

**RoodMicrotec N.V.**

**Annual Report 2014**

RoodMicrotec N.V.

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Chamber of Commerce number 33251008

## POWERFUL SOLUTIONS

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

### OEMs

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

### FCs

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

In addition to these core customers, we continue to focus on service provision to Integrated Device Manager (IDMs) and other potential customers.

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

## Preface

During the financial year 2013 we made the strategic choice to focus more on OEMs that outsource part of their activities. One of the next steps we took in 2014 was to set up our Automotive Competence Centre, which provides specific services for projects in the automotive sector. Both initiatives have led to a sharp rise in the number of quote portfolio (quotations to customers). At the start of these projects, the product is not always ready for mass production. Making it ready is referred to as the 'industrialisation phase'. Important aspects are achieving optimum quality and reliability and determining the best production methods. Subsequently, during the manufacturing of the product, improvements are continuously being made: continuous improvement.

We will continue our efforts to develop new products in partnership with FCs. In this, we work especially in automotive, industrial/medical and radio frequency (RF). These products have extensive lead times, for which reason it is important that the quote portfolio never dries up, and that the book-to-bill ratio remains above 1 at all times.

In 2014 the supply chain from Asia to Europe also showed positive developments. Asian countries are increasingly investing in the European market because of its size, which is attractive to them. RoodMicrotec benefits from this interest because our profile appeals to Asian customers which wish to do business in Europe.

In view of the above, we are optimistic about the company's growth in 2015.

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## AUTOMOTIVE COMPETENCE CENTRE

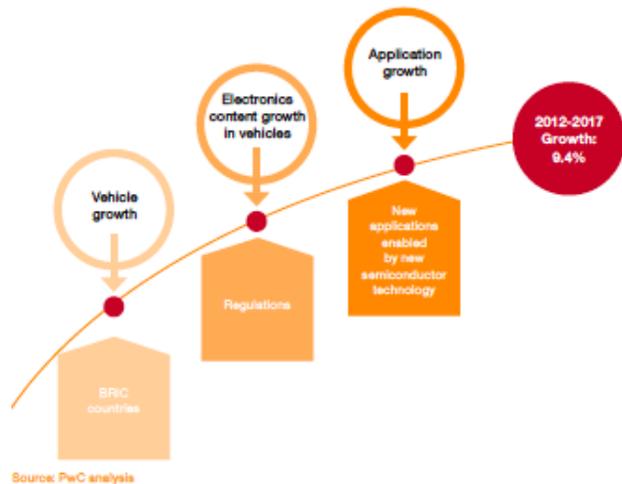
The Automotive Competence Centre (ACC) – a step change in the development of the eXtended Supply Chain Management system (SCM)

Electronic components for vehicle applications have become the global driver of the semiconductor industry. The use of electronics in conventional vehicles is growing rapidly. And new electric vehicles have even more electronic systems. In order to maintain the quality and reliability of a vehicle, or even increase it, the requirements across the whole of the supply chain (car manufacturers/primary suppliers/subcontractors/component manufacturers) must also be raised simultaneously.

At the same time, major manufacturers are starting to contract out the development of components for customer-specific ICs to subcontractors, together with the downstream process steps. As a consequence, semiconductor design houses now must find partners that are capable of undertaking all the stages following the development of a component.

In view of this new trend, RoodMicrotec decided in Q4/2014 to establish its own competencies in the automotive field and attract employees who are highly experienced in the automotive sector.

Figure 5: Key drivers for future automotive growth



### Objective of the Automotive Competence Centre ACC

The objective of the ACC is to add automotive competencies to RoodMicrotec’s existing service portfolio in order to be able to offer new services that are required and expected for automotive projects.

Its primary objectives are to:

- act as the first expert point of contact for automotive customers wishing to subcontract individual services such as component qualification, or searching for a component manufacturer to develop a new component and deliver it – under agreed accountability – to the corresponding customer’s site.
- offer full quality assurance, from quality planning and component release through to customer feedback/complaints processing, in cooperation with all competence centres at RoodMicrotec and – as required – any partners brought in to deal with specialist areas.
- coordinate, together with RoodMicrotec’s specialist departments, the selection of suitable subcontractors for the manufacture of wafers, assemblies (enclosures) and component testing.
- assume responsibility for supplier management and in this role also perform on-site process audits.
- provide consultancy services to automotive customers and give training courses and workshops.

### Benefits to automotive customers

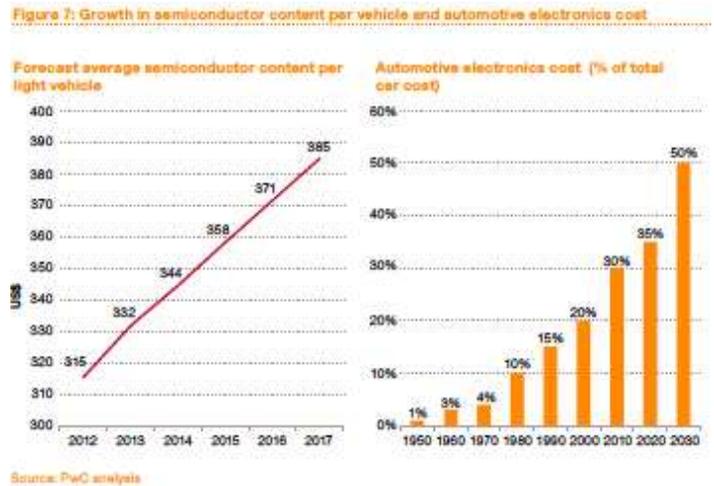
Automotive customers can expect detailed understanding of their specific requirements, right from the very beginning.

We are fully equipped with the fundamentals required for automotive projects such as:

- Knowledge and experience of all standards and regulations in the context of AIAG, VDA, AEC, ZVEI, JEDEC.
- Consistency in activities and agreements (action lists)
- Rapid response times and compliance with deadlines, which is very important for OEMs and FCs
- Fast problem-solving using the 8D process
- Preventive QA by means of APQP, PPAP, PCN and process audits (VDA6.3)

### Automotive Competence Centre ACC services

The ACC brings together all the services required to carry out both small and large-scale semiconductor projects. Further areas may be added, depending upon the market situation.



### Projects and prospects

The establishment of the ACC comes on the back of several years' experience handing SCM projects for the automotive industry and other industrial sectors. This is how we gained extensive experience of certain specialised areas in the automotive sector such as qualification, assembly, test, burn-in, delivery, failure analysis, etc. We have already reached the final stage of the tendering process for complete projects following the design of a component (back-end), for which RoodMicrotec will function as a fully accountable supplier of bulk component quantities.



## 2014 HIGHLIGHTS

### Commercial/operational

- Sales in 2014 of EUR 9.971 million fell by 11% compared to 2013 (EUR 11.180 million) due to longer lead times and postponement of some large orders. Decline mainly in Test, Test Engineering and Qualification & Reliability.
- Lower sales and seizing new market opportunities have resulted in a net result of EUR 1.693 million negative in 2014 (2013: EUR 0.284 million negative).
- Increased investments in the second half of 2014 in sales and marketing.
- Setup of Automotive Competitive Centre and investments in automotive infrastructure as a result of new automotive projects and new prospects.
- Investments in highly promising projects like 'light switches based on radiofrequency'.
- Strategic partnership with Fraunhofer Institute IIS.
- Further strengthening of SCM.
- New test handling and programming equipment to handle new promising products of (new) customers.
- Sharp increase of our quote portfolio and a continued positive book-to-bill ratio.
- Significant headcount cost reduction program resulting in EUR 1.300 million within the next three years. This program is partly based on attrition, as well as on forced layoffs.
- The difference in personnel costs compared to 2013 was caused mainly by a non-recurring income in respect of the pension scheme.
- Strategic adjustment in response to changing market conditions. Our new approach involves longer lead times.

### Financials

- EBITDA: EUR 0.722 million negative (2013: EUR 0.870 million positive).
- EBIT (operating result) is EUR 1.514 million negative (2013: EUR 0.13 million negative).
- Net result of EUR 1.693 million negative (2013: EUR 0.284 million negative): at year-end 2014 the company had approximately EUR 15 million accumulated tax losses which can be offset against future tax profits for an indefinite period of time. In other words, the company's tax loss carry forward potential is around EUR 15 million. However, the company takes a conservative approach on this and has only recognised EUR 1.6 million as deferred tax asset in its balance sheet.
- Net cash position improved from EUR 1.326 million negative in 2013 to EUR 0.192 million positive in 2014. The net cash from operating activities amounted EUR 0.262 million negative in 2014 compared to EUR 0.017 million positive in 2013.
- The working capital position improved strongly from EUR 1.331 million negative in 2013 to EUR 0.125 million negative in 2014.
- Decrease in solvency rate to 27% (2013: 39%) as a result of the net loss and the decrease of the pension discount rate from 3.6% to 2%. (This change in discount rate had a negative impact on the equity position in the amount of EUR 1.0 million).
- Issue of EUR 2,500 million bond loan and repayment of bank loans. All short-term loans, except for the finance lease, were redeemed using the proceeds from the bond loan. This form of financing has greatly reduced RoodMicrotec's finance liabilities for the short term.

## PROFILE

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

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

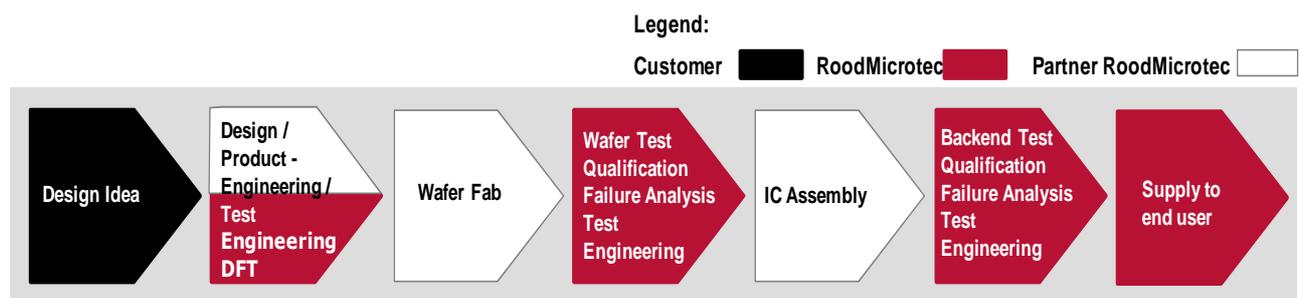
RoodMicrotec's services comply with the industrial and quality requirements of the high reliability/space, automotive, telecommunications, medical, IT and electronics sectors. 'Certified by RoodMicrotec' refers inter alia to certification of products to the stringent ISO/TS 16949 standard that applies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

At year-end 2014, the company had 94 full-time employees with an average of 97. In 2014 sales of EUR 9.971 million generated a net result of EUR 1.529 million negative.

## Know-how

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

## SUPPLY CHAIN



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

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

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

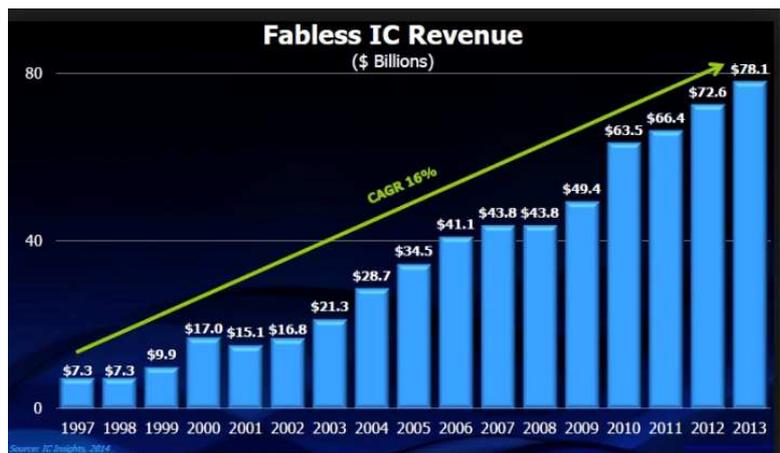
Right from the chip specification phase, RoodMicrotec's experienced test engineers can collaborate with ASIC design engineers on a test concept targeting the selected test environment. If required, appropriate measurement blocks can be designed into the ASIC at this stage. This DfT (Design for Testability)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

eXtended SCM is an additional offer uniting multiple disciplines and by no means replaces any of RoodMicrotec's individual services we have been providing to our customers for many years.

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

### General indication/market analysis:

The growth potential of our future growth markets, the OEM & Fabless markets, have an enormous growth potential in the future. The FCs and OEMs are the fastest growers of the world. The picture below shows the growth of the fabless IC industry up to 2013. The average CAGR amounts 16%.



## Individual services

RoodMicrotec distinguishes the following individual core services:

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

## **Products**

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

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

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

## **Collaboration with (financial) partners and customers**

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

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

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

## **VISION, MISSION, STRATEGY**

### **Vision**

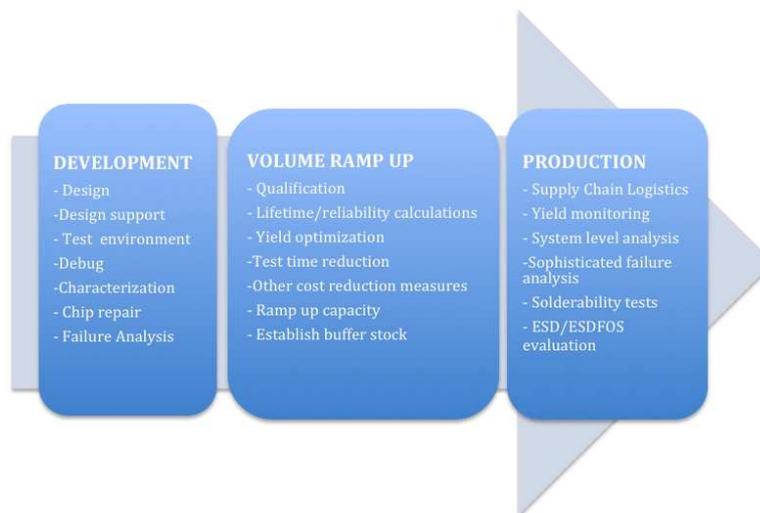
We anticipate that an increasing number of product design companies will focus on the partial segments in which they have a strong position, but also that many of these often vertically integrated companies will shed non-core activities to lower their risk exposure. Such activities would be testing,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

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

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

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

### RoodMicrotec - Services for the entire product lifecycle



### Mission

We have set ourselves the following mission:

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

### Strategic analysis

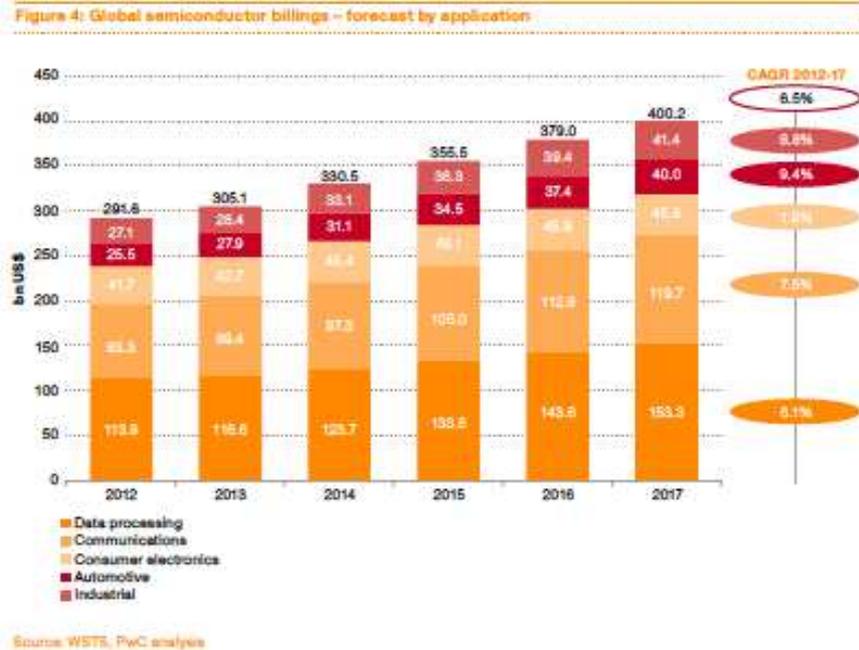
Characterisation of our market

The semiconductor industry can be characterised as follows:

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

### Growth by application

The largest overall industry segments will remain data processing and communications in the period to 2017. However, it is the smaller segments – automotive and industrial – that are likely to display the highest growth rates – with automotive set to grow by 9.4% annually and industrial by 8.8% CAGR until 2017.



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

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

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

OEMs are becoming ever leaner. To this end, they contract out non-core activities, including semiconductor manufacturing facilities. It is vital for OEMs to have a supply of reliable highly qualified chips. Production continuity is of the essence. But they also often require tailored solutions. We are uniquely qualified to provide these solutions in collaboration with our partners. Protection of specific features of these products may play an important role in this. FCs are even more motivated than the other categories to protect their know-how. IP protection is their priority. As a service provider, we are never in competition with FCs, so their intellectual property is maximally protected. Also, FCs have shown double digit growth over the past few years. There are between 300 and 400 of these FCs in Europe, many of which are active in complex mixed-signal chips.

## Strategy

Our strategy comprises:

1. expanding our sales force;
2. focus on the growth segments; automotive; industrial and "internet of things", like ZigBee solutions.
3. strengthening and expanding engineering capacity;
4. strengthening the internal organisation;
5. strengthening our position in the market by organising seminars on qualification, failure analysis and engineering and possibly on outsourcing;
6. acquisition and/or partnering.

## Long-term strategy and M&A

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

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

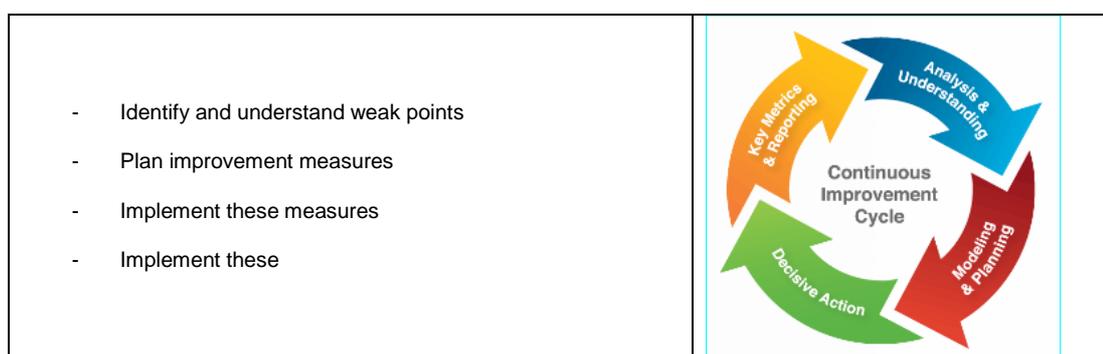
It is our objective to strengthen and broaden the basis of the company and create shareholders value.

## Continuous improvement

Achieving the zero defect objective through continuous improvement

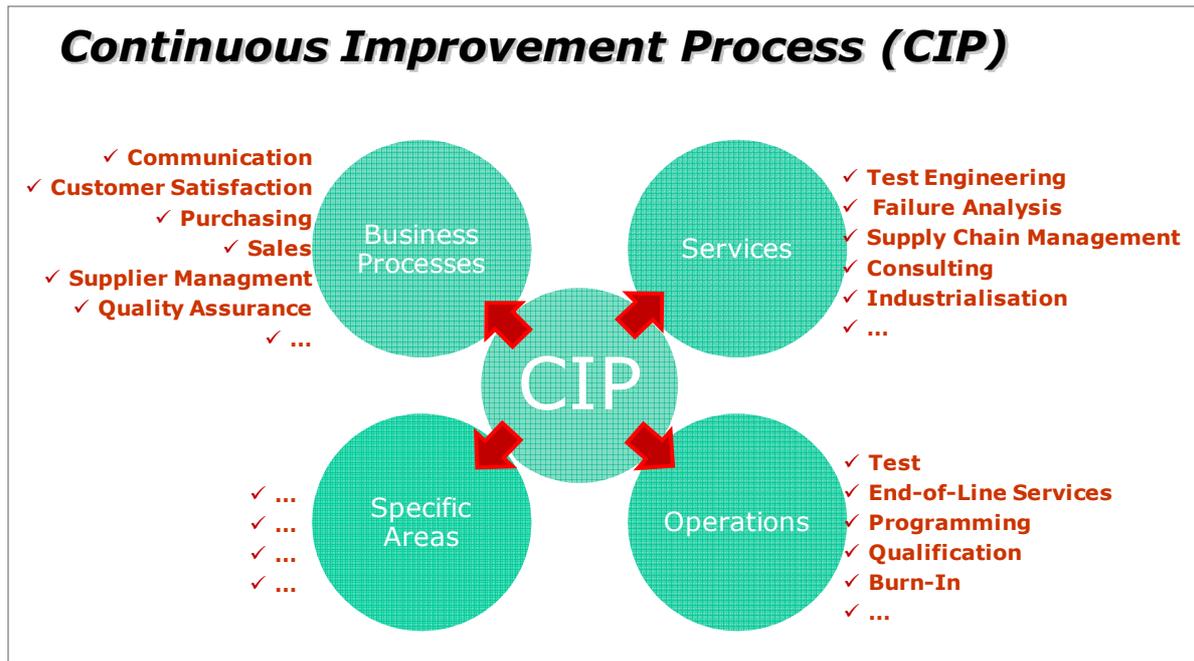
The zero defect objective forms part of the RoodMicrotec's corporate policy. In order to achieve this objective, all processes are continuously reviewed in terms of effectiveness, efficiency and flexibility. Sub-optimal process steps are subjected to a process of continuous improvement in terms of the importance and impact on the product, the company and the customers, by the teams that are responsible for them.

Continuous improvement is achieved by means of a quality control loop:



**Example: Automation of measurement data evaluation**

<b>Weakness /potential for improvement</b>	Administrative data (order, batch number etc.) for the individual test results (log files) must be manually compiled for each order. This is time-consuming and prone to lead to errors.
<b>Objective</b>	Error prevention and time/cost savings
<b>Improvement measure</b>	Development of an evaluation program (script) that automatically evaluates all the log files for an order and outputs the necessary data. Program test and qualification to validate its effectiveness and for process approval.
<b>Result</b>	Entry errors are excluded. Time required per order reduced from 5 hours to 15 minutes.



**I. ROODMICROTEC IN PERSPECTIVE – 2014**

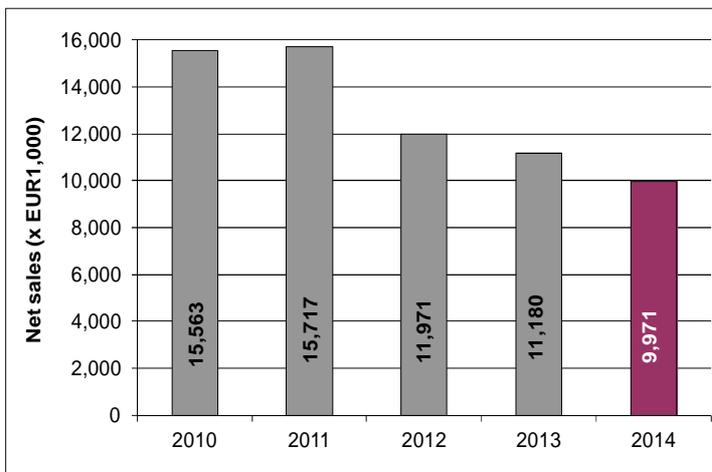
**SALES: EUR 10.0 MILLION**

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

To retain our intended market position we need volume and sales growth. Sales growth allows us to invest in the expert knowledge in the company and thus bringing about essential cost reductions. The European market has been relatively flat since 2009, which was one of the reasons why RoodMicrotec’s sales slumped. The average semiconductor market growth in 2015 and 2016 is forecast at 4.9% and 3.1% respectively (WSTS, World Semiconductor Trade Statistics forecast).

As of 2014, RoodMicrotec’s sales will expectedly increase again in parallel with the expected market growth.

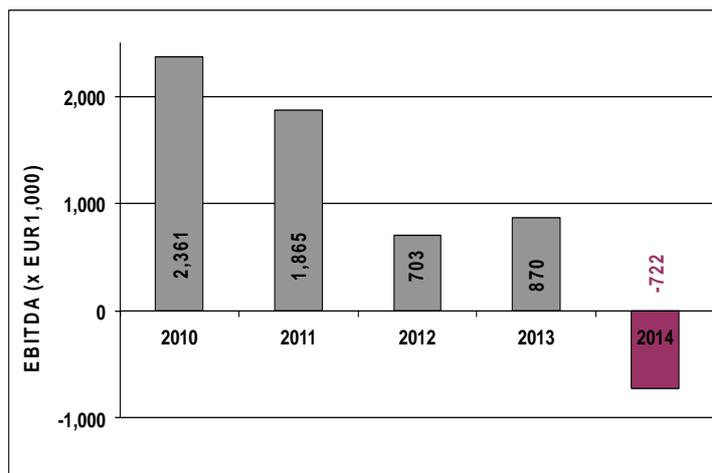
*Objective for 2015 - 2019:* Long-term (2015 and beyond) we aim to continue to grow at the same rate as in the last 10 years (autonomous growth between 3% and 13%), i.e. at least at the same rate as the global market.



**EBITDA: EUR -0.7 MILLION, OR -5% OF SALES**

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

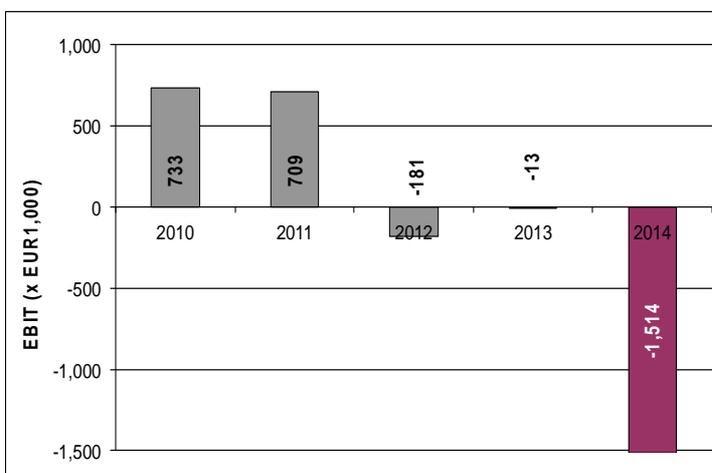
*Objective for 2015-2019:* EBITDA to rise to at least 10-15% of sales.



**EBIT: EUR -1.5 MILLION, OR -13% OF SALES**

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

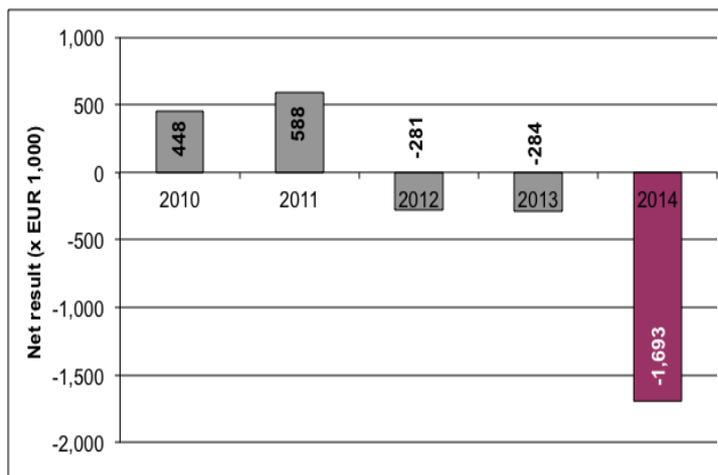
*Objective for 2015-2015:* EBIT to rise to 5-10% of sales.



**NET RESULT: EUR -1.7 MILLION**

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

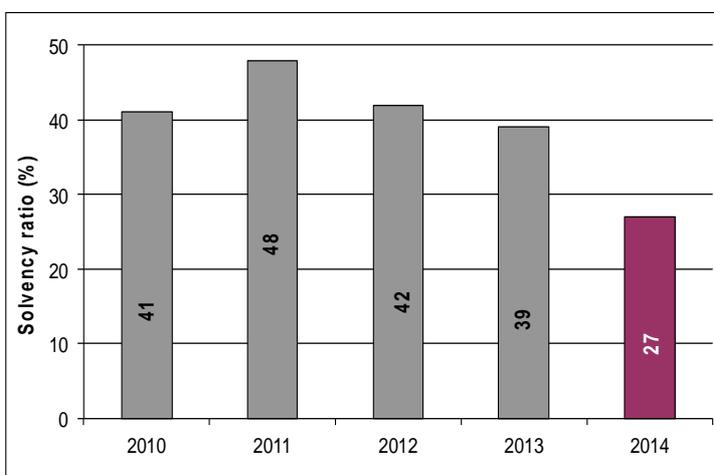
*Objective for the next five years:* to raise the net result step by step to a level between 4% and 10% of sales.



**SOLVENCY: 27 PERCENT**

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

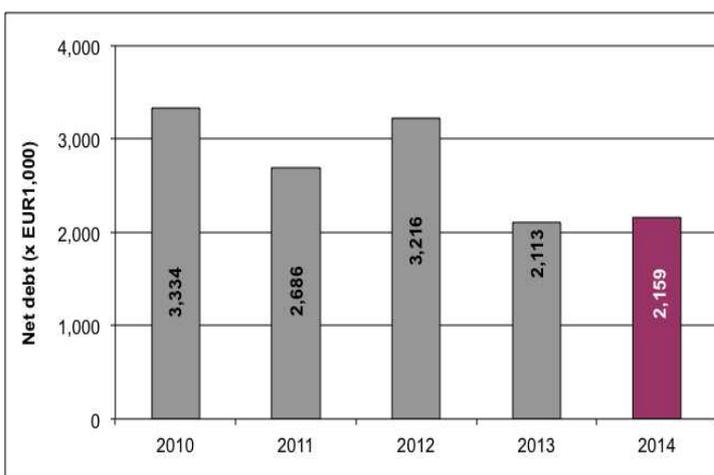
*Solvency target:* between 38% and 50%.



**NET INTEREST-BEARING DEBT: EUR 2.2 MILLION**

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

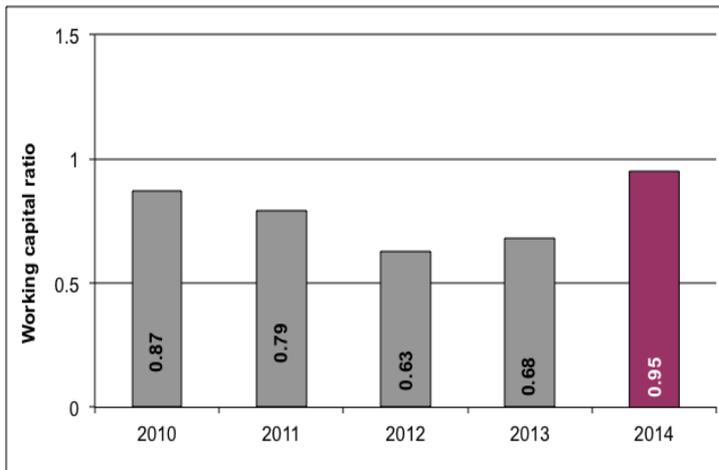
*Objective:* a moderate reduction of the debt position independent from banks based on the present business model.



**WORKING CAPITAL RATIO: 0.95 (CURRENT ASSETS/CURRENT LIABILITIES)**

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

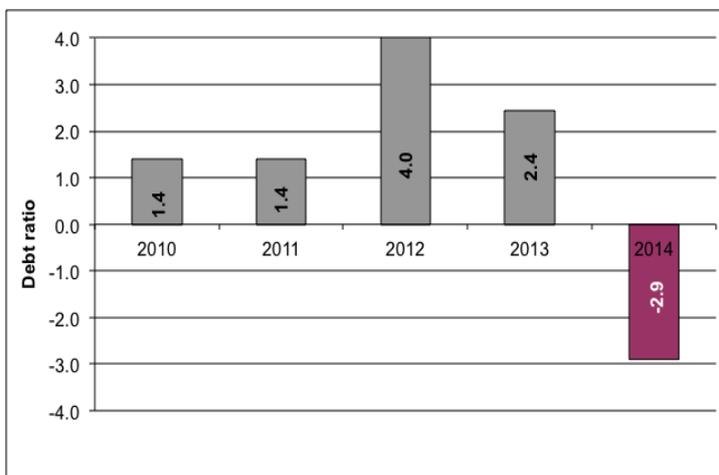
*Objective:* to keep the working capital ratio to a gross margin of between 1.0 and 1.5.



**DEBT RATIO: -2.9**

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

*Objective:* RoodMicrotec considers a debt ratio of between 1.0 and 4.0 as a solid position that can be defended vis-à-vis the bank syndicates.



## II. KEY FIGURES

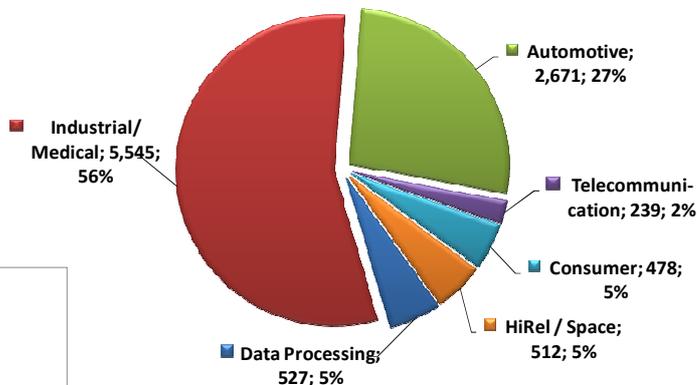
### 31 December 2014

(X EUR 1,000)

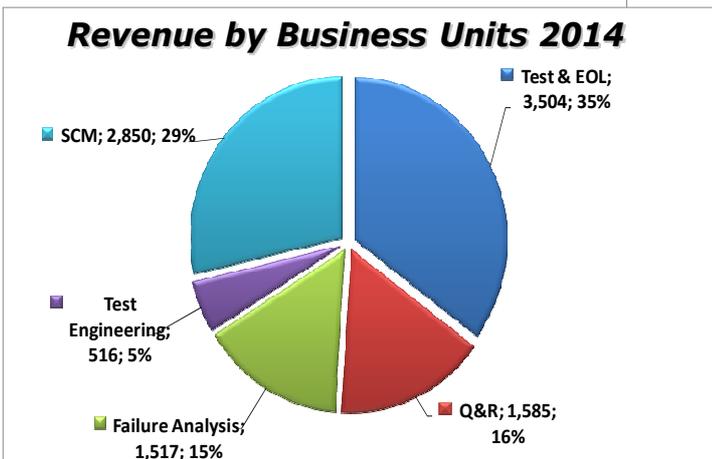
	IFRS 2014	IFRS 2013 Restated	IFRS 2012 Restated	IFRS 2011	IFRS 2010
<b>Result</b>					
Net sales	9,971	11,180	11,971	15,717	15,563
Gross margin	8,184	9,021	9,688	12,342	12,242
EBITDA	-722	870	703	1,865	2,361
EBIT (operating result)	-1,514	-13	-181	709	733
EBT	-1,675	-243	-507	408	207
Cash flow (net result and depreciation)	-901	599	603	1,744	2,076
Cash flow from operating activities	-262	17	899	1,939	1,689
Net result	-1,693	-284	-281	588	448
<b>Capital, Debt &amp; Liquidity Ratios</b>					
Total assets	13,617	13,941	12,915	12,857	13,726
Group equity	3,706	5,396	5,457	6,139	5,647
Net debt	2,159	2,113	3,216	2,686	3,334
Capital (net debt + equity)	5,865	7,509	8,173	8,824	8,981
Gearing ratio (net debt/ capital)	37%	28%	37%	30%	37%
Solvency (group equity / total liabilities)	27%	39%	42%	48%	41%
Debt ratio (net debt / EBITDA)	-2.99	2.43	4.57	1.44	1.41
Net working capital	-125	-1,331	-1,422	-831	-569
Working capital ratio	0.95	0.68	0.63	0.79	0.87
<b>Assets</b>					
Tangible fixed assets	5,567	5,446	6,347	5,732	5,710
Investments in tangible fixed assets	499	535	1,475	1,024	681
Depreciation of tangible fixed assets	792	869	860	1,156	1,600
<b>Data per share (x EUR 1,-)</b>					
Capital and reserves	0.09	0.14	0.15	0.17	0.16
Operating results	-0.03	0.00	-0.01	0.02	0.02
Cash flow	-0.00	0.00	0.03	0.05	0.05
Net result	-0.03	-0.01	-0.01	0.02	0.01
Share price: year end	0.25	0.16	0.15	0.16	0.17
Share price: highest	0.35	0.18	0.23	0.31	0.19
Share price: lowest	0.15	0.14	0.15	0.14	0.15
<b>Issue of nominal shares</b>					
At year end (x 1,000)	43,519	38,674	35,769	35,769	35,769
<b>Number of FTE's (Permanent)</b>					
At year end	94	96	103	106	120
Average	97	99	103	111	124
Sales (total)/ Average FTE's (Permanent)	103	113	116	142	126

III. KEY CHARTS

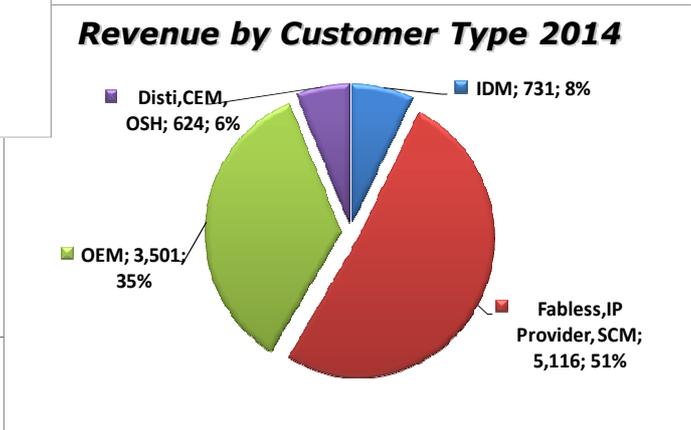
**Revenue by Markets 2014**



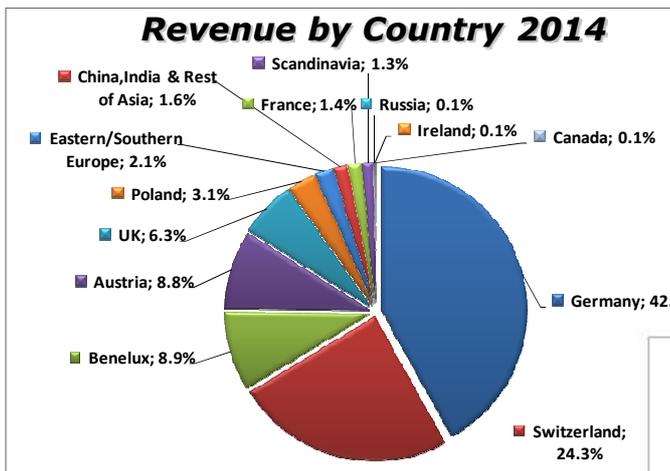
**Revenue by Business Units 2014**



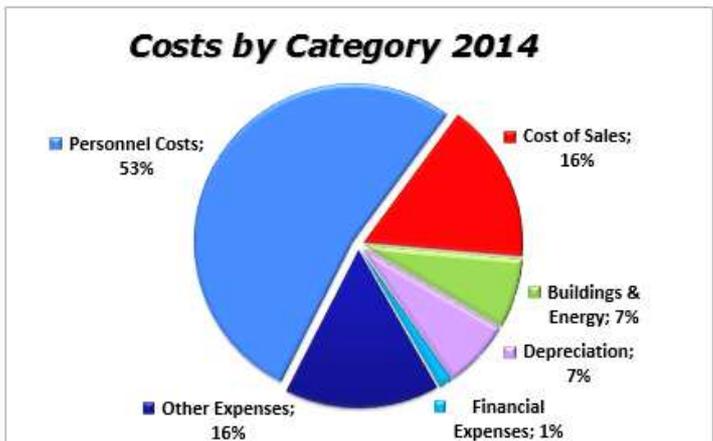
**Revenue by Customer Type 2014**



**Revenue by Country 2014**



**Costs by Category 2014**



## IV. SHAREHOLDER INFORMATION

### Listing

RoodMicrotec N.V. is a public limited liability company with its registered office in Zwolle, the Netherlands and has a listing on the Euronext Amsterdam Stock Exchange since 1986 for shares and warrants:

- Shares, ISIN CODE : NL0000440477
- Warrants serie I, ISIN CODE: NL0010611406, exercisable until 7 October 2016, exercise price EUR 0.15
- Warrants serie II, ISIN CODE: NL0010938130, exercisable until 8 January 2016, exercise price EUR 0.13

RoodMicrotec NV has secured bonds traded on NPEX, the Hague since 2014 under ISIN code NL0010811030.

### Major Holdings and Capital Interests in Securities-Issuing Institutions

As at 31 December 2014, RoodMicrotec has received in the context of the disclosure requirements of the Major Holdings and Capital Interests in Securities-Issuing Institutions following from the (Dutch) Financial Supervision Act (Wft) the following reports:

Kuijkens BV / Kok	11.21%
G. Schaaij	5.75%
Sitimo Ltd	3.47%
P.M.G. Nijenhuis	3.64%

### Regulations to prevent insider trading

We comply with the disclosure and notification requirements in the Rules on preventing market abuse and on operating in markets in financial instruments following from Section 5.4 of the Wft and the Decree on Market Abuse (Besluit marktmisbruik Wft). A broad circle of employees and consultants has signed a declaration binding them to abide by these insider rules. The members of the management board and the supervisory board also comply with the disclosure requirements of Major Holdings and Capital Interests in Securities-Issuing Institutions following from the Wft. The Netherlands Authority for the Financial Markets (AFM) monitors compliance with these statutory provisions.

### Dividend

So far, we have not distributed any dividend since our financial position excluded it. The management prefers to allow the company to grow and further improve its financial health over the next few years. The management prefers to use the company's own resources to finance growth, and strives to raise the market value of the share through such growth. In the next few years, we will seek a balance between the intended debt reduction, essential investment and a fair return for investors. The management board proposes in view of the negative results not to distribute any dividend for the 2014 financial year. Our priority is balanced debt management without jeopardising growth.

Changes in the number of shares in 2014 (x EUR 1,000):

Position as at 1 January 2014: 38,674. Position as at 31 December 2014: 43,519

At 31 December 2014, the company held 4,100 of its own shares.

### Investor relations

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

High on the agenda for this year and the next few years is intensifying the communication with our shareholders and bondholders. This is partly in view of our bond loan issue earlier this year, which has raised the number of stakeholders

in RoodMicrotec greatly. In this context, we are organising meetings for our shareholders and bondholders in case its opportune

As in 2014, we will raise our profile in 2015 by organising seminars highlighting our core activities and the corresponding services for FCs and OEMs. The objective is to communicate our specific knowledge and share it with our customers and partners. We will also focus more on publicity

Communication with the various target groups is effected through the company's website, [www.roodmicrotec.com](http://www.roodmicrotec.com), and our newsletter.

### **Liquidity provider**

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

### **Analysts**

The company does not pay fees to analysts for preparing reports, analysts' reports are evaluated only for factual inaccuracies and analysts' meetings and suchlike are not held shortly before the publication of regular financial information.

### **Annual general meeting of shareholders 2014**

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

### **Financial agenda**

30 April 2015	Publication annual report 2014
14 May 2015	Publication trading update
11 June 2015	Annual general meeting of shareholders
9 July 2015	Publication sales figures first half 2015
27 August 2015	Publication interim report 2015
27 August 2015	Conference call for press and analysts
12 November 2015	Publication trading update
7 January 2016	Publication annual sales figures 2015
25 February 2016	Publication annual figures 2015
25 February 2016	Conference call for press and analysts
10 March 2016	Publication annual report 2015
21 April 2016	Annual general meeting of shareholders
12 May 2016	Publication trading update
7 July 2016	Publication sales figures first half 2016
25 August 2016	Publication interim report 2016
25 August 2016	Conference call for press and analysts
15 November 2016	Publication trading update

## V. REPORT OF THE CEO

### General

Our strategy aims to realise increasing amounts of recurring sales by means of eXtended Supply Chain Management. This is different from before, when RoodMicrotec was far more focused on offering individual services that were unconnected and tended to be one-off projects. Now, we are increasingly offering integrated services in the form of a complete product for the entire lifetime of the product/chip. This leads to longer-term projects with more stable, more predictable and less cyclic sales. However, these projects have longer lead times, because we first do engineering work and invest before we start generating significant sales.

### Trends

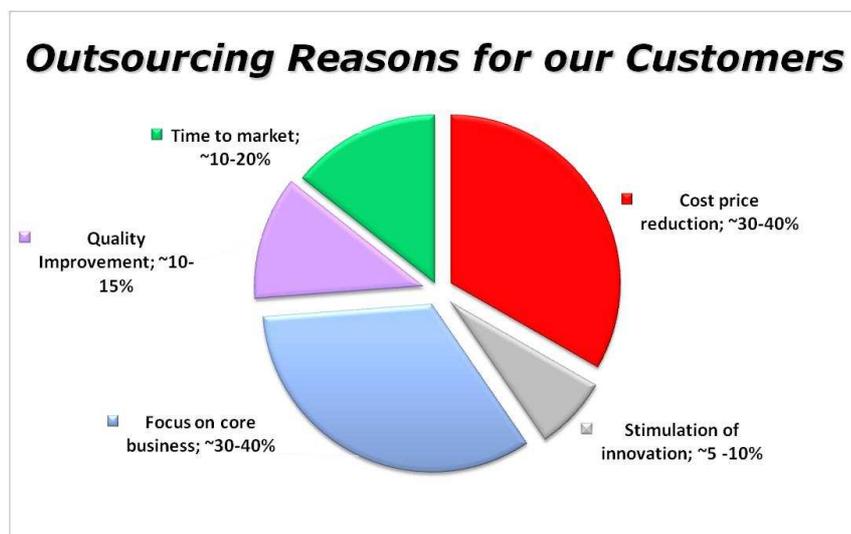
#### Outsourcing

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

This outsourcing trend is expected to continue. Partly due to its infrastructure, RoodMicrotec is in an excellent position to profit from this optimally. We are highly experienced in a wide range of services, such as test engineering, failure & technology analysis and qualification & reliability. With shock proofing, thermal load and electrostatic discharge tests, we are uniquely able to investigate whether products will function under all conditions and predict their expected life. Another benefit is that we as an independent service provider are never in competition with the IP of other companies, in fact we can protect our customers' IP.

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

Outsourcing of activities by OEMs creates a win-win situation for both parties. By transferring ASIC development and production to us, OEMs can focus on their core activities: application and sales of mechanical and electrotechnical products. For OEMs, outsourcing also means considerable cost savings, quality improvements and shorter time-to-market. The projects outsourced to us will run several years, providing us with a solid base and predictable sales. Equipment taken over from this OEM can also be used for other customers in the RF market, which will further boost sales.



## **Secured Bond**

The successful issue of bonds with mortgage cover, via NPEX and the strengthening of our equity have had a very positive impact on our balance sheet ratios and on our financial position in general so we will be able to roll out our strategy better. This improved position enables us to contribute more actively to the development of new products, generating recurring sales.

Our new strategy involves co-investing in new promising projects while also investing in additional sales capacity, the latter mainly in order to compensate for the decline in sales with our 'traditional' product portfolio. By co-investing in promising projects, we aim to try to break through the continuing lending restraint in the financial markets, which often frustrates our customers, many of which are FCs, in their development. With our approach, we aim both to boost the development of FCs and increase our sales and our position in the marketplace.

## **Co-creating, co-operation and co-investing**

Our new strategy involves co-investing in new promising projects while also investing in additional sales capacity, the latter mainly in order to compensate for the decline in sales with our 'traditional' product portfolio. By co-investing in promising projects, we aim to try to break through the continuing lending restraint in the financial markets, which often frustrates our customers, many of which are FCs, in their development. With our approach, we aim both to boost the development of FCs and increase our sales and our position in the marketplace

We have transformed ourselves from a pure testhouse into a semiconductor company for new applications. Where in the past everything revolved around equipment and the operators, we are now focusing on finding solutions and offering a complete product based on integrated services throughout the lifetime of the product/chip. In this way, we will contribute more actively to new product development (co-creating and co-operation), which will result in recurring sales and in long-term projects that yield more stable, more predictable and less cyclic sales.

The majority of the headcount is nowadays of engineering degree level or similar. And our customers base is also completely changed. We used to supply a few major IDMs, but now our main customers are OEMs and FCs like Philips, Siemens, Bosch and Porsche.

### *Examples of co-creating*

1. A customer has a dream to develop a product based on physical and/or medical insight. RoodMicrotec makes a proposal with design partner on how to bring the product to market using its eXtended Supply Chain.
2. A customer has an existing proven design, but no idea how to set up the supply chain for this product. RoodMicrotec can provide a solution.

### *Examples of co-operation*

3. A certain customer has no access to the market yet. RoodMicrotec offers – on condition of a long-term contract – to make use of its market position to promote this product.
4. RoodMicrotec is already handling the supply chain for a specific customer, but the customer is losing market share with his product. RoodMicrotec can redesign the product to reduce the price.

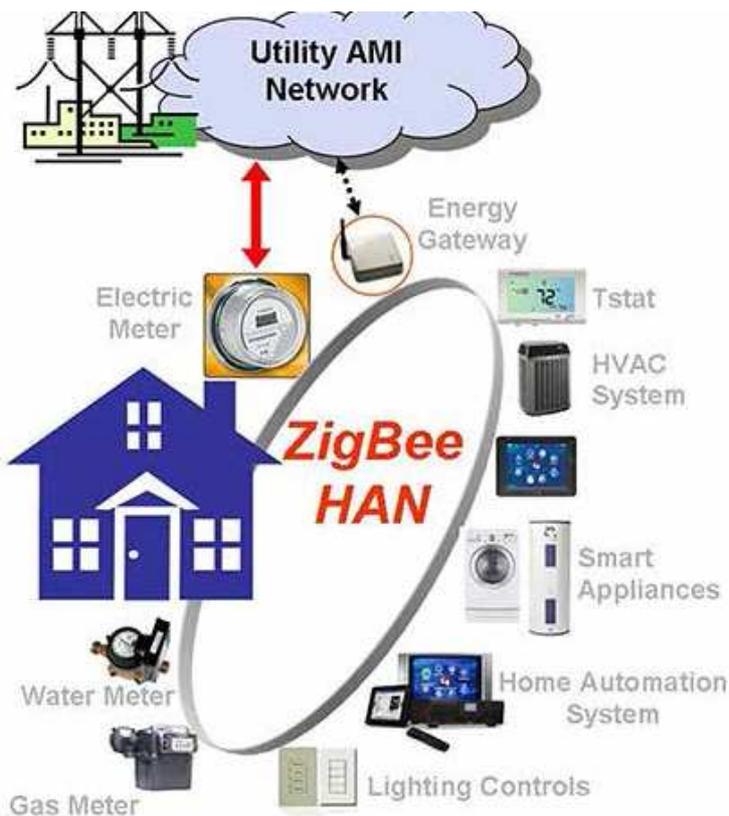
*Examples of co-investing*

5. In this case the customer has his own product. Based on a supply chain agreement for the chips worth several millions RoodMicrotec will handle the entire engineering investment which will pay itself back in the course of the long-term contract.

6. Another customer who has his own product. A cost reduction program (continuous improvement) of 200k EUR has been set up, resulting in a cost price reduction of 30%. Costs (investment) will be recouped in the course of the long-term contract (several million devices).

These are all examples of promising projects, but these projects have longer lead times, because we perform engineering work and invest before we start generating significant sales. *Example of a promising project: "Communication Chip"*

The memorandum of understanding on the communication chip is a concrete example of the co-operation aspect of our new strategy. The device can be used in a number of advanced electronic applications such as smart metering, home, building and industrial automation. With ultra low power consumption, it allows wireless communication between 'things' (objects, products, equipment, systems) and between these things and humans, as envisaged in the EU initiative 'The Internet of Things' (IoT). The chip complies with the ZigBee standard, the leading standard for short-range wireless connections.



**New product development**

In our new strategy we focus increasingly on supporting product development by OEMs and FCs. This has already resulted in several contracts for long-term projects and recurring sales. In addition, we are working on the preparation for 10-20 also long-term projects with recurring sales. These form the main foundation for our growth strategy. We anticipate that these projects will be turned into contracts in the near future, which will lead to structural additional sales. In order to raise the volume of orders long-term, we continue to work on strengthening our sales organisation.

**Partnership with Fraunhofer Institute**

RoodMicrotec and Fraunhofer Institute for Integrated Circuits IIS agreed in 2014 to expand their existing cooperation. The aim is to offer customers complete solutions from ASIC design to supply chain management.

Fraunhofer IIS, one of Europe's leading IC design facilities, located in Erlangen, Germany, and RoodMicrotec, an independent value-added service provider in the area of micro and optoelectronics for FCs and OEMs, will combine their experience, know-how, equipment and highly skilled staff in order to provide customers with a more efficient and

complete supply chain solution from concept covering all the processes of design, manufacture, assembly, electrical test and qualification, all the way down to delivery of the product ready for volume production of the customers end product.

Fraunhofer IIS has a proven track record as a technology and foundry-independent design facility and offers access to Multi Project Wafer fabrication and single die tooling with ams, IHP and GlobalFoundries. This cooperation enables RoodMicrotec to offer end-to-end solutions to ASIC users, FCs and IP providers. Fraunhofer IIS works on advanced ASIC and IP solutions in a broad range of technologies. It has long-term business partnerships with ams and IHP Microelectronics and access to other world class foundries such as XFab and TowerJazz. Fraunhofer IIS is also a GLOBALFOUNDRIES channel partner.

At times when ASIC suppliers and foundries tend to concentrate on key high-volume customers, it is important also to give start-ups and companies with lower volumes easy access to ASICs. RoodMicrotec complements Fraunhofer IIS' services portfolio, by offering customers of Fraunhofer IIS a supply of fully qualified and tested ICs in any volume.

This partnership not only extends the services portfolios of Fraunhofer IIS and RoodMicrotec, it also meets several customer demands.

RoodMicrotec also has partnerships with IMEC, EMPA, Nanoscope and Nanophysics.

**Reliability of our business planning**

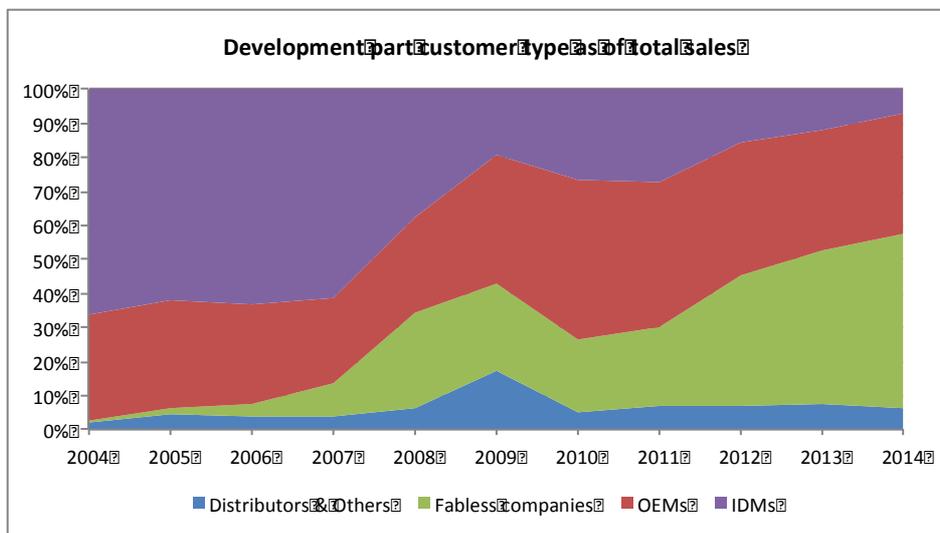
Our plan and budget process is a very time expensive process and done thoroughly. All our sales managers and directors are involved in this process. Our sales forecast is based on information coming from our customers, a bottom up approach.

The results of the well-prepared information of our customers have been reflected in our budget. This also means that leads and prospects generated after the budget period, as off January 2015, throughout the year are not taken into account.

Our experience over the past 10 years showed us that in some cases the growth is much higher than expected, sometimes lower. During the crisis, as off 2009, the uncertainty was higher than normal. We have had for example a very successful period between the second half 2010 and the first half 2011. In that period our revenue increased significantly but deteriorated again in the second half of 2011.

**Strong improved indicators and significant cost reductions**

Our total revenue over the last 10 years increased very strong between 2004 and 2011. We had deterioration during the crisis. In 2014 our revenue increased in the second half year compared to the first half year. The total revenue is the sum of our three segments: FCs and OEMs on the one hand and IDMs on the other hand. Our revenue increase was caused by our improved position in FCs and OEMs. In



2004 our revenue from IDMs was roughly 70% of the total revenue, in 2014 roughly 10%. On the other hand our revenue from FCs and OEMs increased sharply from about 30% to 90% in 2014. We realised significant growth in our core segment, which is an important element in our strategic forecast.

Another consequence is that fabless companies need a longer start-up phase, but it is expected it leads to much more recurring business.

Of course, results realised in the past do not guarantee results, but that applies both upward and downward.

Our commercial efforts have resulted in a strong increase of our quote portfolio, an increase of the hit rate from quote to order and an increased book-to-bill ratio between 1.00 and 1.25 over the last 1.5 years (see figure 1). Over the past two years our quote portfolio has increased from about EUR 3 million in January 2013 to about EUR 11.5 million in December 2014 (see figure 4), an almost four-fold increase, in combination with a relative high hitrate (see figure 2 and 3).

Part of our strategy is also to strengthen our sales force, which we hope will result in a further increase of our quote portfolio, hit rate and book-to-bill ratio in 2015. This expectation is in line with the thoroughly prepared bottom-up forecasts from our sales managers/customers. All indicators point to increasing revenue and results, none point to the opposite.

The management of RoodMicrotec is based upon what is mentioned before convinced of the strategic choices we have made and of future growth which will result in better financial results, as presented in our forecast.

Of course, revenue guarantees for the year are impossible. We do not consider uncertainty concerning revenue as an argument to reduce the forecast for reasons of prudence. An annual report which shows a too negative perspective concerning the future is as incorrect and unreliable as a report which is too optimistic. From our point of view, we feel bound to disclose in our annual report, as we have done in the past, the uncertainty concerning future prospects.

As discussed before our growth is coming from FCs and OEMs. The difference with doing business for IDMs is that orders from IDMs create business at short notice, while orders from FCs and OEMs require extensive preparation times and involve greater uncertainty. The financial crisis has reduced our revenue significantly. Many customers are unable to get funding in time. We have changed our way of working with our customers by introducing co-creating, co-operation, co-investing.

One of our most important sales indicator is the development of our quote portfolio. We provide for the months below a detailed and quote portfolio.

Despite the fact that we expect higher revenue in the coming years, we will reduce our head count significantly. This will be achieved partly through natural wastage and reassigning and reorganising task and responsibilities. Forced layoffs are not excluded.

Despite the fact that we expect higher revenue in the coming years, we will reduce our head count significantly. This will be achieved partly through natural wastage and reassigning and reorganising task and responsibilities.

Trend of the business in the past As demonstrated below, we have achieved a growth of 6.5% per year on average

The autonomous sales growth of our future growth markets OEMs increased from EUR 2.4 million in 2004 to EUR 3.5 million in 2014 and FCs increased from EUR 0.1 million in 2004 to EUR 5.1 million in 2014 resulting into a CAGR of 12%. This growth is for us a solid basis for further growth in future years. Decline in revenue in the past 3 years is recognised by management and the following actions have been undertaken to enforce a turnaround in the business, as set out in this annual report, including the significant change in our strategy to focus on OEM & FCs and no longer on IDM business.

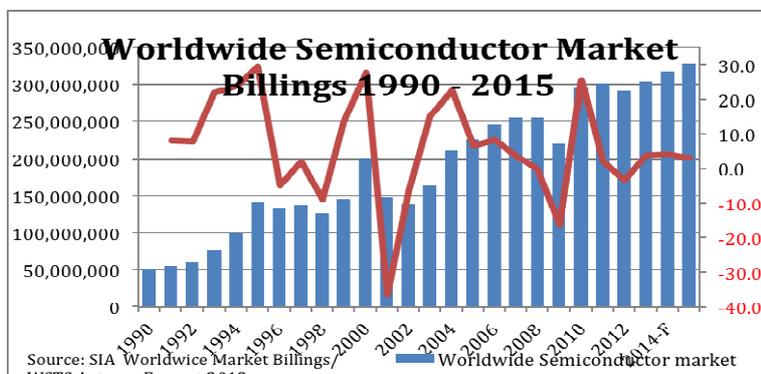
With reference to the strategic choices made, the following division in the sales of RoodMicrotec can be made, which demonstrates a clear decline of the traditional activities and a strong increase of the new activities in the total portfolio of activities.

### Developments in the market

A significant part of our OEM & FCs have products for Industrial & Medical applications, in which market segment we are realizing about 56% of our total revenue. When looking at the Industrial & Medical applications RoodMicrotec realized during the period 2009-2013 a CAGR of 8,99% in the industrial market. This is in line with the CAGR of the industrial market as stated in the PwC market report which also mentioned a future and historical CAGR of 8,9% .

The growth of RoodMicrotec in the OEM & Fabless markets was realised despite the crisis with a much wider customer base. Our organization and our entire sales force have the focus on the markets with the highest expected growth.

Based on the fact that we set our strategy to act in the growth markets, (8,9% in the Industrial & Medical industry) we are confident that we will grow in the future at least on the same level as in the past, meaning at least 6% or more per year.



Above you will find a graphic of the average growth of the semiconductor market of about 6% over the period 2001-2013, based on the information of the SIA. Based on the information of the SIA there's an onwards continuing growth of the market.

At the right are shown the results of the PwC Research report on the semiconductors market regarding the future growth rates are mentioned:

Our markets are: Automotive (27% of total revenue), Industrial (56% of total revenue) and Communications, but our main focus for the future is on the Industrial (including medical) and Automotive market. The PwC report mentions that these markets have a growth rate of 15.8% (Automotive), 8,9% (Industrial) and 7.0% (Communications) respectively. On average, this would result into a growth rate of 10.6%, which based on our revenue % per segment gives a weighted average of 13.1%.



**Order postponement and cancellations**

Our customers’ sales forecasts raised expectations for 2014, as many had predicted strong growth. But sales growth proved elusive. Forecasts were adjusted downwards in the course of the year in the face of uncertainty in the market, which was partly due to ongoing uncertainty in the financial market. This resulted in a mixed picture. The number of quote portfolio remained high and even increased, but actual order placement often proved elusive. Projects were frequently postponed as well. Normally, postponed contracts tend to be offset by un-forecast new opportunities, but this was less the case in 2014. We expect that a majority of the postponed projects will be (re)started as of 2015. The continuing order postponements in 2014 were also in contradiction with the increased quote portfolio.

In 2014, we were confronted with a few exceptional cancellations of significant orders, with a total order volume of more than EUR 1 million. One cancellation was the result of problems between our customer and the USA Government, the other one was due to a significant internal reorganisation of one of our key customers. This was an exceptional incident in the history of our company and we will not likely expect such an incident to happen again in the future.

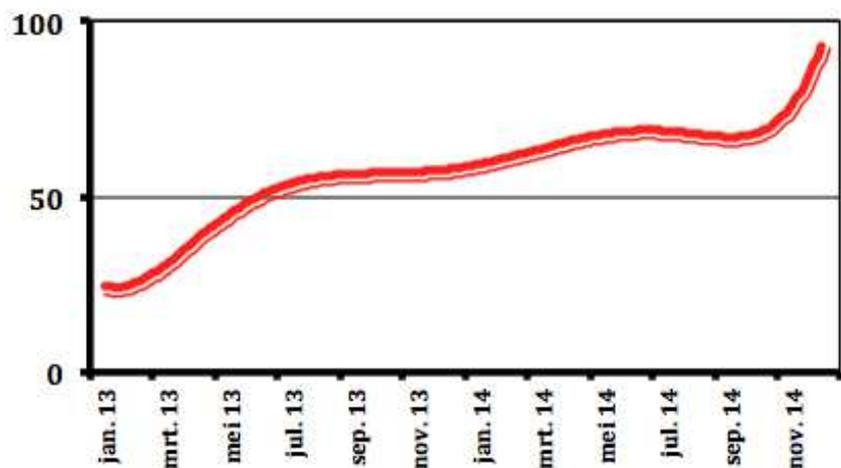
In spite of the positive developments and the fact that our new strategy has been received so well, the postponements and cancellations were affecting our sales. On the other hand, we are proud to be playing an ever more important part in the supply chain for OEMs and FCs by supporting their new product development, which is reflected in our 2014 quote portfolio and book-to-bill ratio (see next paragraph). This significant upswing in our quote portfolio would have been unthinkable just a few years ago.

**Quote portfolio and hitrate**

In the second half of 2014, sales increased markedly compared to the average for the first half of this year. However, sales remain under pressure from postponed projects.

The number of requests for quotations increased gradually over 2014 to a quote portfolio of more than EUR 10 million. In addition, between 50 and 90% of the quotes result in orders, and this overall hitrate trend (quotations turned into orders) continues to rise. In 2014, the book-to-bill ratio was above 1.0 in all quarters, and the average for the full year was between 1.1 and 1.2. This is significantly higher than in the past.

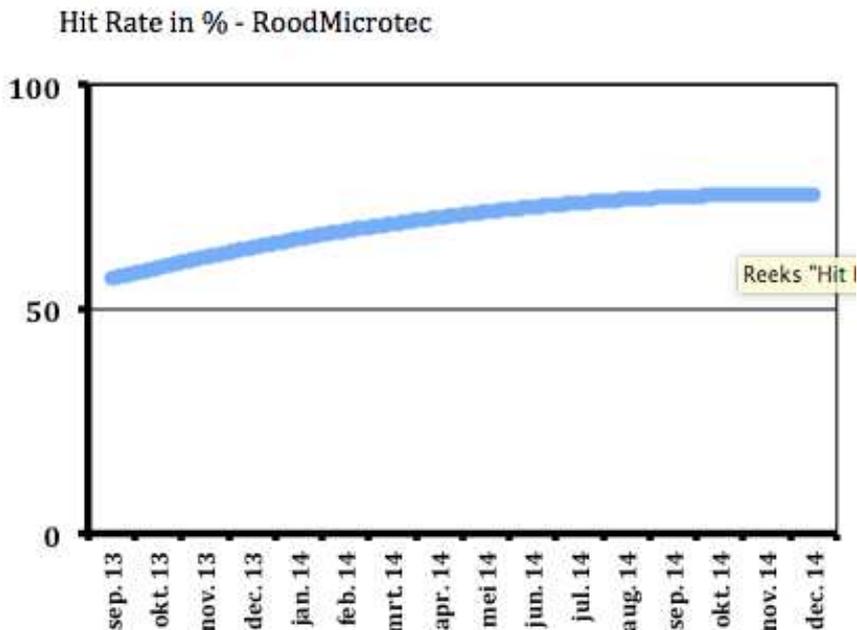
**Index - Quote Portfolio - RoodMicrotec**



The fact that the factors set out above have not yet resulted in a material increase of sales is related to the inevitable long lead times for many of the projects. However, once these projects start to generate sales, these will be recurring sales. Recurring sales give us a far more stable position than we used to be able to realise.

We anticipate that for several projects we will be able to finalise the phase preceding actual production in the next 5-7 months. As of that time, these projects will start to generate actual turnover.

Currently, all the lights are green and we anticipate that all this will start to bear fruit in 2015. We have worked hard in 2014 to put ourselves in this position, both in terms of winning projects and in terms of the (staff) structure of the company. An interesting initiative in this context is the setup of an Automotive Competence Centre (see at the top of this report). OEMs and FCs have received it with great enthusiasm because they are interested in the high tech market. This clearly distinguishes us from other market parties.



**Other developments**

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

We have worked hard to improve communication with both shareholders and customers. Last year, five editions of our newsletter were published and sent to some 4,500 people, and were mostly favourably received. We will continue our newsletter in the near future.

**Philip Nijenhuis (CEO):**

*'In many respects, 2014 was a turning point; on the sales side, we beat the competition and secured a range of new customers, which definitely include new automotive customers, whom we were able to convince partly through our setting up of an Automobile Competence Centre (ACC); we have definitively said goodbye to the traditional testhouse business model, we have overhauled our financing and worked hard to change and intensify our communication with our shareholders. In addition, we have endeavoured to strengthen our partnerships, and will continue to do so next year. I am delighted with all the new initiatives emerging from the organisation.'*

In 2014, we focused on optimising internal processes, including information technology (IT structure). We have worked hard on the implementation of our new mainframe and on improving our logistics. We will continue to focus on the IT needed to improve accessibility and transparency of customer orders. In the future, our customers will be able to track their orders on our website.

The partial outsourcing of our finance and accounting department in 2012 has yielded big improvements in our processes and reporting.

Our Test Engineering business unit works both directly for customers and for our own test division; the latter often to optimise test programs. As contracts for the business unit are highly diverse, we have decided to assign alongside a central core of engineers a group of engineers who can be assigned to other divisions. We hope efficient use of available

resources will significantly raise our capacity. We also assigned lead engineers to strengthen the Test Engineering business unit.

**Reinhard Pusch (CSO):**

*'In 2014, RoodMicrotec continued to raise its market profile by giving over 10 presentations at its own site and external seminars, several roundtable meetings and most importantly the Elektronika 2014. This has significantly heightened awareness of RoodMicrotec and its services.*

*The sales team focused on existing customers to gain more SCM/turnkey/outourcing business. New arrival Joachim Kusterer will enhance the expertise of the technical SCM team. In the third quarter, Walter Schock joined our team, an expert on industrialisation of automotive ASICs.*

*We are convinced that with these improvements we will be able to substantially increase our automotive business in 2015.*

*I am very grateful to the entire team for their dedication and efforts in pursuit of the company's new strategic direction.'*

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

**Martin Sallenhag (CTO):**

*'I am really excited to join RoodMicrotec in this time of change. The semiconductor industry is constantly evolving and it is very important for a company like RoodMicrotec to be part of this change and to have a plan to be a leader in this. Building on the core business of qualification, test and test engineering will remain key, but the addition of supply chain management and design services will far improve the company's competitiveness. There are many small to medium-sized companies around that do not have the required capabilities or financial strength, so these services will be highly appreciated by these customers.'*

The Failure & Technology Analysis business unit felt the impact of major reorganisations by some key customers. Order numbers, which were usually stable, suddenly fell due to factors including cost-cutting schemes. RoodMicrotec responded to this inter alia with a service program at attractive conditions. We also offered our customers rationalisation proposals for analyses. The business unit is pulling out all the stops to turn its sales around as soon as possible.

**Remy Cuny (CFO):**

*'The shake-up of the financial landscape has forced RoodMicrotec to adapt and take a different course in terms of the financing its activities. It is becoming clear that innovation is a necessity not only in technology, but also in terms of the financing of the company itself. Access to conventional financing is greatly reduced. Banks are aware of this, and are looking for a new way to provide necessary financing to its customers.*

*RoodMicrotec decided in 2014 not to sit back, but to explore ways to create new opportunities in the area of financing. This put the new stock exchange platform NPEX on our radar. After intense preparation, RoodMicrotec and NPEX concluded an agreement to issue a negotiable bond loan.*

*This platform allowed us to compose our own financing form and offer it to investors. After the successful placement, RoodMicrotec is the only company listed both on Euronext in Amsterdam and on the NPEX in The Hague. Of course, we will not rest on our laurels, but continue to seek out new possibilities and opportunities to finance RoodMicrotec's growth objectives. We hope that this annual report will help to keep our shareholders*

*and other investors interested in financing our company, and we invite them to continue our dialogue on RoodMicrotec's future financing.'*

## **Outlook 2015**

Ongoing postponement of orders makes it difficult for us to state when the sales increase anticipated by our high hitrate will materialise. During 2014 we improved our forecasting system and in addition to customer forecasts, we use indicators based on our quote portfolio, hitrate and book-to-bill ratio. All these indicators are positive. We are also mindful of recent developments, with the euro falling in value on one hand, and quantitative easing in the capital markets on the other hand, in conjunction with the World Semiconductor Trade Statistics (WSTS) global market growth forecast of 3.4% for 2015 and 3.1% for 2016. However, these figures are still below the 6% multi-year average since 2000. Both in view of the general market outlook, the macroeconomic forecasts and based on our internal analyses we expect gradual sales growth in 2015, that is to say, skewed towards the second half of the year.

We maintain our previously stated long-term objective to realise annual autonomous growth of between 3% and 13% at an average 6% growth of the semiconductor market up to 2017, and of improving the operating and net results.

The present headcount will be reduced by approximately 15% in the next three years to bring it in line with our new strategy and the corresponding market position, preferably of course through natural wastage. Forced lay-offs are not excluded.

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

## **In Memoriam, Norbert**

We were deeply saddened by the death of Norbert Wirth in the age of 59 years on November 26, 2014. Although he was sick for some months it was unexpected for all of us.

Norbert successfully represented RoodMicrotec and its services for over four years. He started as engineering manager in 2010 but already after six months he took over the responsibility for the location Nördlingen as managing director. In addition, his strategic focus was on several business units. He was a valuable, highly competent and well-known contact person within the European electronic industry for several decades.

Norbert, we will miss you, we will miss your helpfulness, your optimism and your open and charming manner. We will always remember you in our thoughts and hearts. Our sympathy goes out to your wife and your family at this difficult time.

Philip Nijenhuis, CEO,  
on behalf of the employees and the supervisory  
board of RoodMicrotec

## VI. REPORT OF THE SUPERVISORY BOARD

We hereby present the 2014 annual report as prepared by the management board in accordance with Article 26 of the articles of association of the company.

The financial statements were audited and issued with an disclaimer of opinion by Grant Thornton Accountants en Adviseurs B.V. and discussed by us with the management board in the presence of Grant Thornton. We propose to our shareholders to adopt these financial statements in the annual general meeting of shareholders on 11 June 2015 and to discharge the sole member of the management board of responsibility for his conduct of business in 2014 and the sole member of the supervisory board for his supervision of the management.

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

### **RoodMicrotec in 2014**

Business in the first half of 2014 was weak as we came through the low trough that started in 2013. The expected improvements through the second half of the year were not as robust as expected given the continued weakness in the Eurozone. However the long term growth prospects remain positive as is supported by the leading indicators of our industry, and more specifically for our company, the book to bill ratio.

Focus for the year 2014 was on reviewing and continuing the growth strategy formulated in 2013 and the development of new markets while at the same time managing the consequences of the soft market through the implementation of frugal cost controls.

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

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

### **Supervisory board meeting schedule**

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

The supervisory board met with the management board six times during 2014. An additional eleven meetings were held between individual members of the management and the supervisory board. These meetings were held in various locations of mutual convenience including corporate head office, at the production sites in Stuttgart and Nördlingen and at convenient locations close to other coinciding meetings such as customer visits etc. Mostly these were face to face but occasionally some meetings were held using teleconferencing.

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

- the business update, operational and financial targets;
- development and changes in the management team and appointments;

- the financial position, liquidity & banking relations;
- relevant capital expenditures;
- strategic M&A options;
- the scope and strategy of the company and the related risk profile;
- corporate governance issues;
- succession planning and recruitment;
- risk management;
- remuneration;
- financial audit (including the scheduled change of auditor);
- publication of press releases.

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

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

#### **Supervisory board composition and evaluation**

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

The supervisory board evaluated its own performance over the year 2014. It was concluded that competences in the areas of semiconductor technology, operations, commercial management, strategic management, finance and risk management as well as international experience remain sufficiently represented on the supervisory board. Procedures of the board are considered adequate for a company of this size.

Finally, the supervisory board wishes to thank all of RoodMicrotec's staff for their great efforts, loyalty and continued dedication during 2014.

Zwolle, 30 April 2015

#### **The supervisory board**

V.G. Tee, chairman

## VII. REPORT OF THE MANAGEMENT BOARD

### A. General and key developments 2014

The previously mentioned postponement and cancellation of some major orders in combination with longer lead times has resulted in lower sales in 2014 of EUR 9.971 million, a decrease of 11% compared to 2013 (2013: EUR 11.180 million). We feel our decline in sales is temporary in a fluctuating, but generally rising market.

This is also offset by the fact that the majority of the record number of applications earlier this year have led to a sharp increase in the number of offers we have made. At a total amount above EUR 10 million, this is an increase of about 400% compared to the beginning of 2013. In this context it is important that we raise the number of offers that we make, for at least two reasons: firstly, at an equal hit rate (ratio of offers leading to actual orders) orders will significantly rise in the future, and secondly, an increasing number of offers by definition strengthens our market position.

At the end of 2013, the outlook for 2014 was very positive. In contrast to USA and Asia, where the market grew gradually, the growth in Europe contracted, mainly due to the high EURO and the flat GDP growth in the bigger countries in Europe. The position of the Banks in Europe worsened the real economy significantly. Also, several customers carried out reorganisations, which in many cases significantly reduced outsourcing volume.

RoodMicrotec has responded to this situation by:

1. expanding its supply chain management activities with eXtended supply chain, to support FCs that develop ASICs and other chips;
2. supporting design companies better by starting collaboration in the design stage (design for testability);
3. focusing more on outsourcing opportunities with OEMs,
4. organising seminars;
5. creating opportunities to finance projects by FCs in collaboration with partners.
6. refinancing our loans via NPEX, by issuing a secured bond of EUR 2,5 Million.
7. setting up a structure of a stronger cooperation with customers, by introducing: co-creating, co-operation and co-investing.
8. A partnership with the Global foundries "Channel" partner "Fraunhofer Institute IIS".

## SWOT analysis, critical success factors and financial objectives

### Internal assessment of the company

#### SWOT analysis



#### Critical success factors

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

#### Financial objectives realised in 2014

The objectives for 2014 were based on worldwide semiconductor market forecasts of 4.1% growth and growth in Europe, in conjunction with our customers' growth targets. The worldwide semiconductor market did show growth (actually 9.9%), but it was mainly due to growth in the USA and Asian markets of approx. 12.7% and approx. 11.4% respectively. Growth in Europe was only 7.4% in USD. The total market grew to a level of USD 336 billion.

The fact that market growth was restricted mainly to the USA and Asia significantly impaired the realisation of our objectives. Nevertheless we were able to make progress on an important financial objective in this crisis period, being significant reduction of non-current liabilities. The other financial objectives are directly related to sales.

### **Long-term financial objectives**

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

## **B. Operational and commercial objectives for 2015**

We will expand our activities in the area of eXtended SCM further through partnerships with other companies, in particular with Wafer Fabs and/or Channel Partners as well as with Backend Partners. Our strengthened sales organisation will allow us to focus more on recruiting new customers in the OEM segment especially through outsourcing. We will also continue to work on improving customer satisfaction. In 2015 we will try to raise sales and strengthen our market position by:

1. expanding our sales capacity in Europe;
2. maximum focus on and growth in outsourcing contracts in our 'Atlas' project;
3. further strengthening of our Supply Chain Management business unit;
4. strengthening our Engineering business unit;
5. further optimisation of our operations, including logistics;
6. giving and organising seminars, on topics including qualification, failure analysis and engineering, and possibly on outsourcing;
7. developing more lasting partnerships.

### **Human Relations and Sustainability**

Changes, such as poverty in developing countries, demographic changes, globalisation, youth unemployment, climate change and natural resource utilisation issues, are affecting our environment and the people living in it. These forces are shaping our business by creating new markets and opening up new opportunities. They also cause significant risks that need careful management.

Values and sustainability can minimise these risks and master these challenges to optimally leverage emerging opportunities for RoodMicrotec's stakeholders.

RoodMicrotec attaches great importance to good relationships with the group's customers, employees, suppliers, other business partners and the communities in which RoodMicrotec is active.

Corporate Social Responsibility and sustainability are therefore intrinsic, integral elements in RoodMicrotec's local operations. For RoodMicrotec Corporate Social Responsibility means conducting business with due consideration for climate effects and energy sources, for people and the environment, taking responsibility for the chain in which the company operates.

That is why our strategy already includes 'people, planet and profit':

Long-term economic, environmental and social aspects are integrated in our business strategies, while maintaining global competitiveness and brand reputation.

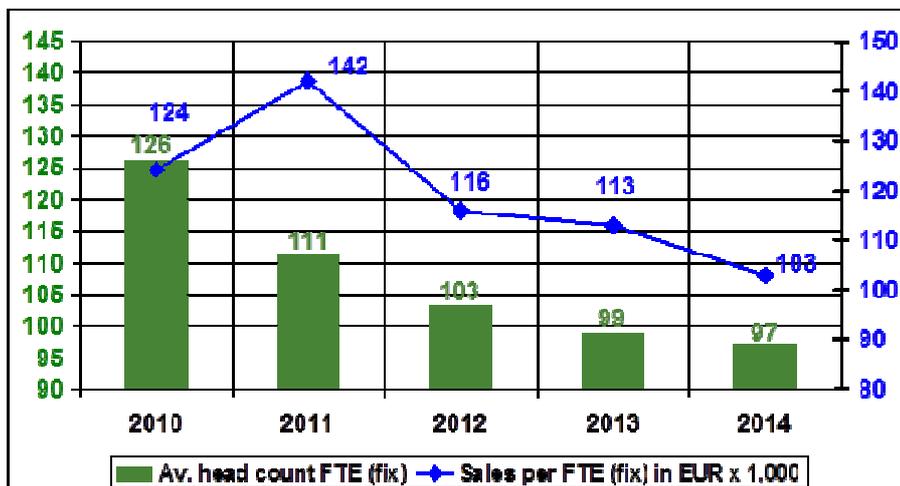
We manage our human resources so as to maintain workforce capabilities and employee satisfaction. RoodMicrotec strives to give its employees best-in-class organisational learning and knowledge management practices. In order to create a performance-oriented environment for our employees we offer remuneration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

The aim of RoodMicrotec’s environmental policy is to safeguard the environment and human health. The practical aims are to monitor and prevent environmental risks so as to avoid compromising environmental conditions for future generations. As a company RoodMicrotec bears a social responsibility that necessitates consideration of environmental issues when assessing processes.

**Personnel, sales by employee and head count**

The average number of full-time employees (FTE) decreased by approx. 2% from 99 FTE in 2013 to 97 FTE in 2014. Sales per full-time employee decreased by approx. 10% from EUR 113,000 in 2013 to EUR 103,000 in 2014.

The strategy change mentioned in this report has obviously impacted the organisation, leading to a different composition and management of our staff. We plan to optimize our organization, in balance with the new service portfolio. A significant headcount reduction in some business area’s is inevitable. The total reduction will be 10-15% in 2 years, resulting in a cost reduction of EUR 1.3 million in two years. This program is based on attrition as well as on forced layoffs. Reductions will occur only after the completion of appropriate consultation processes and in accordance with local legal practices.



**Quality management**

Our company's success is the success of our customers, employees and investors. This is the main guiding principle of RoodMicrotec’s quality management system.

This requires continuous improvement of quality management and its processes and procedures and demands a high level of dedication and commitment of our employees. Management determines the parent, quantifiable quality objectives for the company with clear and objective evaluation and target cascading for the business units. Following this, it defines targets for the business units and business unit managers.

Through the implementation of an Automotive Competence Centre, it is very important to focus more on the quality management system to the Quality relevant automotive tools such as APQP, PPAP and RMA. Process instruction and introduction within RoodMicrotec is an intensive process, for which training is needed to implement the processes effectively and successfully. The devotion to the automotive tools is key for SCM projects in the automotive industry.

RoodMicrotec’s integrated quality management system is based on international DIN EN ISO 9001 standards. In addition, the quality management is broadly consistent with Automotive Specification TS 16949. The laboratories of RoodMicrotec with the areas of qualification and reliability (electronic, mechanical and optical qualifications) and failure & technology analysis in Nördlingen and Stuttgart are accredited by DAkkS, the German accreditation body, as compliant with ISO/IEC 17025, ‘General requirements for the competence of testing and calibration laboratories’.

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

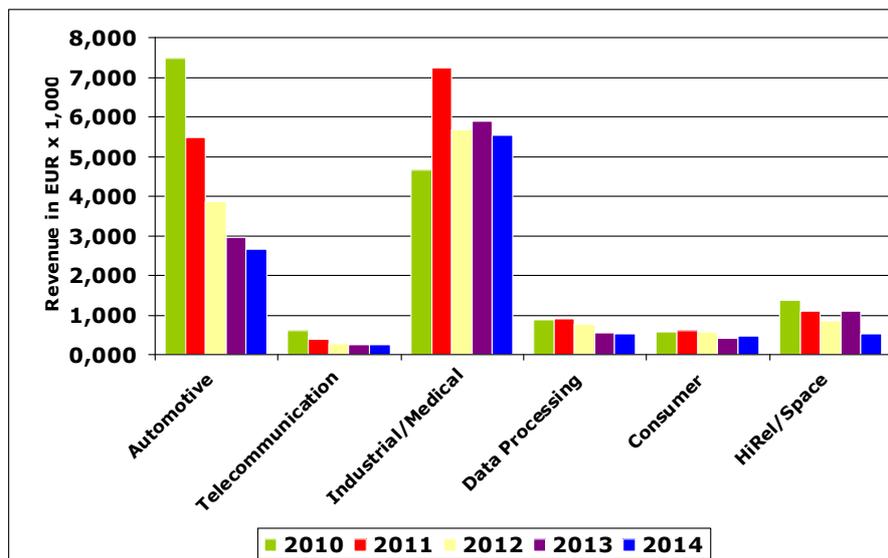
### Sales and result

In 2014, RoodMicrotec’s sales decreased compared to 2013.

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

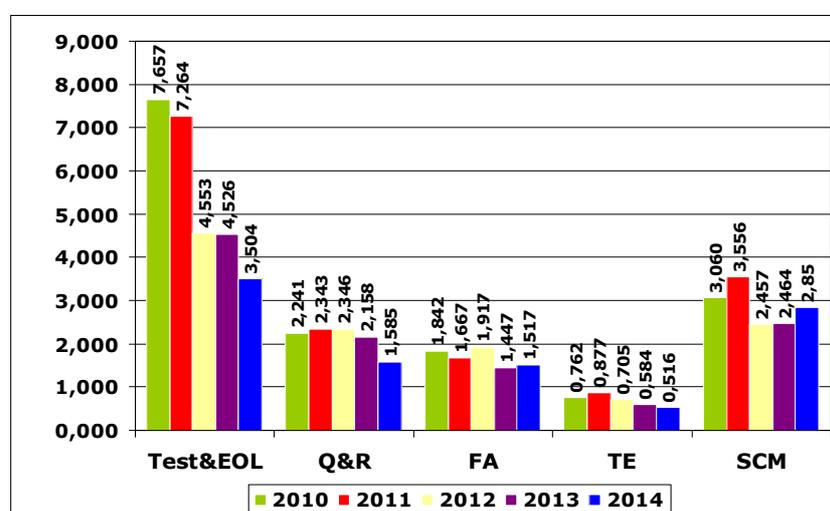
(x EUR 1,000)	2014	2013
Automotive	2,671	2,961
Telecoms	239	257
Industrial/Medical	5,544	5,883
Electra Data Proc.	527	556
Consumer	478	419
Hi-rel/Space	512	1,104
<b>Total</b>	<b>9,971</b>	<b>11,180</b>

## Revenue by Markets



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

(x EUR 1,000)	2014	2013	Approx. change
Test	3,503	4,526	-22.6%
Supply Chain Management	2,850	2,465	+15.7%
Failure & Technology Analysis	1,517	1,447	+4.8%
Test Engineering	516	584	-11.6%
Qualification & Reliability	1,585	2,158	-26.6%
<b>Total</b>	<b>9,971</b>	<b>11,180</b>	<b>-10.8%</b>

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

In 2014, investments in tangible fixed assets totalled EUR 0.499 million (2013: EUR 0.535 million). Depreciation was EUR 0.8 million (2013: EUR 0.9 million). The investments were financed from financial cash flow. For the next few years, we anticipate that investments will remain limited. At year-end, equity was EUR 3.7 million (2013: EUR 5.4 million).

Solvency reduced to 27% (year-end 2013: 39%).

**Market developments****RoodMicrotec Supply Chain Management – being customer-centric is the key****Profile**

To manage our supply chain effectively, we have a strong focus on the needs of our customers. Our highly experienced employees have in-depth understanding of the global environment of the electronics and semiconductor markets in which we are operating and are perfectly matching this to the requirements of our customers.

This guarantees a smooth flow throughout the whole supply chain, starting from a customer idea, down to the delivery of the finished product. This includes the design phase, soft and hardware engineering, qualification, wafer and final testing and mass production.

To offer our customers a broad service portfolio, we are working closely with our partners to always provide the best possible solution. In this, RoodMicrotec takes a global approach, rather than limiting ourselves to any specific geographical area.

As a result of the above we are able to provide solutions for applications in many different areas, like sensor electronics, industrial and medical sectors, telecommunication, automotive and hearing aids.

As supply chain experts in a fast moving world, we are managing a global set of resources in motion to ensure to highest flexibility possible.

**Arno Rudolph, Sales & Marketing Manager:**

*For several years now, RoodMicrotec's expertise has been expanding towards better understanding of the end customers' application environment. This paradigm shift was accelerated by the 'eXtended' supply chain services introduced almost 5 years ago, which involves assuming much more overall product responsibility compared to separate services like e.g. wafertest. This has given RoodMicrotec a kind of 'bird's eye view' enabling it to adapt technologies to specific application contexts and to further develop its skills and test methodologies in specific directions. For example, two key technology components for the emerging 'Internet of Things' (IoT) are sensor signal processing chips and low power wireless devices for ad-hoc/mesh networking; both are areas where our customers are active already and where RoodMicrotec plays an important role in development, industrialisation and production.*

*RoodMicrotec is constantly looking for promising technology trends and striving to provide optimum customer support using its own core competencies. One such new strategic direction is the high frequency and temperature domain for aerospace - e.g. radar applications - and automotive and industrial environments. Frequencies >24Ghz and temperatures well above 200°C require not only knowledge of the specific behaviour of such elements, but of course also tailored test methodologies and special equipment. RoodMicrotec is working closely with customers and research institutes to jointly develop new verification and industrialisation capabilities.*

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

*'Conditions in the semiconductor sector remained tough throughout 2014. Some new ASIC design starts took place and work continues on some of the more complex designs. RoodMicrotec achieved its first ASIC tape out on a Global Foundries MPW and we expect this design to go to full mask set tape out in Q2 2015 with production ramp in Q4 2015. Several new projects will continue into 2015 and we expect to start test development and package design work on single ASIC packaging as well as new requirements for much more complex multi-die packaging, associated test and qualification.*

*RoodMicrotec had a very successful Electronica in November and we continue to follow up and work on new projects. We are seeing an increasing demand for HiRel/Space qualification and we are well positioned to help our customers in this area.*

*Among the exciting new sectors that RoodMicrotec plans to play a key role are: very high temperature and extremely harsh environment, such as downhole exploration and new qualification requirements such as GAN technology qualification.*

*2015 holds the prospects of good growth in our traditional core operations as well as new potential growth in up and coming technology requirements where RoodMicrotec has the requisite skills, know-how and expertise.'*

## Research and Development projects

### SMARTRANGE Project

RoodMicrotec and a UK partner received a grant from Eurostars in Q4/2012 for their SMART RAdio Networks for Greater Energy Management (SMARTRANGE) project. The aim of the project is to develop a prototype for a radio device for use in smart meters and other energy management systems, designed specifically to overcome the power consumption vs. area coverage problems of low-power wireless protocols, thus allowing whole-house coverage. The project leader partner is responsible for chip development and prototype evaluation. As a participant in the project, RoodMicrotec is responsible for an innovative test concept development and a reliability assessment.

Our UK partner and RoodMicrotec finished the project in November 2014. The project objectives in terms of performance and reliability were fulfilled.

As a spin-off of the positive results and the successful cooperation of both companies, next generation devices are currently under discussion.

### Manos Project

The first step in the project in 2012 was to lay down the specifications and requirements for two planned sensor systems. These specifications included basic properties, range of functions and lifespan requirements. In 2013 the optimisation of the various adhesives and construction of the first prototype were carried out with appropriate initial qualification. Under RoodMicrotec's direction a test adapter for electrical functional tests of the modules (Stuck) was implemented and verified, which allows the project partners to carry out functional tests on the test samples. RoodMicrotec evaluated various covering materials, adhesive and conductive materials. In 2014, the functional prototypes were realised with subsequent qualification. In a meeting with the project organisation, there was decided that the project will be finished by the end of 2015.

### **Holger Pross, Sales & Marketing Manager:**

*As an independent service provider, RoodMicrotec reacts to the demand of customers and their market requirements. Around half of our new customers chose RoodMicrotec on other customers' recommendation, which directly reflects customer satisfaction. The Customer Satisfaction Index, one of our key business indicators, shows positive feedback from customers and a positive trend. This is a tribute to the capabilities, experience and the right mindset of the employees.*

*The number of requests for quotations and offers shows a very positive trend, but sadly a couple of projects were postponed to the next tax year by the customer. I see good opportunities and new business in the area of Supply Chain Management (SCM) for sensor applications. For typical small and medium-sized customers we take care of test, production, assembly and logistics of their customer-specific ICs. Combining that with our failure and technology analysis and chip-repair capabilities (FIB) we offer a very attractive service package.*

*In the aerospace market we see demand for image sensors and LED applications and for obsolete parts testing. Unfortunately, financial resources for government programs are limited, leading to project shifts.*

*A point of focus for us in 2015 will be the promotion of our defective parts analysis process for mostly automotive customers in accordance with the standard process required by VDA. This is a very interesting service package for small and medium-sized automotive sub-suppliers because it does not make commercial sense for them to build up the required equipment and knowhow. For major automotive suppliers it is*

*attractive to outsource a complete business package to a experienced and well-equipped partner who meets industry standards. Overall, the automotive market will get very exciting for us, with new and promising customers. Their demand, logistics systems and culture are challenging for us in terms of speed and commitment.*

## Report per business unit and division

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

#### Profile

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

#### Key developments in 2014

In 2014, a new experienced engineer joined our SCM team, who will extend our expertise on the package side. With this recent addition, we have been able to optimise the handling of high-level customer inquiries for both standard and special packages (e.g. System in Package). In addition, we offer optical and plastic packages for mass production and the complete package portfolio of ASICs on printed board with peripheral devices as a one-stop shop service.

To strengthen relationships with our existing partners, we visited several wafer fabs and other suppliers over the course of 2014, which allowed us to finetune the handling of the complete supply chain for our customers, letting them benefit from better turnaround times and delivery conditions. We also added new assembly partners in Europe, the US and the Far East in response to customer demand for a wider range of packages.

#### Objectives realised in 2014

In 2014 we had a strong focus on promoting our **eXtended SCM** business model. We have been able to forge relationships with several design houses. This gives our engineers the opportunity to work closely together with the design fabs and of course the customer, from the very beginning of a product. As a result we can optimize the design for the following steps in the supply chain, for example improving testability.

An increasing number of projects was directly attributable to the effort we have put into that segment of the supply chain.

Of course, we are also continuously optimising our processes. The turnaround time of our quotation process in particular has been improved. So we can offer our customers an even faster and better service.

To offer a wider range of products we have also forged relationships with several new assembly partners. In particular to offer our customers very specific solutions, which very few companies worldwide can provide.

## Objectives for 2015

For 2015 RoodMicrotec is strongly focused on the automotive sector. Our goal is to further improve our know-how. To achieve this, we are building an in-house automotive competence centre, where our specialists work to the highest requirements of the automotive sector to provide our customers the best possible solutions for their needs.

To ensure top quality standards, we are planning to perform several audits with our partners worldwide. Because we know that quality always comes first.

Of course, the customers will remain the main focus of our efforts. Our goal is to deliver our customers the best possible solution.

### *Introducing*

*In October 2014, Dr.-Ing. Joachim Kusterer joined RoodMicrotec. He studied Electrical Engineering and received his PhD from the University of Ulm (Germany). After obtaining his Master's degree in the field of microelectronics, he worked as research engineer with GFD, a start-up company located at the DaimlerChrysler Research & Development Center in Ulm. Back at the University of Ulm after 2 years, he worked as a PhD student and researcher on sensors and actuators for harsh environments and extreme conditions. Based on diamond and GaN technologies Joachim has developed RF MEMS, biosystems, chemical sensors, paper quality detectors and FETs. He has published a number of articles in scientific magazines, one book chapter and a review paper as leading author, one book chapter as co-author, and has given numerous presentations to international conferences. At the Diamond 2006 in Estoril he was awarded first prize for best poster presentation.*

*His expertise covers the development chain for electronic devices and systems starting from finiteelement analysis and mask design to process development and wafer fabrication to system integration and test. Apart from technological issues he also has extensive experience of patent issues and proposal preparation for public funding.*

*Joachim will work on RoodMicrotec's Supply Chain Service to help make it a leading global player in the field of semiconductor devices and systems. He will coordinate technical details in the eXtended supply chain with suppliers on system design, wafer fabrication, wafer testing (in-house), chip packaging, System-in-Package assembly, qualification and final device tests, board assembly and final system tests.*

Development Engineering / Project Management

## Introduction

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

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

**Dieter Schreiber, Sales & Marketing Manager:**

*Despite the challenges of 2014, during which significant fixed orders were cancelled owing to government intervention and fall-out from the Ukraine conflict, I am confident I will reach my target for 2015. With our facilities in Stuttgart and Nördlingen we are well equipped to support our key customers by remote engineering in other technical semiconductor centres, such as Leuven, Eindhoven, Dresden or Grenoble.*

*We have already started several projects for completion in 2015 and are negotiating with existing and new customers for recurring future projects, many of which are of high strategic value to both our customers and RoodMicrotec.*

*In order to reach our targets we need to invest in several areas at short notice.*

*For these investments we will explore alternative funding sources like funds from the European Commission campaign : 'Nano electronics beyond 2020' or other European stimulation chip industry programs. These programs may strengthen our position significantly.*

## **Business unit Test Engineering**

### **Profile**

RoodMicrotec's business unit Test Engineering provides complete test solutions for a wide range of devices like mixed-signal, digital, analog or RF ICs. Customers include OEMs, IDMs and FCs working worldwide in automotive, medical, aerospace, military, industrial and consumer sectors. Our team of highly skilled engineers develops test programs, probecards and loadboards for characterization, production and qualification to the highest standards as required by the automotive and high-reliability sectors (AEC-Q, ESCC, MIL-STD, JEDEC, TELCORDIA, IEC, DIN).

Services include design for test, test time reduction, yield improvement and data analysis. Our experts have sufficient experience of migrating complete test cells, production ramp-up and product validation. Test times in the face of high test coverage are reduced by massive parallel testing. All these services are also available as on-site engineering support for customers.

Our test cells utilise state-of-the-art Automated Test Equipment (ATE) as well as specialised PC based solutions. Test system limitations are compensated by integrating high performance external equipment such as network analysers or RF signal sources into the test cell. This approach increases flexibility while limiting test costs test.

Extensive know-how is available on several test platforms, e.g. Teradyne Flex, Xcerra (formerly LTXCredence) D10/DUO, Advantest/SZ, Advantest/Verigy 93000 as well as LabView and TestStand based solutions. The company has extensive expertise of mixed-signal, digital, analog, memory, RF, image sensors, MEMS and PC applications developed over decades.

### **Our test engineering strategy**

One of the building blocks to achieve a reliable end product is a fundamentally sound test plan. The international Software Testing Qualification Board describes very clearly the scope and activities of software development. Our understanding of their guidelines is that for the implementation of the objectives of the Software Testing Qualification Board a sound test engineering strategy (including test software design) is indispensable.

This is why any project starts with the test engineering strategy, in which the quality objectives of the projects are translated into the tasks that the test software should perform. We then discuss these quality objectives in detail with the customer, and we explain how they are built into the test software. We also provide feedback on the measured values in terms of the agreed quality objectives.

Major projects can be particularly complicated because they require a great deal of liaising with all the channel partners, partly due to the large number of complex technical issues.

Writing test software without a test engineering strategy is like building a house without an architect or a car without a designer. The main risk is that without such a strategy (architecture/design) you cannot meet and measure the objectives of the interested party or client, which may or may not be accurately defined. Also, a clever and considered strategy identifies how the objective and the added value can be achieved in the simplest way possible. The entire project also becomes much clearer.

This distinguishes our test engineering projects from those of our competitors, who offer just a run-of-the-mill test project plan with delivery times. A great deal of test software is in fact not transparent, either because of insufficient use of standard building blocks, or because the program has not been written in a transparent and modular way, including text. Starting from a test engineering strategy as part of the total test plan forges link between client objectives and its translation process into readable activities that the software is to perform.

Over the past year, RoodMicrotec has materially adjusted its test engineering organisation in order to be able to flesh out our customers' objectives optimally and propose and discuss a transparent account of the method we intend to use to achieve them. For this, we have appointed several lead engineers whose primary role is to handle the test engineering strategy, including the software design. Based on this, these lead engineers then discuss their strategy with our clients. (Senior) engineers then write the software.

In 2015 we will continue and ramp up this test engineering strategy. We are convinced that it will contribute significantly to the reliability of the chips to be delivered, and to customer satisfaction.

### **Objectives realised and key developments in 2014**

RoodMicrotec provided a complete test solution for an ASIC chipset designed for the KM3NeT project, a future European deep-sea research infrastructure, which will host a neutrino telescope with a volume of several cubic kilometres at the bottom of the Mediterranean Sea.

Projects in the High-Rel sector included test development for a MIL-STD-1553B transceiver and a family of devices specified to operate at temperatures over 200°C.

Further development took place on a high precision smart temperature sensor for medical and industrial applications. The challenge here was to trim the device to an absolute temperature accuracy of +/- 0.1°C at wafer level. In this project our experts worked closely together with a well-known European university.

Examples of projects for industrial applications are a multi-axis magnetic sensor with on-chip DSP processing and an ASIC for use in high resolution optical encoders.

RF projects include a device for low current mobile applications in the area of 43rescue service alerting (Beacon/Cospas Sarsat Transmitter).

### **Objectives for 2015**

New projects started include a high precision current sensor based on a Hall-Effect device, a high speed optic receiver with on-chip differential photo diode, a characterisation program for an accurate temperature-compensated oscillator and a RF project for a switch utilising MEMS technology.

A well-known manufacturer of power and interface devices intends to outsource parts of its test development activities to RoodMicrotec. This includes consigned equipment transfer and training for new tester families.

Recent improvements in the structure of the Test Engineering business unit include the appointment of lead engineers, who are each responsible for a small group of engineers and their associated projects. This will improve flexibility and efficiency, thus shortening time-to-market and enhancing communication with customers.

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

### **Profile**

The Test, EOL Services and Component Programming business unit covers the complete semiconductor segment, but its focus is geared towards wafers and semiconductor component tests.

The objective is to provide our customers with the best possible support by applying continuous improvement measures to our systems – and not simply offering them services. The customers include IDMs, OEMs, FCs, dealers and other customers from the automotive, industrial, medicine, telecommunications and Hi/Rel markets.

### **Objectives realised and key developments in 2014**

#### **Test**

A new application engineer has been successfully integrated into our testing operations. His priority tasks are to support customers in the area of wafer probing and offer solutions to problems that arise during operations. New employees have been recruited to strengthen the team allowing us to react flexibly to customer requirements.

#### **Programming**

The further expansion of the programming centre has seen the recruitment of additional employees to ensure that rising production volumes can be handled on time.

#### **EOL**

In order to better control the quality of the physical component dimensions of belt systems, an additional automatic view system for inspecting the belt system components has been installed.

Obsolete equipment is being disposed of in all areas.

### **Objectives for 2015**

The installation of a further programming system is planned for the coming year. This will create a level of redundancy for our (key) systems in the programming centre.

To assure machine availability and provide an additional technical contact person, a technician will be recruited for the programming centre.

During the current year we are planning to install a belt system with Crackscann Option and greater throughput.

In order to keep pace with developments we are going to install a 12-inch wafer prober. This will increase flexibility and the device will be used for future customer projects.

## Business unit Failure & Technology Analysis

### Profile

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

### *Failure & Technology Analysis*

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

### *Construction Analysis and DPA*

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

### *Qualification-related Analysis*

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

### *FIB service*

With our focused ion beam (FIB) system, we offer our customers chip modifications, circuit editing, micro cross-sectioning, TEM lamella preparation, micro-machining and material science applications.

The business unit has a broad European customer base, primarily in the automotive, aeronautical and aerospace industries. Good service is time-driven, so 1.5 shift operation is offered where necessary.

### **Objectives realised and key developments in 2014**

Promotion of metallographic cross-sectioning and light-optical microscopy caused an increased demand in the second half of the year. We see this trend continuing in 2015.

After the strong demand for X-ray analysis, this trend is now shifting to X-ray tomography. Adapting this service in-house must be considered.

High-power electronics is a growing market, however percentage in market share and demand is still low. Therefore we postponed hiring experienced engineer to introduce this service.

In April 2014, a young, experienced engineer has joined our FA team to meet the increasing demand. With this measure RoodMicrotec is now in possession of an excellent team of experienced and young failure analysis specialists.

### **Highlights 2014**

In the context of our annual seminars in October 2014 we organized a successful seminar on 'Failures of Printed Circuit Assemblies and Their Prevention'. Almost 100 participants from the industry and research institutes joined this year's in-depth training on recognition and prevention of printed circuit assembly failures.

RoodMicrotec got the chance to support a Chinese customer in return management, failure analysis and lab set-up to fulfil automotive requirements. We were able to demonstrate our strength in this business and are awaiting a cooperation contract.

### **Objectives for 2015**

Our focus is to conclude an exclusively failure analysis contract with our Chinese customer for European end-users.

We offer metallographic preparation and light-optical microscopy of outstanding quality. After the increase in second half of 2014 we will work to achieve above-average growth in this service.

## **Business unit Qualification & Reliability**

### **Profile**

In our business unit Qualification & Reliability we distinguish between electrical/electronic qualification and optical and mechanical qualification.

### **Electrical/electronic qualification**

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

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

Based on the 'mission profile' (subsequent operating conditions/requirements) of products of our customers we will develop customised qualification/reliability concepts that incorporate the necessary stress tests – and ensure the successful market launch of products.

### **Electronic/electronic qualification**

RoodMicrotec services supports the qualification of semiconductors on the die level, package level and PCB level.

Electronic qualification/robustness validation of customer components for automotive, space, telecommunication applications etc., is performed in accordance with various international specifications (AEC-Q, MIL, JEDEC, ESCC, IEC, Telecommunication).

Standardised stress environments:

- High/Low Temperature Operating Life Test (HTOL/LTOL)
- Low/High Temperature Storage Life Test (LTSL/ HTSL)
- High Accelerated Stress Test (HAST/UHAST, Unbiased)
- AC Autoclave
- Temperature Cycling (TC)
- Liquid-to-Liquid Thermal Shock Test (TS)
- Mechanical tests such as shock, vibration, solderability

Product-specific hardware (boards, fixtures) for mounting the test specimens together with specific software for stimulating the test specimens during the stress treatments will be developed by RoodMicrotec.

The electrical verification of the test specimens before/after/during (pre-test, interim test, post-test) the stress treatment takes place using our in-house test systems in the certified testing area at RoodMicrotec. Test and product engineers perform the test data analysis, failure analysis and data preparation.

We can offer customers services ranging from root cause analysis right through to physical product analysis, performed by our in-house ISO 17025 accredited failure analysis laboratory.

Outlook for 2015:

- Technical: Chamber temperature control by socket/device temperature
- Robustness validation - qualification program/process

One shop solution for qualification & reliability aspects in semiconductor industries.

**Objectives realised in 2014**

Due to significant issues at one of our major customers, we were not able to reach our targets. Dieter Schreiber reported in this report about this issue accordingly. More seminars will be held next year.

**Optical/mechanical qualification**

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

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

**Semiconductor services to achieve and ensure consistent quality in LEDs**

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

Besides other benefits, LEDs in general provide high reliability; lifetimes of over 50,000 hours can be reached. Manufacturing of LEDs may negatively influence LED lifetimes. Reduced reliability can also be due to power supply problems, i.e. insufficient heat dissipation, environmental stress, non-compliance with the junction temperature or

system set-up. Avoiding failures and achieving fast resolution of existing problems requires excellent knowledge of the failure mechanisms and suitable analytical methods. Failure analysis is no longer limited to defect confirmation as the root cause can be found in a lighting system analysis.

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

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

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

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

**Mike Jarvis, UK Sales Representative:**

*2014 turned out to be a tougher year than expected, with the recession still continuing to bite. Having said this, the two major projects forecast from last year did begin and although somewhat delayed, did yield a large proportion of what was expected.*

*Our major SCM customer based in Southampton has now almost finished qualification and expects to be in production this year. They are also planning for the next generation design and qualification, which may result in a new European funding project.*

*Our new partnership with a global US company has also seen some delays during 2014, but is still moving forward and I am very hopeful for more income this year.*

*The market within the UK remains challenging, with projects still being delayed by funding and uncertainty. However, these opportunities are still live and with the UK's continued economic growth, I expect 2015 to be much better than last year.*

**Qualification of image sensors and other devices for the aerospace market**

Because of the steady advancement of image sensors, their range of application has expanded significantly within the past years.

Today, image sensors are key factors in the areas of digital photography, high speed image processing, biometry, X-ray technology, aerospace applications and more.

Due to the increasing number of application areas, RoodMicrotec will strengthen and increase its activities accordingly to comply with the test requirements of the latest image sensors.

Also, we strive for a stronger presence in test and qualification for the aerospace market in general, for image sensor and LED applications. The qualification and selection from optical components could be extended by the purchase of

new measuring equipment in the last year. The area, with respect to the wavelength, now extends from the ultraviolet to the infrared spectra.

LED is still a significant part of our activities, the teamwork and cooperation with our Failure Analysis lab provides most valuable outcomes to our customers.

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

In the beginning of 2015, the following events happened:

- On 23 January 2015 the shareholders voted to increase the authorised capital from 50,000,000 to 80,000,000 ordinary shares.
- Exercise of share warrants Series I that resulted in an increase of 30,272 shares (exercise price: EUR 0.15) on 15 January 2015 and exercise of warrants Series I that resulted in an increase of 60,244 shares (exercise price: EUR 0.15) on 10 April 2015.
- Exercise of share warrants Series II that resulted in an increase of 86,000 shares (exercise price: EUR 0.13) on 15 January 2015 and exercise of warrants Series II that resulted in an increase of 919,000 shares (exercise price: EUR 0,13) on 10 April 2015.
- On 4 March 2015, 480,913 shares were issued at EUR 0.21, on 31 March 2015, 463,692 shares were issued at EUR 0.22, and on 30 April 447,663 shares were issued at EUR 0.23.
- On 20 April Bonds for an amount of EUR 2,494,000 have been transferred to a Trustee under a Contractual Trust Agreement for the purpose of financing pension liabilities.

**Management board**

**Ph.M.G. Nijenhuis**

**Zwolle, 30 April 2015**

## VIII. CORPORATE SOCIAL RESPONSIBILITY

### General commitment

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

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

### Human rights

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

### Free market competition

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

### Product safety

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

### Privacy

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

### Environmental protection

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

### Commitment towards customers

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

### Commitment towards investors

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

### Commitment towards employees

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

#### **Right to organise**

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

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

#### **Health and safety**

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

#### **Equal and fair treatment**

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

#### **Wages and payment**

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

### Commitment towards suppliers and business partners

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

## Assets and information

### Use and protection of assets

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

### Improper disclosure

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

RoodMicrotec is committed to refrain from making use of information disclosed to it by a third party if it is suspected that the discloser thereby violates an obligation of confidentiality, unless the information:

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

### Insider trading

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

## Business integrity

### Bribery; records of transactions

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

### Third-party interests

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

### Political payments

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

## Observance of General Business Principles

### Sanctions

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

### Whistleblower policy

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

### Compliance

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

Further information: [www.roodmicrotec.com](http://www.roodmicrotec.com)

Management board  
Ph.M.G. Nijenhuis

Zwolle, 30 April 2015

## **IX. RISK MANAGEMENT**

### **General**

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

### **Operational**

#### *Sales*

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

#### *Costs*

Globalisation is putting increasing pressure on prices, in particular in Test & End-of-line Services. This requires constant focus on improving cost management, reducing costs and optimising the test equipment load. Salaries and associated pension commitments are also monitored closely, as they make up almost half of our 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 program in order to reduce the risk of not being able to attract qualified staff. We also collaborate with engineering firms.

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

### **Market risks**

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

In the past various customers (IDMs) used 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 reduced our risk and are increasingly focusing on customers who wish to outsource their test activities on a long-term basis, such as FCs and OEMs. This exposes the company to the upswings and downturns of the market, but also allows it to generate sales during downturns to customers who opt for outsourcing.

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

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

### **Competition**

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

### **Finance**

#### *Financial markets*

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

#### *Currency and interest rates*

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

We pay a relatively high interest rate on our short-term loans, and we are still making considerable repayments. Our stable balance sheet in 2014 has put us in a position to obtain loans at relatively favourable conditions. We will continue to work actively towards improving this situation assisted by external consultants.

#### *Insurance*

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

### **Internal risk management and control system**

#### *General*

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

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

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

### **Strategic plans**

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

### **Internal evaluations and external audits**

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

**Audit committee**

Currently, there is no separate audit committee from among the members of the supervisory board. The supervisory board meets at least four times per year.

Ph.M.G. Nijenhuis

CEO

30 April 2015

## X. CORPORATE GOVERNANCE

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

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

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

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

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

### I. Enforcement and application of the Code

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

### II. The Management board

#### II. 1.1– 1.11 Tasks and working methods

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

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

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

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

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

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

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

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

At least once every year, the supervisory board discusses the strategy and the main risks for the company, the results of the management board'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 management board describes the main risks related to the company's strategy.

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

RoodMicrotec employees can report suspected irregularities within the company without jeopardising their legal position. RoodMicrotec's whistleblower 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 management board. However, if the report concerns actions or omissions by RoodMicrotec's managing director(s), the whistleblower should communicate it to the chairman of RoodMicrotec's supervisory board.

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

No member of RoodMicrotec's management board holds the post of managing director in another listed company. The employment contract with managing directors stipulates that accepting other posts in a business environment is subject

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

In the event of a takeover, the management board 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 management board 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 management board 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 the issue brought up (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 management board uses the response time. The supervisory board may use the response time only once in relation to the same matter. Setting a response time is not possible in a situation in which a public takeover offer is successful and the acquiring party has 75% or more of the share capital.

## **II. 2.1 – 2.15 Remuneration**

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

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

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

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

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

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

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

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

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

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

The CEO's employment contract contains no formal pension plan. However, RoodMicrotec pays him a pension contribution of 10% of his salary.

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

### **II. 3.1 – 3.4 Conflicting interests**

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

### **III. The supervisory board**

#### **III. 1.1 – 1.9 Task and working methods**

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

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

The supervisory board's supervision of the management board includes the relevant social aspects of the company's business. The management board must inform the shareholders promptly of the policies it intends to pursue. The supervisory board's duty to supervise the management board 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 its profile are available on the company's website [www.roodmicrotec.com](http://www.roodmicrotec.com).

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

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

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

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

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

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

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

### **III. 5.1 – 5.13 Composition and the role of three core committees on the supervisory board**

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

### **III. 6.1 – 6.7 Conflict of interest**

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

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

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

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

### **III. 7.1 – 7.4 Remuneration**

The remuneration of the supervisory board is subject to approval from the general meeting of shareholders (see also Article 24, paragraph 4 of the articles of association). The supervisory board will not be granted shares and/or options on shares as part of its remuneration. The profile of the supervisory board, 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 of more than 5% in the share capital of other listed companies or companies in the semiconductor industry. Furthermore, supervisory directors must report changes in shareholdings in other listed or semiconductor companies to the chairman of the supervisory board.

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

## **II. The (general meeting of) shareholders**

### **IV. 1.1 – 1.8 Scope of authority**

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

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

### **IV. 2.1 – 2.8 Depositary receipts for shares**

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

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

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

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

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

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

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

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

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

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

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

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

#### **IV. 4.1 – 4.6 Responsibility of institutional investors**

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

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

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

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

##### **V. 1.1 – 1.3 Financial reporting**

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

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

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

**V. 3.1 – 3.3 Internal audit function**

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

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

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

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

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

Ph.M.G. Nijenhuis

CEO

Zwolle, 30 April 2015

## XI. MANAGEMENT STATEMENT

### Corporate Governance statement

This is a statement concerning corporate governance as referred to in Article 2a of the Decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) effective as of 1 January 2010 (the 'Decree'). This statement forms part of RoodMicrotec's annual report 2014 (included in the chapter on corporate governance), which is available on RoodMicrotec's website: [www.roodmicrotec.com](http://www.roodmicrotec.com). The information required to be included in this corporate governance statement as described in Articles 3, 3a and 3b of the Decree can be found in the following chapters, sections and pages of RoodMicrotec's annual report 2014 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 management board, 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 30 April 2015. This statement is based on Article 5:25c, paragraph 2 sub c of the Financial Supervision Act. To the best of our knowledge, (i) the annual accounts give 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, (ii) 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 and (iii) the most important risks confronting RoodMicrotec N.V. are described in the annual report. The members of the management board have signed the annual report and financial statements in fulfilment of their legal obligations arising from Article 5:25c, paragraph 2 sub c of the Financial Supervision Act.

Zwolle, 30 April 2015

**Management board**  
Ph. M.G. Nijenhuis, CEO

**Supervisory board**  
V.G. Tee, Chairman

## XII. ANNUAL ACCOUNTS

### A. CONSOLIDATED FINANCIAL STATEMENTS

#### Consolidated Statement of Profit or Loss

(x EUR 1,000)	Notes	2014	2013 Restated*
Net sales	1	9,971	11,180
Cost of sales	2	-1,787	-2,159
<b>Gross profit</b>		<b>8,184</b>	<b>9,021</b>
Personnel expenses	3	-6,058	-5,446
Other operating expenses	4	-2,848	-2,705
<b>Total operating expenses</b>		<b>-8,906</b>	<b>-8,151</b>
<b>EBITDA</b>		<b>-722</b>	<b>870</b>
Depreciation and amortisation	5	-792	-883
<b>EBIT</b>		<b>-1,514</b>	<b>-13</b>
Financial expenses	6	-161	-230
<b>Profit before tax</b>		<b>-1,675</b>	<b>-243</b>
Taxation	7	-18	-41
<b>Net profit (loss)</b>		<b>-1,693</b>	<b>-284</b>
<b>Net profit attributable to:</b>			
Owners of the company		-1,693	-284
Non-controlling interests			-
<b>Net profit (loss)</b>		<b>-1,693</b>	<b>-284</b>
<b>Earnings per share</b>			
Basic	16	-0.04	-0.01
Diluted	16	-0.04	-0.01

\* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, referring to prior period adjustments

**Consolidated Statement of Comprehensive Income**

(x EUR 1,000)	Notes	2014	2013 Restated*
Net profit (loss)		-1,693	-284
<b>Items that will not be reclassified to profit and loss:</b>			
Remeasurement of defined benefit obligations	19	-1,253	95
Remeasurement of defined benefit obligations – DTL	10	299	-
Revaluation of building	8	301	-
Revaluation of building – DTL component		-110	-
Mezzanine compensation	15	-	-292
<b>Total comprehensive income</b>		<b>-2,456</b>	<b>-481</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the company		-2,456	-481
Non-controlling interests		-	-
<b>Total comprehensive income</b>		<b>-2,456</b>	<b>-481</b>

\* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, referring to prior period adjustments

**Consolidated Statement of Financial Position**

(x EUR 1,000)	Notes	31-12-2014	31-12-2013 Restated*	01-01-2013 Restated*
<b>Assets</b>				
Property, plant and equipment	8	5,567	5,446	6,347
Intangible assets	9	1,741	1,741	1,755
Deferred taxes	10	1,079	910	951
Financial assets	11	2,982	2,991	1,449
<b>Non-current assets</b>		<b>11,369</b>	<b>11,088</b>	<b>10,502</b>
Inventories	12	344	283	305
Trade and other receivables	13	1,712	2,359	2,089
Cash and cash equivalents	14	192	211	19
<b>Current assets</b>		<b>2,248</b>	<b>2,853</b>	<b>2,413</b>
<b>Total assets</b>		<b>13,617</b>	<b>13,941</b>	<b>12,915</b>
<b>Equity and liabilities</b>				
Share capital		4,788	4,255	3,935
Share premium		18,084	17,851	17,751
Revaluation reserve		1,859	1,668	1,890
Net benefit reserve		-1,834	-880	-975
Retained earnings		-21,245	-19,992	-19,638
Mezzanine capital		2,494	2,494	2,494
Mezzanine capital loss participation		-440	-	-
<b>Equity, attributable to shareholders</b>	15	<b>3,706</b>	<b>5,396</b>	<b>5,457</b>
Loans and borrowings	18	2,306	279	1,399
Retirement benefit obligation	19	5,232	4,082	2,224
<b>Non-current liabilities</b>		<b>7,538</b>	<b>4,361</b>	<b>3,623</b>
Bank overdraft	14	-	1,537	1,381
Loans and borrowings	18	45	508	455
Trade and other payables	20	2,270	2,081	1,977
Current tax liabilities	18	58	58	22
<b>Current liabilities</b>		<b>2,373</b>	<b>4,184</b>	<b>3,835</b>
<b>Total equity and liabilities</b>		<b>13,617</b>	<b>13,941</b>	<b>12,915</b>

\* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, referring to prior period adjustments

**Consolidated Statement of Changes in Equity**

(x EUR 1,000)	Number of shares x1,000	Share capital	Share premium	Revaluation reserve	Net benefit reserve	Retained earnings	Mezzanine capital	Mezzanine loss on participation	<b>Total Equity</b>
<b>Balance at 1 January 2013</b>	<b>35,769</b>	<b>3,935</b>	<b>17,751</b>	<b>1,890</b>	<b>-975</b>	<b>-19,638</b>	<b>2,494</b>	-	<b>5,457</b>
Issuance of ordinary shares	2,905	320	80	-	-	-	-	-	400
Value of employee options granted	-	-	20	-	-	-	-	-	20
<b>Transaction with owners</b>	<b>38,674</b>	<b>4,255</b>	<b>17,851</b>	<b>1,890</b>	<b>-975</b>	<b>-19,638</b>	<b>2,494</b>	-	<b>5,877</b>
Profit and loss	-	-	-	-	-	-284	-	-	-284
<b>Other comprehensive income:</b>									
Sale of land	-	-	-	-227	-	227	-	-	-
Mezzanine capital compensation	-	-	-	-	-	-292	292	-	-
Mezzanine capital compensation distribution	-	-	-	-	-	-	-292	-	-292
Depreciation buildings	-	-	-	5	-	-5	-	-	-
Remeasurement of defined benefit obligation	-	-	-	-	95	-	-	-	95
<b>Total comprehensive income for the year</b>	-	-	-	-222	95	-354	-	-	-481
<b>Balance at 31 December 2013*</b>	<b>38,674</b>	<b>4,255</b>	<b>17,851</b>	<b>1,668</b>	<b>-880</b>	<b>-19,992</b>	<b>2,494</b>	-	<b>5,396</b>
<b>Balance at 1 January 2014</b>	<b>38,674</b>	<b>4,255</b>	<b>17,851</b>	<b>1,668</b>	<b>-880</b>	<b>-19,992</b>	<b>2,494</b>	-	<b>5,396</b>
Issuance of ordinary shares	4,845	533	174	-	-	-	-	-	<b>707</b>
Value of employee options granted	-	-	59	-	-	-	-	-	<b>59</b>
Loss on participation – mezzanine capital	-	-	-	-	-	440	-	-440	-
<b>Transaction with owners</b>	<b>43,519</b>	<b>4,788</b>	<b>18,084</b>	<b>1,668</b>	<b>-880</b>	<b>-19,552</b>	<b>2,494</b>	<b>-440</b>	<b>6,162</b>
Profit and loss	-	-	-	-	-	-1,693	-	-	<b>-1,693</b>
<b>Other comprehensive income:</b>									
Remeasurement of defined benefit obligation	-	-	-	-	-954	-	-	-	<b>-954</b>
Revaluation of building	-	-	-	191	-	-	-	-	<b>191</b>
<b>Total comprehensive income for the year</b>	-	-	-	191	-954	-1,693	-	-	<b>-2,456</b>
<b>Balance at 31 December 2014</b>	<b>43,519</b>	<b>4,788</b>	<b>18,084</b>	<b>1,859</b>	<b>-1,834</b>	<b>-21,245</b>	<b>2,494</b>	<b>-440</b>	<b>3,706</b>

\* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to prior period adjustments.

**Consolidated Cash Flow Statement**

(x EUR 1,000)	Notes	2014	2013 Restated*
EBITDA		-722	870
Adjustments for:			
- Movements in net defined benefit obligations		-103	-535
- Share based payments	17	59	20
- Accrued interest	6	-	-9
Changes in working capital			
- Inventories	12	-61	22
- Trade and other receivables	13	647	-270
- Trade and other accrued liabilities	18,20	79	140
<b>Cash generated from operating activities</b>		<b>-101</b>	<b>238</b>
Interest paid	6	-161	-221
<b>Net cash from operating activities</b>		<b>-262</b>	<b>17</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	8	-499	-535
Disposal of property, plant and equipment	8	-	567
Di-/Investments in defined benefit plan	19	-	2,487
Net investments in financial assets	11	9	-1,542
<b>Net cash from investing activities</b>		<b>-490</b>	<b>977</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	15	707	400
Payment of compensation mezzanine capital	15	-	-292
Proceeds from issuance of mezzanine capital		-	-
Proceeds from borrowings		2,550	50
Repayment of borrowings		-903	-1,116
Payment of bond issuance costs	18	-100	-
Amortization of discount and bond issuance costs	18	16	-
<b>Net cash flow from financing activities</b>		<b>2,270</b>	<b>-958</b>
<b>Net cash flow</b>		<b>1,518</b>	<b>36</b>
Cash -/- bank overdrafts at 1 January	14	-1,326	-1,362
Cash -/- bank overdrafts at 31 December	14	192	-1,326
<b>Net cash flow</b>		<b>1,518</b>	<b>36</b>

\* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, referring to prior period adjustments

## B. Notes to the consolidated financial statements

### General information

RoodMicrotec N.V. is a public limited liability company with its registered office in Zwolle, the Netherlands and publicly listed on the Euronext Amsterdam Stock Exchange since 1986. The consolidated financial statements of the company for the year ended 31 December 2014 comprises the company and its subsidiaries (jointly referred to as the 'Group').

Since 6 September 2012 the Group includes the following wholly-owned subsidiaries:

RoodMicrotec GmbH (Nördlingen, Germany)  
RoodMicrotec Dresden GmbH (Dresden, Germany)  
RoodMicrotec International B.V. (Zwolle, the Netherlands)

The 2014 financial statements were prepared by the management board and released for publication on 30 April 2015. The 2014 financial statements were approved by the supervisory board on 30 April 2015 and will be submitted for adoption by the shareholders at the annual general meeting of shareholders to be held on 11 June 2015.

### Summary of significant accounting policies

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

### Basis of preparation

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

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (EUR000), except when otherwise indicated.

### Use of judgements and estimates

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

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

### **Going Concern Basis of Accounting**

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

- Strong increase in quote portfolio
- Strong improved cash-position and working capital position
- Anticipated strong decrease in personnel costs due to employees who will go on pension leading into annual cost savings of approximately EUR 1.0 million per year starting from 2017.
- Further implementation and execution of new strategy and a growing market with services for promising high tech products.
- Strengthening results due to further rationalisation of operating expenses and keeping salary increases to a minimum.

In particular, the sensitivity of goodwill for impairment as well as the deferred tax assets recognised at balance sheet date are heavily dependent on the aforementioned factors.

Obviously, there are some uncertainties, which by nature are embedded in forecasts and business plans. The forecasted future sales may differ from the actual sales and client orders may be postponed. This can have a significant negative effects on the results and cash-flow. However, this is inherent to the business RoodMicrotec is acting in.

The current budget level of sales in 2015 is sufficient for our going concern assumption. However, if the company would not be able to increase its sales levels with at least 10% compared to the 2014 sales levels (which increase is still below budget levels), the company would need to take additional measures to maintain the going concern assumption. The company is able to increase short-time work arrangements for 2015 which would have a modest to limited cost saving effect. Also, the company is able to draw an amount of EUR 75.000 from an unused credit line with a bank and to make use of an equity line in the amount of EUR 500.000 pursuant to prevailing arrangements with an investor. All of these options are readily available for the company. In addition, the company would be able to issue secured bonds of EUR 500.000 on the NPEX exchange and to issue share capital in 2015 up to an amount of EUR 2.5 million without approval of the Shareholders. However, both alternatives are not (yet) committed.

Despite the negative results over 2013 and 2014, management is confident about the companies' ability to continue its operations as a going concern and the validity of the valuation of goodwill and the deferred tax asset.

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

#### **Prior period adjustments:**

The Group restated its financial statements issued in 2013 due to the salary decrease assumption of 2% in 2012 into 1% in 2013. This decrease was part of a big cost saving program, which took place in 2013. This group of employees will not receive a salary indexation anymore in the future. The EUR 95,000 has been reported as a plan amendment in 2013. Strictly, this effect should have been booked through the OCI instead of the profit and loss statement.

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

	<b>2013</b>
Pension expense	-95
<b>Net profit</b>	<b>-95</b>
<b>Attributable to:</b>	
Owners of the company	-95
Non-controlling interests	-

**Statement of other comprehensive income**

	<b>2013</b>
Net profit	-95
Remeasurement of defined benefit obligation	95
<b>Total comprehensive income for the year</b>	<b>-</b>

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

The financial assets comprise life insurance policies. These policies were concluded in order to finance future pension liabilities. However, the insurance contracts do not place the company under any formal and legal obligations towards pension liabilities and pensioners. The company is free to use these cash flows in the company's regular cash flows. Consequently, these assets do not qualify as pension assets according to IAS 19 and thus for a need to restate the 2013 classification of these assets.

As per 31 december 2012 and 31 december 2013 Plentum Bonds have been classified under short term cash as restricted cash. The Plentum bonds needs to be classified under Financial assets.

**Impact on balance (increase/decrease (-) and equity**

	<b>As at 31 December</b>	<b>As at 01</b>
	<b>2013</b>	<b>January 2013</b>
Financial assets	2,494	500
<b>Total non-current assets</b>	<b>2,494</b>	<b>500</b>
Cash and Cash equivalents	-500	-500
<b>Current assets</b>		
Pension obligation	1,994	-
<b>Total non-current liabilities</b>	<b>1,994</b>	<b>-</b>
<b>Net impact on equity</b>	<b>-</b>	<b>-</b>

**Application of new and revised IFRS/IAS standards**

The Group has applied all new and amended standards and interpretations as set by the IASB and endorsed by the European Union that became applicable for the period started on 1 January 2014.

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

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

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

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

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

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

**IFRS 10, IFRS 12 and IAS 27 (amendments) - Investment Entities - effective for annual periods beginning on or after 1 January 2014.**

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

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

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

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

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

- Summarised financial information for each subsidiary that has non-controlling interests that are material to the reporting entity.

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

These amendments have no impact on the Group.

#### **IFRS 15 'Revenue from Contracts with Customers'**

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2017. The Group's has not yet assessed the impact of IFRS 15 on these consolidated financial statements.

#### **IAS 19 (amendment) Defined Benefit Plans: Employee Contributions - effective for annual periods beginning on or after 1 July 2014.**

The amendment requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. Examples of such contributions include those that are a fixed percentage of the employee's salary, a fixed amount of contributions throughout the service period, or contributions that depend on the employee's age.

These amendments have no impact on the Group.

#### **IAS 32 (amendment) 'Financial Instruments: Presentation' – effective on or after 1 January 2014**

The amendment clarifies existing application issues as well as the requirement to provide increased information surrounding disclosures of financial instruments where they are presented on a net basis; thereby meeting the offsetting criteria. The increased disclosure of information will enable users of financial statements to evaluate the effect of offsetting, including rights to set off recognised financial assets and financial liabilities.

These amendments have no impact on the Group.

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

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

useful lives allocated to that unit was significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. This requirement has been deleted by the amendment.

In addition, the IASB added two disclosure requirements:

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

The Group does not have impaired assets as at 31 December 2014.

#### **IAS 39 (amendments) - Novation of Derivatives and Continuation of Hedge Accounting - effective on or after 1 January 2014**

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

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

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

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

#### **Basis of consolidation**

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

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

- RoodMicrotec GmbH (Nördlingen, Germany)
- RoodMicrotec Dresden GmbH (Dresden, Germany)
- RoodMicrotec International B.V. (Zwolle, the Netherlands)

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

#### **Foreign currency translation**

##### *Functional and presentation currency*

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

*Transaction and balances*

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

**Property, plant and equipment**

*Assets in ownership*

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

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

*Lease assets*

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

*Subsequent cost*

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

*Depreciation*

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

<b>Category</b>	<b>Years</b>
Buildings	20
Machinery and equipment	2-10
Other fixed assets	4-10
Intangible assets	3-5

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

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

### **Intangible assets**

#### *Internally generated assets*

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

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

#### *Goodwill*

Acquisition of businesses is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognized in profit or loss as incurred. Goodwill is carried at cost less accumulated impairment losses.

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 acquired in a business combination that qualify for separate recognition are valued using the excess operating profits method.

#### *Amortisation*

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

### **Financial assets**

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

### **Inventories**

#### *Inventories*

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

#### *Work in progress*

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

### **Trade and other receivables**

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

### **Cash and cash equivalents**

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

### **Impairment**

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

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

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

### **Share capital**

#### *Ordinary shares*

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

#### *Share premium*

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

#### *Dividends*

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

#### *Mezzanine capital*

Mezzanine capital is classified as equity against its nominal value.

### **Borrowings**

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

### **Deferred income tax**

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

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

### **Employee benefits**

#### *Defined contribution plan*

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

#### *Defined benefit plans*

The Group's net obligation in respect of defined benefit pension plans and related plans is calculated separately for each plan by calculating the present value of future benefits that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets. 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.

Only a small part of the employees (approximately 14 fte's) have a defined pension plan. The pension of these people is limited to a relative small fixed annual amount per year.

In 2013, the Group recognised gains arising from plan amendments and all expenses related to defined benefit plans in employee benefit expense in profit or loss due to change of plans. In 2014, the remeasurement of the defined benefit obligations is presented in other comprehensive income.

#### *Share-based payment transactions*

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

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

#### *Profit-sharing and bonus plans*

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

### **Provisions**

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

### **Trade and other payables**

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

### **Net sales**

#### *Net sales*

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

#### *Government grants*

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

### **Expenses**

#### *Operating lease payments*

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

#### *Finance lease payments*

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

#### *Net financing costs*

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

### **Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax in respect of previous years.

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

**Cash flow statement**

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

**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 program 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.

*Foreign currency risks and sensitivity analysis*

Within the Group's customer portfolio, the Group is exposed to credit risk and currency risk. The management has set up credit control policies to reduce the credit risk and foreign exchange risk as much as possible. The foreign exchange risk is mitigated by exchange rate clauses in most of the Group's contracts and sales. The average credit rating of the Group's customers is comparable to the industry. In 2013, the Group has sales in US dollar currency however this has minimal a effect.

The table below summarises the sales in different currencies:

(x EUR 1,000)	2014	2013
Euro denominated net sales	9,751	10,861
US dollar denominated net sales	220	319
<b>Balance at 31 December</b>	<b>9,971</b>	<b>11,180</b>

*Borrowing risks and sensitivity analysis*

Up to and including March 2014 all of the Group's long-term borrowings had fixed interest rates partially realised by way of interest rate swaps. Up to and including June 2014. The bank overdrafts carry a floating rate. As per year end the company doesn't have any interest swaps.

Generally, the Group raises new long-term borrowings at fixed rates. In 2014, the Group issued a bond loan amounting to EUR 2.5 million with mortgage cover. The bond loan is composed of 2,500 bonds with EUR 1,000 nominal value at an issue price EUR 2,350,000 (discounted at 94%) payable in six years. The annual fixed coupon rate is 6% and the effective return rate is 7.44%. The interest (coupon rate) is fixed until 2020. Therefore borrowing risks for this instrument are low.

In 2013, the larger part of the long-term borrowings from banks were from Hypo- und Vereinsbank AG Donauwörth (HVB), rated A and VR Leasing (Germany), rated A by Standard & Poor's. In July 2013, the borrowings from ICN part Rood B.V. (Netherlands) was paid in full. In 2013 the floating-rate bank overdrafts were obtained from HVB and Commerzbank (Augsburg). As a result of the current financial position and capital structure of the company, the Group's interest risks are in the short term (1 year) limited to interest changes for the credit facility carrying a floating interest rate. In June 2014 all short- and long-term borrowings from HVB and Commerzbank have been fully paid.

*Liquidity risk*

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

As per 31 December 2014 the working capital position is as follows:

(x EUR 1,000)	Current	Non-current	1 to 2 Years	2 to 5 Years	More than 5 years
Inventories	344				
Trade receivables	1,378				
Other receivables	334				
Total interest-bearing loans and borrowings					
	-45	-2,306	-40	-	-2,266
Trade payables	-1,254				
Other payables	-1,016				
Income tax liabilities	-58				
		-	-	-	-
Cash at bank	192				
<b>Liquidty position (working-capital)</b>	<b>-125</b>				

Current receivables do slightly exceed the level of current liabilities. Current Liabilities with regard to payments of financing and interest costs are relatively small. The risk of strong fluctuating interest rates is limited and the company has no interest swaps outstanding. The company pays mainly interest with respect to the outstanding bond loan. This interest rate is fixed until 30 June 2020.

For purposes of financing its working capital position, the company has per year-end the following additional finance available:

(x EUR 1,000)	
Available Credit line bank (unused)	75
Available Equity line (unused)	500
<b>Available working capital financing</b>	<b>575</b>

For 2015, it is important to realise a further growth in business and to improve the working capital position. Not reaching the plans for 2015 would harm the working capital position and extra measures acquiring additional finance would be necessary.

The company has the following possibilities for raising extra financing, but none of these are (yet) committed:

- issuance of additional secured bond loan of EUR 500,000
- issuance of additional share capital of EUR 2,500,000 on an annual base.

*Market interest rates and pensions*

Changes in discount rates used in pension calculations are related to the changes in capital market interests. Changes in discount rates will result in actuarial gains or losses. According to IAS 19 (Revision), these actuarial gains and losses are immediately recognized in other comprehensive income. Disregarding this mitigation a 1% decrease in the market interest rate at year-end would increase pension obligation by approximately EUR 1,117,000. A 1% increase of the market interest rate at year-end would lead to a decrease of pension costs by approximately EUR 698,000.

**Capital risk management**

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may, if and when applicable, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with other parties in the industry, the group monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. Below the gearing ratio of 2014 is stated compared to 2013.

(x EUR 1,000)	2014	2013
Total interest-bearing borrowings	2,351	2,324
Less cash and cash equivalents	-192	-211
<b>Net debt</b>	<b>2,159</b>	<b>2,113</b>
Total equity	3,706	5,396
<b>Total capital</b>	<b>5,865</b>	<b>7,509</b>
<b>Gearing ratio (net debt/capital x 100%)</b>	<b>37%</b>	<b>28%</b>

**Fair value measurement**

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

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

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

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

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

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

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

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

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

## 1. Net sales

The Group is active in one operating segment. Sales are reported internally as well as externally in different product/services groups. Every month a consolidated profit & loss statement is prepared, based on which an analysis and management report is communicated. Monthly profit & loss statements per product/service group are not available. Ad-hoc segmented information is prepared if and when necessary. The fixed assets amounting to EUR 159,000 (2013: EUR 11,000) is located in the Netherlands and the bulk of the tangible fixed assets are located in Germany.

### *Net sales by business unit*

(x EUR 1,000)	2014	2013
Test	3,503	4,527
Supply Chain Management	2,850	2,455
Failure & Technology Analysis	1,517	1,448
Test Engineering	516	592
Qualification & Reliability	1,585	2,158
<b>Total</b>	<b>9,971</b>	<b>11,180</b>

*Net sales by country*

(x EUR 1,000)	2014	2013
Germany	4,185	4,632
Eastern Europe	519	896
China/ Asia	161	19
Rest of Europe	5,099	5,606
Rest of the world	7	27
<b>Total</b>	<b>9,971</b>	<b>11,180</b>

The company makes limited use of government grants. In 2014 approximately EUR 116 thousand have been recognised in the sales which concerns a European government grant. This grant is about the development of a new radio-frequency chip with a consortium partner.

**2. Cost of sales**

(x EUR 1,000)	2014	2013
Change in work in process capitalised	71	1
Cost of raw materials and consumables	-1,858	-2,160
<b>Total</b>	<b>-1,787</b>	<b>-2,159</b>

**3. Personnel expenses**

(x EUR 1,000)	2014	2013
		Restated*
Salaries	4,962	5,037
Social security	938	939
Share options granted to directors and employees	59	20
Pension charges	99	-550
<b>Total</b>	<b>6,058</b>	<b>5,446</b>

The professional categories of the employees are as follows:

Category	2014	2013
Business units	66	66
Management and administrative	17	20
Sales and support	13	13
Total average number of employees	96	99

The average number of persons employed by the Group in 2014 on a full-time basis was 97 (2013: 99). At year-end 2014, the Group employed 94 persons (2013: 96).

#### 4. Other operating expenses

(x EUR 1,000)	2014	2013
Housing and equipment costs	1,552	1,644
Selling and administrative expenses	1,296	1,061
<b>Total</b>	<b>2,848</b>	<b>2,705</b>

##### Auditor's fee 2014

The task of the external auditor is to audit the annual accounts of RoodMicrotec N.V. Grant Thornton Accountant en Adviseurs B.V. charges EUR 24,500 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	<b>Total</b>
Audit of annual accounts	54	88	<b>142</b>
Other assurance services	-	-	-
Non audit	-	-	-
<b>Total</b>	<b>54</b>	<b>88</b>	<b>142</b>

#### 5. Depreciation and amortisation

(x EUR 1,000)	2014	2013
Intangible fixed assets	-	14
Land and buildings	60	97
Machinery and equipment	413	673
Other fixed assets	319	99
<b>Total</b>	<b>792</b>	<b>883</b>

#### 6. Financial expenses

(x EUR 1,000)	2014	2013
Interest paid	161	221
Interest accrued	-	9
<b>Total</b>	<b>161</b>	<b>230</b>

(x EUR 1,000)	2014	2013
Interest expenses:		
- bank borrowings	82	193
- bond loan	92	-
- other loans	-	48
- other financial expenses /income (-)	-13	-11
<b>Total</b>	<b>161</b>	<b>230</b>

## 7. Taxation

(x EUR 1,000)	2014	2013
Recognition of tax losses carried forward	100	37
Change in deferred tax liability	-118	-78
	-	-
<b>Total</b>	<b>-18</b>	<b>-41</b>

As the major part of the activities are in Germany the company uses the German domestic tax rates of 27.5% (2013: 27.5%) in the reconciliation of the effective tax rate below:

(x EUR 1,000)	2014	2013
<i>Result before tax</i>	-1,673	-243
Recognition of tax losses carried forward	100	37
Change deferred tax liability	-118	-78
Capitalization of deferred tax liability	-	-
<b>Total</b>	<b>-18</b>	<b>-41</b>

## 8. Property, plant and equipment

(x EUR 1,000)	Land and buildings at fair value	Machinery and equipment	Others	Total
<b>1 January 2013</b>				
Cost or valuation	4,707	23,545	3,501	31,753
Accumulated depreciation	-1,354	-21,797	-2,255	-25,406
<b>Opening net book amount</b>				
<b>1 January 2013</b>	<b>3,353</b>	<b>1,748</b>	<b>1,246</b>	<b>6,347</b>
Additions	4	417	114	535
Disposals	-500	-67	-	-567
Depreciation charge	-101	-669	-99	-869
<b>Closing net book amount</b>				
<b>31 December 2013</b>	<b>2,756</b>	<b>1,429</b>	<b>1,261</b>	<b>5,446</b>
<b>31 December 2013</b>				
Cost or valuation	4,211	23,895	3,615	31,721
Accumulated depreciation	-1,455	-22,466	-2,354	-26,275
<b>Net amount historical cost</b>				
<b>31 December 2013</b>	<b>2,756</b>	<b>1,429</b>	<b>1,261</b>	<b>5,446</b>
<b>1 January 2014</b>				
Cost or valuation	4,211	23,895	3,615	31,721
Accumulated depreciation	-1,455	-22,466	-2,354	-26,275
<b>Opening net book amount</b>				
<b>1 January 2014</b>	<b>2,756</b>	<b>1,429</b>	<b>1,261</b>	<b>5,446</b>
Additions	-	110	389	499
Revaluation	414	-	-	414
Disposals	-	-	-	-
Depreciation charge	-60	-413	-319	-792
<b>Closing net book amount</b>				
<b>31 December 2013</b>	<b>3,110</b>	<b>1,126</b>	<b>1,331</b>	<b>5,567</b>
<b>31 December 2014</b>				
Cost or valuation	4,625	24,005	4,004	32,634
Accumulated depreciation	-1,515	-22,879	-2,673	-27,067
<b>Net amount historical cost</b>				
<b>31 December 2014</b>	<b>3,110</b>	<b>1,126</b>	<b>1,331</b>	<b>5,567</b>
Useful economic life in years	20*	2-10	4-10	

\*Until 2010 a depreciation period of 70 years was used. In 2011 and 2014 revaluations, management applies the economic life as at year-end of 30 years and 20 years, respectively.

*Land and buildings at historical cost*

(x EUR 1,000)	2014	2013
Initial costs land and buildings	4,707	4,707
Disposals	-80	-80
Accumulated depreciation	-4,219	-4,159
<b>Net book amount</b>	<b>408</b>	<b>468</b>

The valuation report dated 15 April 2014 prepared by Diplom-Betriebswirt (FH) Friedrich Kiefer, it is stated that the fair value of the land and building is EUR 3,110,000 (valuation in 2011: EUR 3,430,000).

The valuation of land and building is based on a market valuation of land and rental value in combination with the technical life of the building. The land has been valued against EUR 46 per square meter.

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

The most significant input, all of which are unobservable is the estimated rental value and the land has been valued against EUR 46 per square meter. This is according to the selling price of the sold land in 2013.

*Valuation of land*

	Total square meters	EUR/square meter	Total value in EUR
Build land	15,037	46	691,702
Unbuild land	6,267	46	288,282
Total land	21,304		979,984

*Valuation of building*

Valuation of the building is based on rental-market prices for office and production space per square meter. The range of market prices per square meter is between 2.25 and 6.5 EUR /square meter.

The total square meters of the building, which has been used to determine the rental value is 5,114 square meters. The total annual rental value amounts EUR 279,420 (this includes the value of the build land).

A multiplier is used (according to valuation techniques in the real estate market ) to calculate the value which amounts 10.2.

The multiplier 10.20 x annual rental value EUR 279,420 = value of the buildings including built land= EUR 2,849,074.

The value of the built land including the unbuild lands is EUR 2,849,074 plus EUR 288,282 = EUR 3,137,356.

The valuator has rounded the taxation value to EUR 3,110,000.

*Impairment loss and subsequent reversal*

In 2014, the land and building assets were revalued to their fair value. The company neither incurred nor reversed any impairment losses in 2014.

*Assets under construction*

Assets under construction are included in the category 'others' and amounted to EUR 152,000 (2013: nil). In December 2014, the Group purchased a machine amounting to EUR 152,000 that is delivered and set-up in January 2015.

*Security*

The registered property in Nördlingen, Germany that has been valued at EUR 3,110,000 by an officially recognised valuer - Diplom-Betriebswirt (FH) Friedrich Kiefer is provided as a mortgage right for the holders of the bond loan issued on June 2014.

*Lease assets*

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

## 9. Intangible assets

(X EUR 1,000 )	Goodwill	Customer relations	Total
<b>Opening balance 1 January 2013</b>			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-126	-126
<b>Net book amount 1 January 2013</b>	<b>1,741</b>	<b>14</b>	<b>1,755</b>
<b>Year ended 31 December 2013</b>			
Opening net amount	1,741	14	1,755
Amortisation charge	-	-14	-14
<b>Closing net book amount 31 December 2013</b>	<b>1,741</b>	<b>-</b>	<b>1,741</b>
<b>31 December 2013</b>			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-140	-140
<b>Net book amount 31 December 2013</b>	<b>1,741</b>	<b>-</b>	<b>1,741</b>
<b>Opening balance 1 January 2014</b>			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-140	-140
<b>Net book amount 1 January 2014</b>	<b>1,741</b>	<b>-</b>	<b>1,741</b>
<b>Year ended 31 December 2014</b>			
Opening net amount	1,741	-	1,741
Amortisation charge	-	-	-
<b>Closing net book amount 31 December 2014</b>	<b>1,741</b>	<b>-</b>	<b>1,741</b>
<b>31 December 2014</b>			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-140	-140
<b>Net book amount 31 December 2014</b>	<b>1,741</b>	<b>-</b>	<b>1,741</b>

Goodwill is tested annually for impairment. The goodwill was allocated to the Group's cash-generating unit RoodMicrotec GmbH until the 2011 financial year. After the legal merger of the German entities the goodwill is allocated to RoodMicrotec GmbH as the next cash-generating unit. The recoverable amount of this cash-generating unit is determined using value in use calculations. The recoverable amount for 2014 amounts to EUR 7.4 million. The headroom in the impairment test scenario amounts to EUR 3.0 million.

These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. For the years 2015 the sales forecasts are based on information from our sales team generated by means of a bottom-up approach. For the years 2016 until 2019 we have made calculations on the basis of 4% average sales growth. Cash flows beyond the five-year period are extrapolated for an additional 5 years at a flat sales growth. In net present value it is common use to use a perpetual value in the closing value. Roodmicrotec limited herself to 5 years for this closing value.

The growth-rate used for these purposes is considerably lower than the average market growth-rate, while we also concentrate on those market segments (OEMs and FCs) that show a significantly higher growth rate than the average market growth. Management determines the budgets based on past performance as well as future expectations of

market developments. The discount rate used is post-tax and reflects specific (market) risks and represents the current WACC. The proportion of the equity and debt used in the WACC calculation is based on the optimum capital structure. The following data have been used for the calculation of the WACC:

WACC post tax: 12.41%

Risk free rate: 2.89%

Beta unlevered: 1.05%

Beta levered: 1.13%

Market risk premium: 5.5%

Size premium: 3.87%

Spread: 4.11%

Tax rate: 27.5%

Cost of debt (post tax): 5.08%

Equity to Enterprise Value: 92.85%

Debt to Enterprise Value: 7.15%

There are no indications for a reasonably possible change in the key assumptions mentioned above. However the company disclosed below for transparency purposes the results of the impairment tests within several scenarios.

The changes in the assumptions in this sensitivity analysis are used to determine the point where an impairment indication would be necessary. The recoverable amount in the scenario analysis amounts to EUR 7.4 million. The headroom in the impairment test scenario ranges from approx. EUR -1.7 million to EUR 6.4 million

#### *Sensitivity Analysis Goodwill*

Impairment Indication Yes/No	Growth Sales 0%	Growth Sales 2%	Growth Sales 4%	Growth Sales 6%
WACC 12.41%	Yes	No	No	No
WACC to 14%	Yes	Yes	No	No
WACC to 16%	Yes	Yes	No	No
WACC to 18%	Yes	Yes	Yes	No
WACC to 20%	Yes	Yes	Yes	No
WACC to 22%	Yes	Yes	Yes	Yes

## 10. Deferred taxes

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

Deferred tax losses are approximately EUR 15,000,000 for the German entity and are indefinite in time.

(x EUR 1,000)	2014	2013
Deferred income tax asset to be recovered > 12 months	1,582	1,313
Deferred income tax asset to be recovered < 12 months	-	169
<b>Deferred income tax asset (unnetted)</b>	<b>1,582</b>	<b>1,482</b>
Deferred tax liability to be recovered > 12 months	-503	-572
Deferred tax liability to be recovered < 12 months	-	-
<b>Deferred income tax liability (unnetted)</b>	<b>-503</b>	<b>-572</b>
<b>Deferred tax asset (netted)</b>	<b>1,079</b>	<b>910</b>

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

### Deferred tax assets

(x EUR 1,000)	Total capitalized carry forward losses
<b>Balance at 1 January 2013</b>	<b>1,445</b>
Charges for the book year	37
<b>Balance at 31 December 2013</b>	<b>1,482</b>
<b>Balance at 1 January 2014</b>	<b>1,482</b>
Charges for the book year	100
<b>Balance at 31 December 2014</b>	<b>1,582</b>

No deferred tax assets have been recognised for taxes in the Netherlands. The unrecognised tax losses in the Netherlands total approximately EUR 0.2 million (2013: EUR 0.7 million).

The deferred tax asset recognised on the balance sheet is calculated as follows:

Tax losses	EUR 14.8 million
Potential deferred taxes assets regarding carry forward	EUR 3.9 million
Deferred tax assets carry forward recognised	EUR 1.6 million
Recognised tax assets of potential total deferred tax assets	40%

As per year-end 2014, RoodMicrotec GmbH had approx. EUR 14.8 million tax losses which are indefinite in time. Consequently, all of these tax losses can be carried forward and be compensated with future payable taxes without any time limitation. The corresponding amount of possible tax savings depends on the applicable tax rate, which for RoodMicrotec is 27.5%, being 20.5% on EUR 14.8 million concerning corporate tax losses and 7% on EUR 11.8 million concerning trade tax losses. This results in a potential deferred tax asset in the amount of EUR 3.9 million.

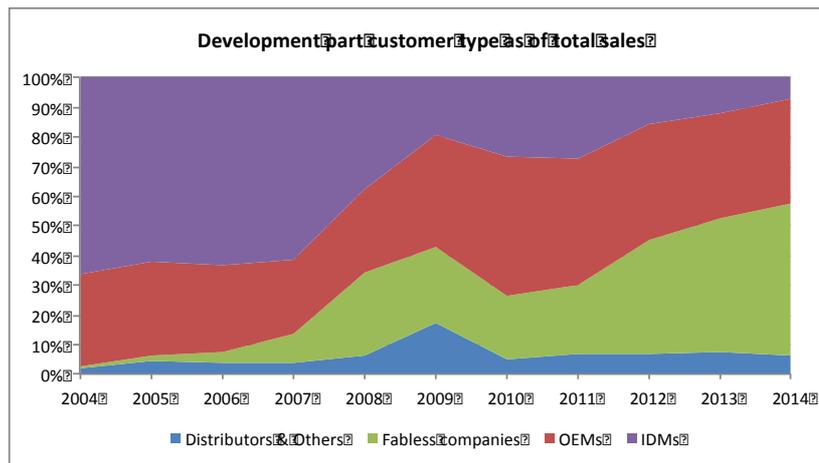
Consistent with past practice, recognition of deferred tax assets is based on the company's (taxable) profits shown in its internal business plan, made on a five-year rolling forecast. RoodMicrotec's business planning for the financial years 2015-2019, applying a 4% growth rate, results in a EUR 1.6 million deferred tax asset to be recognised in the company's balance sheet. In doing so, the company takes a conservative approach since IFRS does not prescribe a certain looking forward period. Accordingly, it would be justifiable to take the position that RoodMicrotec recognises all available tax losses at the appropriate tax rate as deferred tax asset (EUR 3.9 million).

IAS 12 prescribes that deferred taxes arising from available tax losses are recognised, if the entity has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available (IAS 12.35). Entities may look forward for a number of future accounting periods to determine whether they will have sufficient taxable profit to justify recognizing a deferred tax asset. In these circumstances, there is no specific restriction on how many years the entity may look forward, unless there is a date which the availability of the tax losses expires. Generally, evidence supporting or indicating future profits in later financial years will generally not be as convincing as that for earlier periods, but there is no rule as to the duration of the lookout period.

Further, the unavailability of detailed profit forecasts is not necessarily a bar to assuming that profits for later years will be available to support a deferred tax asset. If there are detailed forecasts showing profits for the next five years it would be unlikely to assume that profits would reduce to nil in year 6 and further. The key issue is that the (tax) profits are probable and that there is convincing evidence to support management assumptions.

Pursuant to IAS 12.82 we are disclosing the following convincing evidence in our annual report:

1. Our financial plans and future profits are now based on a much more conservative growth path than in earlier years. In the past, we projected our sales growth with 6% and 7%. For 2014, we have taken a conservative sales growth of only 4% in our financial projections. Looking back at the period from 2003 up to 2014, RoodMicrotec's growth amounted 5% to 6%. The estimated market growths according to several industry researches are above these growth rates. We have taken into account that the business of RoodMicrotec is highly cyclical. In 2009 we grew from approx. EUR 12 million sales to EUR 15,5 million sales in 2010.
2. We did not base our financial plans and future profits on general assumptions and economic improvement indicators. Instead, we based our financial plans and future profits on:
  - a. **Bottom-up forecasts:** Very detailed bottom-up sales planning of our individual sales managers which are based on customer forecasts and other information.
  - b. **Our new business model:** During the course of 2013 we completed the execution of our new strategy.



Our total revenue over the last 10 years increased very strong between 2004 and 2011. We had deterioration during the crisis. In 2014, our revenue increased in the second half year compared to the first half year. The total revenue is the sum of our revenue in three segments: FCs and OEMs on the one hand and IDMs on the other hand. Our revenue increase was caused by our improved position in FCs and OEMs. In 2004, our revenue from IDMs was roughly 70% of the total revenue, while in 2014 these revenues accounted for approximately 10%. In contrast, our revenue from FCs and OEMs increased sharply from about 30% to 90% in 2014. We realised significant growth in our core segment, which is an important element in our strategic forecast. FCs may need a longer start-up phase, but it is expected to lead to much more recurring business.

Of course, results realised in the past do not guarantee results, but that applies both upward and downward. Our commercial efforts have resulted in a strong increase of our quote portfolio, an increase of the hit rate from quote to order and an increased book-to-bill ratio between 1.00 and 1.25 over the last 1.5 years (see figure 1). Over the past two years our quote portfolio has increased from about EUR 3 million in January 2013 to about EUR 11.5 million in December 2014, an almost four-fold increase, in combination with a relative high hitrate.

Part of our strategy is also to strengthen our sales force, which we hope will result in a further increase of our quote portfolio, hit rate and book-to-bill ratio in 2015. This expectation is in line with the thoroughly prepared bottom-up forecasts from our sales managers/customers. All indicators point to increasing revenue and results, none point to the opposite.

The management of RoodMicrotec is convinced of the strategic choices made from 2013 onwards and of future growth which will result in better financial results, as presented in our forecast.

Of course, revenue guarantees for the year are impossible. However, we do not consider uncertainty concerning revenue as an argument to reduce the forecast for reasons of prudence. An annual report which shows a too negative perspective concerning the future is as incorrect and unreliable as a report which is too optimistic. From our point of view, we feel bound to disclose in our annual report, as we have done in the past, the uncertainty concerning future prospects.

As discussed before our growth is coming from FCs and OEMs. The difference with doing business for IDMs is that orders from IDMs create business at short notice, while orders from FCs and OEMs require extensive preparation times and involve greater uncertainty. The financial crisis has reduced our revenue significantly. Many customers are unable to get funding in time.

In previous years we've had difficulties to reach our budgets. This was to a large extent due to the financial crises, as a result of which many customers postponed their orders. During the financial year 2013/ 2014, we decided to change our strategy, with the objective to find a solution for this dilemma. We started the project "Co-creating, Co-operation and Co-investing", the purpose of which was to enhance co-operation with our customers in order to make forecasts more reliable. Today, we share in the beginning of a project the required information concerning the set-up of and cooperation during the project as well as the investments needed. While due to its nature our business is volatile, we think this different approach will result in a better and more robust planning of the budgeted projects.

- c. **Strong improved own sales indicators:** Our quote portfolio is one of the leading indicators in the business in which RoodMicrotec acts and is in detail described in chapter V "Report of the CEO" . The increase of these sales indicators are mainly due to the direction of our new strategy since 2013. (Focussing on OEM and Fabless companies and less on IDM.)

In the second half of 2014, sales increased markedly compared to the average for the first half of this year. However, sales remain under pressure from postponed projects.

The number of requests for quotations increased gradually over 2014 to a quote portfolio of more than EUR 10 million. In addition, between 50 and 90% of the quotes result in orders, and this overall hitrate trend (quotations turned into orders) continues to rise. In 2014, the book-to-bill ratio was above 1.0 in all quarters, and the average for the full year was between 1.1 and 1.2. This is significantly higher than in the past.

The fact that the factors set out above have not yet resulted in a material increase of sales is related to the inevitable long lead times for many of the projects. However, once these projects start to generate sales, these will be recurring sales. Recurring sales give us a far more stable position than we used to be able to realise. We anticipate that for several projects we will be able to finalise the phase preceding actual production in the next 5-7 months. As of that time, these projects will start to generate actual turnover.

- d. **Significant cost reductions:** We have decided on significant cost reductions in personnel in the look out period until 2019. For further information about these reductions and other assumptions regarding the costs, see chapter V "Report of the CEO".

*Deferred tax liabilities*

(x EUR 1,000)	1 January 2013	Recognised in profit and loss	Recognised in other comprehensive income	31 December 2013
Revalued land and building	739	-	-108	631
Pension obligation	-179	-130	-	-309
Lease assets & other	214	36	-	250
	-		-	
<b>Total</b>	<b>774</b>	<b>-94</b>	<b>-108</b>	<b>572</b>

	1 January 2014	Recognised in profit and loss	Recognised in other comprehensive income	31 December 2014
Revalued land and building	631	-	112	743
Pension obligation	-309	-	-299	-608
Lease assets & other	250	118	-	368
<b>Total</b>	<b>572</b>	<b>118</b>	<b>-187</b>	<b>503</b>

As a result of the revaluation of land and buildings, restatement of pension obligation and others a provision for deferred tax liabilities has been recognised amounting to 27.5% of the difference between the HGB and IFRS valuation. In 2014, the revaluation of land and building amounted to EUR 414,000 and the deferred tax effect amounted to EUR 112,000. The restatement of pension obligation amounted to EUR 1,090,000 and the deferred tax effect amounted to EUR 299,000.

The adjustment to the opening balance relates to the difference between commercial and fiscal valuation of intangible assets that were recognised at the Microtec acquisition in 2008. Deferred tax assets of the comparative figures have been adjusted due to the merger of the German entities has per 6 September 2012. All deferred tax liabilities are within the same jurisdiction.

In accordance with IAS 12.36, the Group capitalized the deferred tax liability amounting to EUR 503,000. The amount is recognized in the 2014 profit and loss statement.

## 11. Financial assets

(x EUR 1,000)	2014	2013 Restated*	2012 Restated*
Balance at 1 January	2,991	1,449	1,720
Net investments	-9	1,542	-271
<b>Balance at 31 December</b>	<b>2,982</b>	<b>2,991</b>	<b>1,449</b>

Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, referring to prior period adjustments.

The financial assets for which fair value (through the profit and loss statement) is measured or disclosed in the financial statements are categorised within the fair value hierarchy. The financial assets comprise life insurance policies, which are based on the level input 2, where the insurance company has calculated the value of the assets based on the common used insurance calculation techniques. The financial assets also comprise high-risk securitized bonds, which are valued at level 3, based on unobservable inputs.

Management has no indication that the bonds held on the UBS deposit needs to be impaired, as the UBS bank and the Plentum Luxembourg fund confirmed the value of this capital for an amount of EUR 2,494,0000 as per 31 December 2014. Management performed a research and credit check on the fund participants. Also, management discussed and interviewed approximately 50% of the total number of fund companies.

These financial assets were bought in order to finance future pension liabilities. However, the insurance contracts and bonds do not place the company under any formal and legal obligations towards pension liabilities and pensioners. The company is free to use these cash flows in the company's regular cash flows. Consequently, these assets do not qualify as pension assets according to IAS 19.

In November 2010 the company had outsourced here pension liabilities to a German pension fund, to optimize the financial position of the company. With the outsourcing of these liabilities the pension fund invested capital in the Wealth Assurance capital policy of EUR 1,994,000.

Since 31 December 2013, the financial assets consist of a Wealth Assurance capital policy of EUR 1,994,000, which capital concerns investments in high-risk bonds for financing pension liabilities and of EUR 500,000 Plentum bonds on a UBS deposit. As per 31 December 2014, the invested capital of EUR 1,994,000 has been directly transferred to the company and was added to the EUR 500,000 bond deposit maintained by the company at the UBS Bank in Frankfurt. As per 31 december 2012 and 31 december 2013 this EUR 500,000 was classified under cash as restricted deposit. However these bonds needed to be classified under financial assets. So retrospectively this EUR 500,000 have been classified under financial assets as per 01 january 2013 and 31 december 2013. As a result per 31 December 2014 in total EUR 2,494,000 was held on a UBS deposit for bonds, the entire amount was being kept under a Contractual Trust Agreement. Due to the fact that the deposit wasn't transferred to the Trustee as per year-end 2013 and 2014 this bonds could not be netted with the pension liabilities. Recently (2015) the bond assets had been transferred to the Trustee and therefore may be netted with the pension liabilities in 2015.

## 12. Inventories

(x EUR 1,000)	2014	2013
Raw materials and consumables	86	96
Work in progress	236	23
Finished services	22	164
<b>Total</b>	<b>344</b>	<b>283</b>

## 13. Trade and other receivables

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

(x EUR 1,000)	2014	2013
Not overdue	939	930
< 30 days overdue	375	320
> 30 days and < 60 days overdue	35	52
> 60 days overdue	171	92
Provisions for bad debt	-142	-140
Trade receivables	1,378	1,254
Other receivables	334	1,105
<b>Total</b>	<b>1,712</b>	<b>2,359</b>

As at 31 December 2013, other receivables included a significant receivable from sale of land amounting to EUR 555,000.

*Provisions for bad debts*

(x EUR 1,000)	2014	2013
Balance at 1 January	-140	-124
Addition to the bad debt provision	-2	-16
Write-off bad debts	-	-
<b>Balance at 31 December</b>	<b>-142</b>	<b>-140</b>

## 14. Cash and cash equivalents

(x EUR 1,000)	2014	2013	2012
Cash at bank and on hand	192	211	19
Bank overdrafts	-	-1,537	-1,381
<b>Total</b>	<b>192</b>	<b>-1,326</b>	<b>-1,362</b>

Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, referring to prior period adjustments.

As at 31 December 2012 and 31 December 2013, EUR 500,000 is held by the UBS bank and this capital is not freely available to the company. This capital was presented under cash and equivalents however in 2014 this capital has been reclassified to financial assets (see note 11) retrospectively for the years 2012 and 2013.

In 2014, this amount is contributed to the pension obligation under a Contractual Trust Agreement (CTA).

The security stated under long-term liabilities has also been provided to German credit institutions for the current liabilities. As of 31 December 2014 and 2013, the credit line with the banks in Germany totalled nil and EUR 1,700,000, respectively. In June 2014, the bank overdraft balance was paid from the amount received in the bond loan issued by the Group. In 2014, the interest rates range from 5.61% - 5.82% (2013: 6.67% to 9.13%).

As of 31 December 2014 and 2013, the credit line with the credit institutions in the Netherlands totalled EUR 75,000 without any security.

## 15. Share capital

*Authorised share capital*

At 31 December 2014 the authorised share capital comprised 50,000,000 ordinary shares (2013: 50,000,000). The shares have a nominal value of EUR 0.11 each.

On 25 September 2013 an agreement was signed with an investor to issue (if RoodMicrotec deems it necessary) shares in monthly tranches of EUR 100,000 with a maximum of EUR 1,500,000. As at 31 December 2014, EUR 500,000 of the maximum amount is still open. RoodMicrotec has the option of extending this agreement twice over the next five years, raising the total amount to EUR 1.5 million.

In 2014, the movement of the ordinary shares issuances are as follows:

Date of Issuance	Nominal Value	Number of Shares	Share Capital	Share Premium
13/01/2014	0.11	74,818	8,229	2,993
30/01/2014	0.11	698,589	76,844	23,156
28/02/2014	0.11	696,756	76,643	23,357
27/03/2014	0.11	720,942	79,303	20,697
14/04/2014	0.11	17,998	1,980	720
30/04/2014	0.11	724,155	79,657	20,343
31/05/2014	0.11	689,517	75,847	24,153
30/06/2014	0.11	605,391	66,593	33,407
31/07/2014	0.11	422,322	46,455	16,893
13/10/2014	0.11	195,079	21,459	7,803
<b>Total</b>		<b>4,845,567</b>	<b>533,010</b>	<b>173,522</b>

As at 31 December 2014, 43,519,416 ordinary shares (2013: 38,673,849) are issued. At this date, the members of the supervisory board did not hold any shares in the company. The management board holds 1,409,682 shares in the company. The company holds 4,100 ordinary shares (2013: 4,100) as treasury shares. 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 (2013: < 0.01%).

As at 31 December 2014, RoodMicrotec has Series I 2,946,328 warrants (2013: 3,311,933) provided to all shareholders outstanding. The ISIN code is NL0000440477 and the exercise price of each warrant is EUR 0.15. In January 2015, 30,272 warrants are exercised. These warrants are exercisable each first week of each new quarter in a year. The final exercise day of these warrants is 6 October 2016

In November 2014, RoodMicrotec issued Series II 2,500,000 warrants. The ISIN code is NL0010938130 and the exercise price of each warrant is EUR 0.13. In January 2015, 86,000 warrants are exercised. These warrants are exercisable each first week of each new quarter in a year. The final exercise day of these warrants is 6 January 2016.

In the past the company has issued warrants to shareholders and investors as an incentive to attract new investors or to reward long-term shareholders. In the future, the company may consider to issue warrants again, but will decide on this on a case by case basis.

#### *Share premium*

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

#### *Revaluation reserves*

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

#### *Mezzanine capital*

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

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

## 16. Earnings per share

### Basic

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

(x EUR 1,000)	2014	2013
Profit attributable to equity holders of the company	-1,693	-284
Weighted average number of ordinary shares in issue (in thousands)	42,316	36,225
<b>Basic earnings per share (x EUR 1)</b>	<b>-0.04</b>	<b>-0.01</b>

### Diluted

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

(x EUR 1,000)	2014	2013
Profit attributable to equity holders of the company	-1,693	-284
Weighted average number of ordinary shares in issue	42,316	36,225
Adjustments for:		
- Warrants (in the money)	5,446	3,312
- Share options (in the money)	1,268	894
Weighted average number of ordinary shares for diluted earnings per share	49,030	40,431
<b>Diluted earnings per share (x EUR 1)</b>	<b>-0.04</b>	<b>-0.01</b>

## 17. Options

### Share options

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

- 77% volatility, 60 days
- Fair value of share price at grant date: 0.25
- 1% dividend yield
- 4% annual risk-free interest rate
- Expected option life of 3 years

The value of the accrued options of the CEO in 2014 was EUR 59,000 (2013: EUR 20,000).

The overview of all option rights outstanding as at 31 December 2014 is as follows:

Related to financial year	Options 31-12-13	Granted in 2014	Exercised in 2014	Options 31-12-14	Exercise price in EUR (average)	First date of exercise
2010	190,000	-	-	190,000	0.11	30 Dec 11
2011	370,000	-	-	370,000	0.11	26 Apr 12
2012	333,440	-	-	333,440	0.11	13 Jun 13
2013	-	375,000	-	375,000	0.11	13 Jun 14
<b>Rights</b>						
<b>Mr. Nijenhuis</b>	<b>893,440</b>	<b>375,000</b>	<b>-</b>	<b>1,268,440</b>	<b>0.11</b>	

The expiry date of the options is upon the termination of the employer agreement.

In 2014, no options were exercised (2013: nil).

### Supervisory board

As at 31 December 2014, the members of the supervisory board did not hold any options on shares in the company.

### Mr. Ph.M.G. Nijenhuis

During the time of his employment contract, Mr Ph.M.G. Nijenhuis, CEO of the Group, will be granted 100,000 options per half year plus a maximum of 100,000 options per half year depending on the achievement of certain targets related to the Group's performance. In general the options will be granted in half-yearly portions. The targets are defined by the supervisory board. At the time of preparation of the annual report 2014 it had not yet been established to what extent the targets of the CEO had been achieved.

Regarding the options for the CEO, no options had been granted and approved for the first and second half of 2014 by the supervisory board as of 31 December 2014. In this context, a provision has been made for 350,000 potential options rights for the CEO. A scheme has been put in place for exercising the share options, which stipulates that the exercise price of the share options must be paid at the time when they are cashed in. The granted options (375,000) in 2014 are options for the year of 2013.

## 18. Loans and borrowings

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

(x EUR 1,000)	2014	2013
Secured bond loan	2,266	-
Secured bank loans	-	655
Finance lease liabilities	85	132
Total loans and borrowings	2,351	787
Less: current portion of long-term loans	-45	-508
<b>Total non-current loans and borrowings</b>	<b>2,306</b>	<b>279</b>

### Terms and debt repayment schedule

(x EUR 1,000)	Total	Current liabilities	Non-current liabilities	1 to 2 Years	2 to 5 Years	More than 5 years
Secured bond loan	2,266	-	2,266	-	-	2,266
Finance lease liabilities	85	45	40	40	-	-
<b>Total interest-bearing loans and borrowings</b>	<b>2,351</b>	<b>45</b>	<b>2,306</b>	<b>40</b>	<b>-</b>	<b>2,266</b>
Trade and other payables	2,270	2,270	-	-	-	-
Current income tax liabilities	58	58	-	-	-	-
<b>Total other current liabilities</b>	<b>2,328</b>	<b>2,328</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4,679</b>	<b>2,373</b>	<b>2,306</b>	<b>40</b>	<b>-</b>	<b>2,266</b>

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

*Interest expenses repayment schedule*

(x EUR 1,000)	Total	Current liabilities	Non-current liabilities	1 to 2 Years	2 to 5 Years	More than 5 years
Lease	4	3	1	1	-	-
Loan	1,058	185	873	379	393	101
<b>Total</b>	<b>1,062</b>	<b>188</b>	<b>874</b>	<b>380</b>	<b>393</b>	<b>101</b>

*Secured bond loan*

On 30 June 2014, the Group issued EUR 2,500,000 bond loan with mortgage cover. The bond loan is composed of 2,500 bonds with EUR 1,000 nominal value at an issue price EUR 2,350,000 payable in six years. Upon issuance, the bond was discounted at 94% amounting to EUR 150,000. The annual coupon rate is 6% and the effective interest rate is 7.44%. The bondholders will receive 1,000 warrants per bond on RoodMicrotec's shares amounting EUR 13 cent per warrant. These warrants are valid for 14 months from 1 November 2014 up to and including 31 December 2015.

The Group capitalized bond issuance cost amounting to EUR 100,000 and amortized in six years. The amortization in 2014 related to the discount and bond issuance cost amounted to EUR 16,000. As at 31 December 2014, the balance of the secured bond loan amounted to EUR 2,266,000.

*Secured bank loans*

The bank loans and the current liabilities to credit institutions were secured by a mortgage on land and buildings, with a carrying amount of EUR 3,323,379, pledges on machinery and equipment, pledges on trade receivables and inventories and corporate guarantees for liabilities of subsidiaries of EUR 300,000. These loans and liabilities are paid in June 2014 and the pledges were released respectively.

*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 2014 and 2013 no new financial leases were contracted.

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

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

(x EUR 1,000)	2014	2013
Cost-capitalised finance leases	2,493	2,493
Accumulated depreciation	-2,440	-2,368
<b>Net book amount</b>	<b>53</b>	<b>125</b>

(x EUR 1,000)	2014	2013
Gross financial lease liabilities	2,835	2,835
Lease terms paid	-2,754	-2,716
<b>Outstanding lease terms</b>	<b>81</b>	<b>119</b>
Within 1 year	45	47
Between 1 and 2 years	40	45
Between 2 and 5 years	-	40
<b>Outstanding lease terms</b>	<b>85</b>	<b>132</b>
Less interest expenses	-4	-13
<b>Present value of financial lease liabilities</b>	<b>81</b>	<b>119</b>

(x EUR 1,000)	2014	2013
Present value of financial lease liabilities		
Within 1 year	42	38
Between 1 and 2 years	39	42
Between 2 and 5 years	-	39
<b>Present value of financial lease liabilities</b>	<b>81</b>	<b>119</b>

#### Interest rates

The average interests rates were as follows:

	2014	2013
Bank overdrafts	9.00%	6.67% - 9.13%
Bank loans	3.7% - 6.67%	3.7% - 6.67%
Finance lease liabilities	4.41% - 6.49%	4.41% - 6.49%
Bond loan	6.00%	-
Other loans	-	8.00% - 10.00%

## 19. Retirement benefit obligations

The principal financial and demographic assumptions used at 31 December are shown in the table below.

(x EUR 1,000)	2014	2013 Restated*
Discount rate at 31 December	2.00%	3.70%
Interest cost at 31 December	2.00%	3.70%
Salary increase	0.00%	1.00%
Medical cost trend rate	0.00%	0.00%
Future pension increases	0.00%	0.00%
Inflation	0.00%	0.00%
Expected duration in years, active employees	20 years	20 years
Expected duration in years, pensioners	10 years	10 years
Expected duration in years, mixed	15 years	15 yearsw
Mortality	RT Heubeck 2005 G	RT Heubeck 2005 G
Disability	RT Heubeck 2005 G	RT Heubeck 2005 G
Marriage	RT Heubeck 2005 G	RT Heubeck 2005 G
Withdrawal	Mercer Inhouse-Tables	Mercer Inhouse-Tables
<b>Retirement benefit obligations and plan assets</b>		
Opening defined obligation	5,474	6,097
Service costs	23	25
Interest costs	197	214
Actuarial/Plan amendment gain (-) or loss	1,175	-572
Pension payments	-278	-290
<b>Present value of retirement benefit obligations</b>	<b>6,591</b>	<b>5,474</b>
Opening fair value of plan assets	1,392	3,873
New asset plan /divestment	-	-2,487
Interest costs	121	137
Actuarial/plan amendment gain or loss (-)	-78	175
Contributions by employer	-	-42
Benefits paid	-76	-264
<b>Closing fair value of plan assets</b>	<b>1,359</b>	<b>1,392</b>
<b>Net present value of unfunded obligations (pension obligations -/- plan assets)</b>	<b>5,232</b>	<b>4,082</b>

Pension obligations can be broken down into the following category:

	2014	2013
Funded	4,780	3,970
Unfunded	1,811	1,504
<b>Total</b>	<b>6,591</b>	<b>5,474</b>

In 2014, plan assets are composed of life insurance policies amounting to EUR 1,359,000 (2013: EUR 1,392,000).

- Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to prior period adjustments.

Amounts recognised in profit or loss related to the Group's defined benefit plans are as follows:

(x EUR 1,000)	2014	2013 Restated*
Current service costs	23	25
Interest costs	197	77
Expected return on plan assets	-121	-
Plan amendment gain (-) or loss	-	-652
<b>Expenses (income) recognised in profit and loss</b>	<b>99</b>	<b>-550</b>

(x EUR 1,000)	2014	2013 Restated*
Effect of changes in demographic assumptions	-	-
Effect of changes in financial assumptions	1.117	95
Effect of experience adjustments	60	-
Return on plan assets or reimbursement rights excl. interest income	76	-
<b>Expenses (income) recognised in OCI</b>	<b>1.253</b>	<b>95</b>

\* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to prior period adjustments.

In 2013, the Group applied for the first time the IAS 19 (Revised) that requires restatement of previous financial statements. In this restatement, the Group recognised EUR 60,000 actuarial gain as at 1 January 2012 and recognised EUR 975,000 actuarial loss as at 31 December 2012 in other comprehensive income.

In 2013, the Group recognised gains arising from plan amendments and all expenses related to defined benefit plans in employee benefit expense in profit or loss due to change of plans. In 2013 the indexation in the pension plan have been decreased to 0%.

In 2014, the remeasurement of the defined benefit obligations is presented in other comprehensive income.

For the group employees who still are employed at RoodMicrotec and who take part in the pension plan in 2013 approx. 95,000 EUR has been reported in the profit and loss statement. This concerns the salary decrease assumption of 2% in 2012 into 1% in 2013. This decrease was part of a big cost saving program, which took place in 2013. This group of employees will not receive a salary indexation anymore in the future. This EUR 95.000 has been reported as a plan amendment in 2013. Strictly this effect should have been booked through the OCI instead of the Profit and Loss statement.

Starting 2013 accounting period, the corridor method was not used anymore due to adoption of a revised IAS 19. The Group recognised service costs and interest costs of EUR 23,000 (2013: EUR 25,000) and 76,000 (2013: EUR 77,000) respectively in the profit or loss. With the current market interest rate and disregarding the corridor method the pension obligation was EUR 5,232,000 as at 31 December 2014 (2013: EUR 4,082,000).

A quantitative sensitivity analysis for the discount rate as at 31 December 2014 is as shown below:

<b>Assumption</b>	<b>Discount rate</b>
-------------------	----------------------

Sensitivity level	1% increase	1% decrease
Impact on defined benefit obligation in EUR	1,117	-698

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

The discount rate has been established according to the standards of actuaries. The discount rate in 2014 has been adjusted in accordance with market interest rates as at 31 December 2014. The expected pension payments for 2014 are EUR 302,000 (2013: EUR 303,000). 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 defined benefit arrangements and arrangements congruently matched by an insurance policy are partly reinsured. 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 2014 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 43,000. (2013: EUR 310,000). The plan assets do not include any of the Group's own financial instruments, nor any property occupied by or other assets used by the Group.

From the total amount of EUR 6.6 million regarding pension liabilities, the company only had invested EUR 1.4 million in pension plan assets. For approximately EUR 3.0 million, the company made investments in financial assets (see note 11). In aggregate, the netted position of the pension liabilities (including plan assets and financial assets) amounts to EUR 2.2 million. This means that the company does need to finance these liabilities for EUR 2.2 million out of its future operational cash-flow.

However, the company accepts this risk as these pension liabilities relates to German employees and there are subject to German law. As a result the pension liabilities in Germany are considerably lower due to the fact that the German discount rate is twice as high as the discount rate in IFRS. (approx. 4.5%) due to the fact that the discount rate according to German law is approximately 4%. The discount rate according to IFRS is at year-end 2%. If the German discount rate would be used the net pension liabilities (including plan assets and financial assets) would amount approximately EUR 0.8 million. This means that the company does need to finance these liabilities for EUR 0.8 million out of its future operational cash-flow as per year-end 2014. The financial assets do contain certain risks. We refer to note 11, financial assets.

## 20. Trade accounts and other payables

(x EUR 1,000)	2014	2013
Suppliers and trade creditors	1,254	1,346
Other payables	1.016	735
<b>Total</b>	<b>2,270</b>	<b>2,081</b>

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

## 21. Off-balance sheet commitments

### Operating leases as lessee

(x EUR 1,000)	2014	2013
Less than one year	138	118
Between one and five years	100	103
More than five years	-	-
<b>Total</b>	<b>238</b>	<b>221</b>

The Group leases a number of vehicles and equipment under various operating lease agreements. The leases typically run for an initial period of between two and five years, with an option to renew the lease after that date. Lease payments are increased annually to reflect market rentals. None of the leases includes contingent rentals. The operating lease expenses in 2014 were EUR 175,000 (2013: EUR 227,000). There are no sublease contracts or conditional lease payments.

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

### Rental commitments

The Group rents its office in Zwolle (the Netherlands) and in Stuttgart (Germany) for a period of five years with renewal rights. The rent expense is EUR 209,000 (2013: EUR 209,000).

### Capital commitments

As at 31 December 2014 the Group did not enter into a contract to purchase property, plant and equipment (2013: nil).

### Security

The "Stichting Obligatiehoudersbelangen" in Amstelveen in the Netherlands representing the bondholders received a German mortgage right that is called "Buch Grundschuld" amounting to EUR 2,500,000. The "Buch grundschuld" is registered in Ausburg with the land registry number 10988. The registered property has been valued at EUR 3,110,000 by an officially recognised valuer - Diplom-Betriebswirt (FH) Friedrich Kiefer and concerns the property in Nördlingen.

The holding company has issued a guarantee for EUR 7,800 to a third party concerning the rent of the office in Zwolle.

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

## 22. Related parties

### Remuneration of the board of directors

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

(x EUR 1,000)	Fixed salary	Salary sacrifice	Bonus	Pension	Valuation options	Total
2014	150	-30	-	14	64	228
2013	150	-18	-	14	20	166

In 2014, the value of the options increased due to the increase in share price and volatility rate. The share price at 31 December 2014 is 0.250 (2013: 0.16).

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

The CEO participated with EUR 23.000 of bonds in the listed bond of RoodMicrotec at the NPEX.

*Sacrificed benefit rights of Mr. P.M.G. Nijenhuis*

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

- Pension rights upon joining RoodMicrotec N.V. amounting to EUR 200,000
- Option rights based on Black and Scholes valuation amounting to EUR 336,000
- Salary amounting to EUR 86,000

The rights and salaries waived and lost totalling EUR 622,000 are due to commitments in favour of the company to support future plans and administrative issues.

*Remuneration of the supervisory board*

(x EUR 1,000)	2014	2013
Mr. V.G. Tee	13	13
Mr J.H.P.M. Stolker	-	3
Mr W. Fluit	-	2
<b>Total</b>	<b>13</b>	<b>18</b>

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.

As at 31 December 2014, only Mr. V.G. Tee is the only member of the supervisory board. His term runs from 2013 until 2017.

*Other related party transactions*

As at 31 December 2014, the Group has not entered into any joint ventures.

## C. COMPANY FINANCIAL STATEMENTS

### Statement of Financial Position

(x EUR 1,000)	Notes	2014	2013 Restated*
<b>ASSETS</b>			
Property, plant and equipment		160	11
Investments in subsidiaries	1	186	2,767
Loans to group companies	2	4,751	2,321
<b>Non-current assets</b>		<b>5,097</b>	<b>5,099</b>
Loan to group companies		922	128
Trade and other receivables		188	113
Cash and cash equivalents		26	190
<b>Current assets</b>		<b>1,136</b>	<b>431</b>
<b>Total assets</b>		<b>6,233</b>	<b>5,530</b>
<b>EQUITY AND LIABILITIES</b>			
Issued capital		4,788	4,255
Share premium		18,084	17,851
Revaluation reserve		1,859	1,668
Net benefit reserve		-1,834	-880
Retained earnings		-19,552	-19,708
Result for the year		-1,693	-284
Mezzanine		2,054	2,494
<b>Equity, attributable to equity holders</b>	3	<b>3,706</b>	<b>5,396</b>
Loans and borrowings		2,280	-
<b>Non-current liabilities</b>		<b>2,280</b>	<b>-</b>
Trade account and other payables		241	128
Current income tax liabilities		6	6
<b>Current liabilities</b>		<b>247</b>	<b>134</b>
<b>Total equity and liabilities</b>		<b>6,233</b>	<b>5,530</b>

### Statement of Profit or Loss

(x 1,000 EUR)	2014	2013 Restated*
Net profit or loss (-) from group companies	-1,819	-18
Parent company income or loss (-)	126	-266
<b>Net profit</b>	<b>-1,693</b>	<b>-284</b>

\* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, referring to prior period adjustments

## D. Notes to the company financial statements

### General

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

### Going Concern Basis of Accounting

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

- Strong increase in quote portfolio
- Strong improved cash-position and working capital position
- Anticipated strong decrease in personnel costs due to employees who will go on pension leading into annual cost savings of approximately EUR 1.0 million per year starting from 2017.
- Further implementation and execution of new strategy and a growing market with services for promising high tech products.
- Strengthening results due to further rationalisation of operating expenses and keeping salary increases to a minimum.

In particular, the sensitivity of goodwill for impairment as well as the deferred tax assets recognised at balance sheet date are heavily dependent on the aforementioned factors.

Obviously, there are some uncertainties, which by nature are embedded in forecasts and business plans. The forecasted future sales may differ from the actual sales and client orders may be postponed. This can have a significant negative effect on the results and cash-flow. However, this is inherent to the business RoodMicrotec is acting in.

The current budget level of sales in 2015 is sufficient for our going concern assumption. However, if the company would not be able to increase its sales levels with at least 10% compared to the 2014 sales levels (which increase is still below budget levels), the company would need to take additional measures to maintain the going concern assumption. The company is able to increase short-time work arrangements for 2015 which would have a modest to limited cost saving effect. Also, the company is able to draw an amount of EUR 75.000 from an unused credit line with a bank and to make use of an equity line in the amount of EUR 500.000 pursuant to prevailing arrangements with an investor. All of these options are readily available for the company. In addition, the company would be able to issue secured bonds of EUR 500.000 on the NPEX exchange and to issue share capital in 2015 up to an amount of EUR 2.5 million without approval of the Shareholders. However, both alternatives are not (yet) committed.

Despite the negative results over 2013 and 2014, management is confident about the companies' ability to continue its operations as a going concern and the validity of the valuation of goodwill and the deferred tax asset

### Accounting principles and determination of profit or loss

The company 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 company financial statements have been prepared in accordance with Title 9 Book 2 Dutch Civil Code using the option provided in section 2:362 subsection 8 Dutch 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 in the consolidated financial statements. Participating interests over which the company exercises significant influence are accounted for using the equity method.

### Investments in Subsidiaries

(Including registered office and interest)

RoodMicrotec N.V. is a public limited liability company with its registered office in Zwolle, the Netherlands. The consolidated financial statements of the company for the year ended 31 December 2014 comprises the company and its subsidiaries (jointly referred to as the 'Group').

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

RoodMicrotec GmbH (Nördlingen, Germany)

RoodMicrotec Dresden GmbH (Dresden, Germany)

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

The 2014 financial statements were prepared by the management board and released for publication on 30 April 2015..

#### Loans to group companies

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

## 1. Investments in subsidiaries

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

(x EUR 1,000)	2014	2013 Restated*
<b>Balance at 1 January</b>	2,767	3,077
Profit of group companies	-1,819	-18
Remeasurement of defined benefit obligation	-1,253	-
Remeasurement of defined benefit obligations – DTL component	299	-
Revaluation of building	191	-
Mezzanine capital compensation	-	-292
<b>Balance at 31 December</b>	<b>186</b>	<b>2,767</b>

## 2. Loans to group companies

This item relates to subordinated loans issued to the subsidiaries. The subordinated loans amounted to EUR 1,580,000 with an interest rate of 8% and EUR 2,700,000 with an interest rate of 7%.

Movements in this item were as follows:

(x EUR 1,000)	2014	2013
<b>Balance at 1 January</b>	2,321	2,300
Addition	2,430	346
Payment	-	-75
Waiving of loan to German entity	-	-250
<b>Balance at 31 December</b>	<b>4,751</b>	<b>2,321</b>

\* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to prior period adjustments.

### 3. Equity attributable to shareholders

(x EUR 1,000)	Issued share capital	Share Premium	Revaluation reserve	Net benefit reserve	Retained Earnings	Mezzanine capital	Mezzanine Loss participation	Total
<b>Balance at 1 January 2013</b>	<b>3,935</b>	<b>17,751</b>	<b>1,890</b>	<b>-975</b>	<b>-19,638</b>	<b>2,494</b>	<b>-</b>	<b>5,457</b>
Appropriation of profit	-	-	-	-	-	-	-	-
Issue ordinary shares	320	80	-	-	-	-	-	400
Valuation options granted	-	20	-	-	-	-	-	20
<b>Transactions with owners</b>	<b>4,255</b>	<b>17,851</b>	<b>1,890</b>	<b>-975</b>	<b>-19,638</b>	<b>2,494</b>	<b>-</b>	<b>5,877</b>
Profit and Los	-	-	-	-	-284	-	-	-284
<b>OCI</b>								
Mezzanine capital comp.	-	-	-	-	-292	292	-	-
Mezzanine comp. distrution	-	-	-	-	-	-292	-	-292
Remeasurement of defined benefit obligation	-	-	-	95	-	-	-	95
Sale of land	-	-	-227	-	227	-	-	-
depreciation building	-	-	5	-	-5	-	-	-
<b>Total OCI for the year</b>	<b>-</b>	<b>-</b>	<b>-222</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December 2013</b>	<b>4,255</b>	<b>17,851</b>	<b>1,668</b>	<b>-880</b>	<b>-19,992</b>	<b>2,494</b>	<b>-</b>	<b>5,396</b>
<b>Balance at 1 January 2014</b>	<b>4,255</b>	<b>17,851</b>	<b>1,668</b>	<b>-880</b>	<b>-19,992</b>	<b>2,494</b>	<b>-</b>	<b>5,396</b>
Issue of ordinary shares	533	174	-	-	-	-	-	707
Valuation options granted	-	59	-	-	-	-	-	59
Loss on participation	-	-	-	-	440	-	-440	-
<b>Transactions with owners</b>	<b>4,788</b>	<b>18,084</b>	<b>1,668</b>	<b>-880</b>	<b>-19,552</b>	<b>2,494</b>	<b>-440</b>	<b>6,162</b>
Profit and loss	-	-	-	-	-1,693	-	-	-1,693
<b>OCI</b>								
Remeasurement of defined benefit obligation	-	-	-	-954	-	-	-	-954
Revaluation of building	-	-	191	-	-	-	-	191
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>191</b>	<b>-954</b>	<b>1,693</b>	<b>-</b>	<b>-440</b>	<b>-2,456</b>
<b>Balance at 31 December 2014</b>	<b>4,788</b>	<b>18,084</b>	<b>1,859</b>	<b>-1,834</b>	<b>-21,245</b>	<b>2,494</b>	<b>-440</b>	<b>3,706</b>

\* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to prior period adjustments.

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

Revaluation reserve

(x EUR 1,000)	2014	2013
<b>Balance as at 1 January</b>	1,668	1,890
Revaluation of building	301	-
Revaluation of building - DTL	-112	-
Sale of land	-	-227
Depreciation buildings	-	5
<b>Balance as at 31 December</b>	<b>1,859</b>	<b>1,668</b>

The revaluation reserve cannot be used for dividend payments. Zwolle, 30 April 2015

**Management board**

Ph. M.G. Nijenhuis, CEO

**Supervisory board**

V.G. Tee, Chairman

## **E. OTHER INFORMATION**

To: the General Meeting of Shareholders and Supervisory Board of RoodMicrotec N.V.

# **INDEPENDENT AUDITOR'S REPORT**

## **Report on the Audit of the Financial Statements**

### **Our disclaimer of opinion**

We were engaged to audit the accompanying financial statements of RoodMicrotec N.V for 2014 as set out on pages 66 to 116. The financial statements include the consolidated and company financial statements.

We do not express an opinion on the consolidated and company financial statements. Because of the significance of the matter described in the Basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

The consolidated financial statements comprise of:

1. the consolidated statement of financial position as at December 31, 2014;

the following statements for 2014:

2. consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended; and
3. notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise of:

1. the company balance sheet on December 31, 2014;
2. the company profit and loss account for the year 2014; and
3. notes comprising a summary of the accounting policies and other explanatory information.

### **Basis for disclaimer of opinion**

Firstly, the company has capitalized deferred tax assets for a net amount of € 1.079.000 as per December 31st, 2014 (see note 10 on page 94). This deferred tax asset is supported by sales forecasts for the coming years. The company has a history of losses in combination with a poor track record of making such sales forecasts. We have been unable to find sufficient appropriate and convincing audit evidence to support these sales forecasts and related tax assets.

Secondly, the company owns pension plan assets for an amount of € 2.494.000 (see note 11 on page 98). These plan assets consist of a portfolio of high risk securities, issued by a number of companies in 2010 and 2012. There is no trading activity in these certificates, the basis of the current carrying value is the face value at the moment of issuance of these securities. We have been unable to obtain sufficient appropriate audit evidence to support the fair value of these assets as per December 31st, 2014. The same is applicable for the value of these plan assets as per January 1st, 2014, amounting to € 2.494.000.

The notes are an integral part of the financial statements

As a result of these matters, we are unable to determine whether any adjustments might have been found necessary in respect of valuation of the deferred tax assets and the pension plan assets, and the elements making up the profit and loss account.

We are independent of RoodMicrotec N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO)' and other relevant independence regulations in the Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants (VGBA)'.

### **Materiality**

Misstatements can arise from fraud or error and will be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 99.700 . The materiality is based on 1% of Net sales. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 5.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### **Scope of the Group Audit**

RoodMicrotec N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of RoodMicrotec N.V.

Because we have ultimate responsibility for the audit, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial statements or specific items.

The group audit mainly focused on RoodMicrotec GmbH (Germany) as a significant group entity, since the business is almost completely run from this company. Grant Thornton in Germany was engaged to perform comprehensive audit procedures for consolidation purposes, in line with our audit instructions.

### **Emphasis of an uncertainty with respect to the going concern assumption**

We draw attention to note B to the consolidated financial statements, paragraph 'going concern basis of accounting' on page 72, and to Note D to the financial statements, paragraph 'going concern basis of accounting' on page 113, which describes the uncertainty related to the going concern assumption.

Our disclaimer of opinion is not qualified in respect of this matter.

### **Responsibilities of Management and the Supervisory Board for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report as set out on pages 1 to 65 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 financial statements that are free from material misstatement, whether due to fraud and/or error.

The notes are an integral part of the financial statements

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

### **Our Responsibilities for the Audit of the Financial Statements**

Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with Dutch law, including the Dutch Standards on Auditing. Because of the matter described in the Basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Report on other legal and regulatory requirements**

#### **Report on the management board report and the other information**

Pursuant to the legal requirement under Section 2:393 sub 5 under e and f of the Dutch Civil Code (concerning our obligation to report about the management board report and other data), we declare that:

- We have no deficiencies to report as a result of our examination whether the management board report, 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.
- Furthermore, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

### **Appointment**

We were appointed by the Supervisory Board as auditor of RoodMicrotec N.V. on December 12th, 2014, for the audit for year 2014.

Amsterdam, April 30th, 2015

Grant Thornton Accountants en Adviseurs B.V.

N.H.B. Jonker RA

### Post balance sheet date events

In the beginning of 2015, the following events happened:

- On 23 January 2015 the shareholders voted to increase the authorised capital from 50,000,000 to 80,000,000 ordinary shares.
- Exercise of share warrants Series I that resulted in an increase of 30,272 shares (exercise price: EUR 0.15) on 15 January 2015 and exercise of warrants Series I that resulted in an increase of 60,244 shares (exercise price: EUR 0.15) on 10 April 2015.
- Exercise of share warrants Series II that resulted in an increase of 86,000 shares (exercise price: EUR 0.13) on 15 January 2015 and exercise of warrants Series II that resulted in an increase of 919,000 shares (exercise price: EUR 0,13) on 10 April 2015.
- On 4 March 2015, 480,913 shares were issued at EUR 0.21, on 31 March 2015, 463,692 shares were issued at EUR 0.22, and on 30 April 447,663 shares were issued at EUR 0.23.
- On 20 April Bonds for an amount of EUR 2,494,000 have been transferred to a Trustee under a Contractual Trust Agreement for the purpose of financing pension liabilities.

### Profit appropriation

In 2014 and 2013, the profit (loss) amounted to negative EUR 1,693,000 and negative EUR 289,000, respectively.

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 management board 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.

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

## Group Structure



### **RoodMicrotec GmbH, (locations in Stuttgart and Nördlingen)**

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

### **RoodMicrotec Dresden GmbH & RoodMicrotec International BV**

- Contracting
- Test Engineering

## Addresses and personal details

### **RoodMicrotec N.V.**

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NL-8025 BC Zwolle

Correspondence address:  
PO Box 1042  
NL-8001 BA Zwolle

Telephone: +31 (0) 38 4215 216  
Email: [investor-relations@roodmicrotec.com](mailto:investor-relations@roodmicrotec.com)  
Website: [www.roodmicrotec.com](http://www.roodmicrotec.com)

### **Management board**

Ph.M.G. Nijenhuis, CEO

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

R. Pusch, VP and CSO  
R. Cuny, CFO  
M. Sallenhag CTO (since 01.03.2015)

**Business units**

**RoodMicrotec GmbH**

Oettinger Strasse 6  
86720 Nördlingen, Germany  
Telephone: +49 (0) 9081 804-0

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