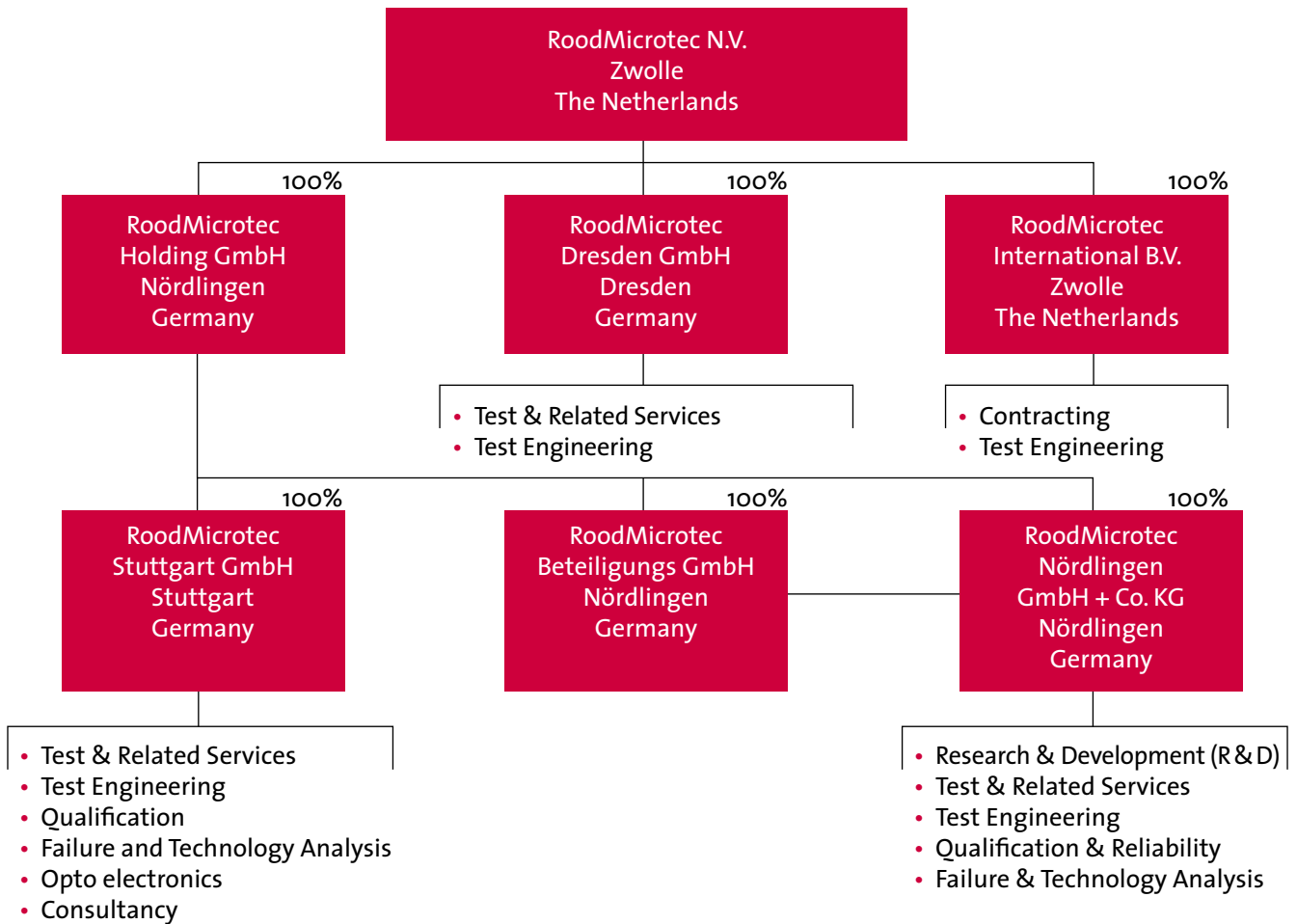
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LED Light for Your partner network
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Group Structure





RoodMicrotec for ICT/Data
processing industry



RoodMicrotec for Telecom-
munication applications

Colophon

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