

Zwolle, Thursday 25 August 2016

INTERIM REPORT 2016

RoodMicrotec saw stable year-on-year sales in the first-half of 2016, providing a solid platform for forecast growth in the remainder of this year and 2017. The high quote portfolio and projected forward order income in the pipeline are expected to be the main drivers of expansion in coming months, following strong sales growth in the test engineering and qualification units. The strongest forward indicator, the consistently positive book-to-bill ratio, is maintained at a level higher than one.

Gross margin improved compared to 2015 which resulted in a small positive EBITDA in the first half of 2016. Depreciation increased due to investments done in the second half of 2015 and the first half of 2016. The new investments are already translating into projects that are currently in the final industrial phase before being ramped up to production. Moreover, one of our larger contracts is going into production significantly ahead of expectation, and will therefore be positively accretive to sales ahead of time in 2017.

The fact that new and promising orders keep coming in from the rapidly expanding electric automotive, industrial and medical sectors is allowing RoodMicrotec to establish a pole position in their integration with the breakthrough market for the Internet of Things. We expect to strengthen this position further throughout the next 18 months.

Summary HY1 2016

(x EUR 1,000)	HY1 2016	HY1 2015
Sales	4,919	4,912
<i>Gross margin as % of sales</i>	<i>85%</i>	<i>83%</i>
EBITDA	95	-33
<i>EBITDA as % of sales</i>	<i>2%</i>	<i>-1%</i>
EBIT	-429	-404
<i>EBIT as % of sales</i>	<i>-9%</i>	<i>-8%</i>
Net result	-541	-497
<i>Net result as % of sales</i>	<i>-11%</i>	<i>-10%</i>

Highlights HY1 2016

- RoodMicrotec has made arrangements with automotive and industrial partners for new sales in the range of EUR 8 million to EUR 12 million over a period of 8 years. The quote portfolio and hitrate remain at high level.

- One of our big contracts is going into production significantly ahead of expectation, and will therefore contribute positively to our sales already in 2017. This project is progressing well in the present industrialization phase.
- Strong sales in the test engineering and qualification units in the first-half of 2016 have set a stable base for the company's expansion in recurring businesses.
- The newest generation of testing equipment for high-grade more complex chips that we purchased earlier this year, an additional V93k mixed signal testing system and a 12" wafer prober, are already in the engineering phase / production set-up.
- Appointment of Martin Sallenhag as CEO and Reinhard Pusch as COO, to lead its growth in the potentially vast market for the "Internet of Things." They replace Philip Nijenhuis who has now joined the supervisory board and as an advisor to retain continuity.
- As a result of our strategy to focus on fabless companies (design houses), OEMs (Original Equipment Manufacturers) as well as on recurring business, we have to reckon with higher lead times. This strategy will result in significant sustainable revenue in the future.
- In March 2016 we concluded a new financing arrangement with a group of international investors to provide an amount up to EUR 1.5 million to enable the required investments.
- The net result was € -0.541 million in the first half of 2016 (HY1 2015: € -0.497 million).
- Our solvency ratio is at 32% (HY1 2015: 28%).

Martin Sallenhag, RoodMicrotec CEO:

"Our current sales target has been maintained for 2016 following a very strong performance in the test engineering and qualification units in the first-half, which offset weaker numbers in other areas. This solid base for rising projected sales going forward has already partly materialized after we secured contracts with automotive and aerospace clients in the Failure Analysis units earlier this month. Further contract quotes now coming through are setting the stage for our positive outlook through to 2017".

Financial Performance Indicators

(x EUR 1,000)	HY1 2016	HY1 2015	Change
Result			
Net sales	4,919	4,912	7
Gross margin	4,159	4,066	93
Gross margin as % of net sales	85%	83%	2%
EBITDA	95	-33	128
EBITDA as % of net sales	2%	-1%	3%
EBIT	-429	-404	-25
EBIT as % of net sales	-9%	-8%	-1%
Net result	-541	-497	-44
Net result as % of net sales	-11%	-10%	-1%
Net cash flow	199	-139	338
Operating cash flow	-103	-537	434
Capital, debt & liquidity ratios			
Total assets	14,814	13,445	1,369
Group equity	4,689	3,776	913
Net debt	2,204	2,293	-89
Capital (net debt + group equity)	6,893	6,064	829
Gearing ratio (net debt/capital)	32%	37%	-5%
Solvency (group equity/ liabilities)	32%	28%	4%
Assets			
Tangible and intangible fixed assets	7,743	7,109	634
Investment in (in)tangible fixed assets	1,357	366	991
Depreciation of (in)tangible fixed assets	524	371	153
Nominal shares issued	59,110	46,479	12,631
Data per share (x EUR 1)			
Capital and reserves	0.08	0.08	0.00
EBIT	-0.01	-0.02	0.01
Cash flow	-0.01	-0.01	0.00
Net result	-0.01	-0.02	0.01
Number of FTEs (Permanent)			
At end of month	88	91	-3
Average	90	93	-3
Sales/ Average FTEs (Permanent)	109	105	4

Report of the board of management

1. General

RoodMicrotec's focus is on eXtended supply chain management (SCM), offering ASIC turnkey solutions for the industrial and automotive markets, where it is vital to collaborate closely with design houses, suppliers, foundries, institutes, customers and other related parties. In this process, in which the partners are to some extent interdependent, RoodMicrotec's eXtended SCM ensures the weakest link is as strong as possible - this is exactly what turnkey solutions are all about.

Our customer base consists of major industrial and automotive companies throughout Europe where the role of fabless (lacking fabrication capacity) design houses is growing rapidly. These companies help our clients realise their ideas with high reliability and in a short timeframe. RoodMicrotec both brings together its clients with design houses, and assists in the physical realisation of their projects, which is why we actively build and maintain relationships with the major players in Europe and Asia.

Moreover, our relationships with suppliers and institutes are also paramount in realising turnkey projects. RoodMicrotec has excellent cooperation agreements with assembly houses and wafer foundries in Asia as well as in Europe, ensuring swift and high quality supplies for our business. Through institutes, we remain at the forefront of research and technology and have access to innovative resources and ideas in the realisation of turnkey projects.

By bringing together these key stakeholders, RoodMicrotec is in a unique position to offer eXtended SCM turnkey solutions to the industrial and automotive markets, ensuring a successful business venture for all partners involved.

From a financial perspective, the new financing arrangement and the strengthening of our equity have had a positive impact on our balance sheet ratios and the stability of the company's position in general. This has enabled us to invest in new machines, which will generate recurring sales.

In the first half of the year we made significant investment in projects that offer attractive future potential. These investments resulted in new business arrangements that should generate between EUR 8m and 12m in additional sales over the next eight years. Of the more than 20 new projects, currently over seven projects have moved into the industrialisation phase preparing for ramp up into production.

After many years of service to the company, Philip Nijenhuis has stepped down as CEO and joined the supervisory board. Martin Sallenhag, the new CEO, and Reinhard Pusch, the new COO, have taken over the tiller of the company and will steer the firm towards its strategic goals.

1.1 Developments by business unit (product /service group)

RoodMicrotec net sales HY1 2016 vs HY1 2015

RoodMicrotec is maintaining its current sales target for 2016, after the first-half figures were in line with the same period of 2015. This followed a very strong performance in the test engineering and qualification units, which offset weaker numbers in other areas. This sets a solid base for rising sales through 2017 as the company is in a good position to build on the high level of contract quotes and forward orders coming through. It is expected that the most recent orders secured in Failure Analysis will contribute to new business in Turnkey Projects.

(x EUR 1,000)	HY1 2016	HY1 2015	Change
Test	1,702	1,730	-2%
Supply Chain Management	926	1,198	-23%
Failure & Technology Analysis	751	846	-11%
Test Engineering	230	171	35%
Qualification & Reliability Investigation	1,310	967	36%
Total	4,919	4,912	0%

1.2 Personnel

The strategy change mentioned above has obviously impacted the organisation, leading to a different composition and management of our staff. The number of permanent employees decreased to 88 FTEs, a decrease of more than 3% compared to June 2015 (91 FTEs).

1.3 Risk management

The various risks the company is exposed to are listed in RoodMicrotec's 2015 annual report. We strive to limit the risks, inter alia by periodical and systematic risk reviews of selected aspects. These reviews are conducted approximately eight times every year. Where necessary, corrective measures are taken. In view of the negative developments in the financial markets, the management is devoting additional attention to cash management. Otherwise, the management does not currently foresee any material changes in its risk in 2016.

We have been ISO9001:2015 certified since April 2016, which is very risk management focused.

2. NOTES TO THE FINANCIAL RESULTS

2.1 Sales and result

Sales in the first half of 2016 were € 4.9 million, which is line compared to the first half of 2015 (HY1 2015: € 4.9 million).

EBITDA was € 95,000 (HY1 2015: € -33,000). Improve of EBITDA is mainly the result of a higher gross margin,

EBIT was € -429,000 (HY1 2015: € -404,000) mainly as a result of higher depreciation due to investments in the second half of 2015 and the first half of 2016.

Net financing costs were € 112,000, slightly higher than in the first half of 2015, due to a new loan of € 750,000 which was concluded as per 31 March 2016.

2.2 Cash flow

In the first half of 2016, net cash flow from operating expenses was € -103,000 (HY1 2015: € -537,000). Cash flow from financing activities was € 1.7 million consisting of proceeds from issuance of share capital of € 0.9 million and proceeds from borrowing of € 0.8 million. These cash flows were used to invest in machines (€ 1.2 million) and investments in development expenditure of € 0.2 million.

3. Events after balance sheet date

RoodMicrotec has appointed Douwe de Boer as Interim CFO with immediate effect. Erwin Vrielink (1973), the current CFO, will take temporary leave from the company until he has recovered from a recent eye operation.

RoodMicrotec has secured two new orders with Chinese and European market leaders in automotive and aerospace in failure analysis and visual inspections of microchips. Failure analysis is part of a continuous improvement process to identify and correct defects and so maintain microchip operational reliability.

On 8 July 2016, 286,996 warrants Series I (exercise price: € 0.15) and 134,116 warrants Series III (exercise price: € 0.21) were exercised that resulted in an increase of 421,112 shares.

4. Outlook for 2016

The company's financial outlook for 2016 remains in line with the company's projections in the 2015 Annual Report.

5. Financial Agenda 2016

25 August 2016, 9.30 am	Conference call for press and analysts, interim report
15 November 2016	Publication trading update

Forward-looking statements

This interim report contains a number of forward-looking statements. These statements are based on current expectations, estimates and prognoses of the board of management and on the information currently available to the company. The statements are subject to certain risks and uncertainties which are hard to evaluate, such as the general economic conditions, interest rates, exchange rates and amendments to statutory laws and regulations. The board of management of RoodMicrotec cannot guarantee that its expectations will materialise. Furthermore, RoodMicrotec does not accept any obligation to update the statements made in this interim report.

About RoodMicrotec

With more than 40 years' experience as an independent value-added service provider in the area of micro and optoelectronics, RoodMicrotec offers Fabless Companies, OEMs and other companies a one-stop shop proposition. With its *powerful solutions* RoodMicrotec has built up a strong position in Europe.

Our services comply with the industrial and quality requirements of the high reliability/space, automotive, telecommunications, medical, IT and electronics sectors.

Certified by RoodMicrotec concerns inter alia certification of products to the stringent ISO/TS 16949 standard that applies to suppliers to the automotive industry. The company also has an accredited laboratory for test activities and calibration to the ISO/IEC 17025 standard.

Its value-added services include failure & technology analysis, qualification & burn-in, test & product engineering, production test (including device programming and end-of-line service), ESD/ESDFOS assessment & training, quality & reliability consulting, supply chain management and total manufacturing solutions with partners.

RoodMicrotec has branches in Germany (Dresden, Nördlingen, Stuttgart), United Kingdom (Bath) and the Netherlands (Zwolle).

Further information:

Martin Sallenhag CEO; Reinhard Pusch COO; Vic Tee chairman of the Supervisory Board; Philip Nijenhuis member of Supervisory Board; Douwe de Boer interim CFO.

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Financial statements interim report 2016

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1. Consolidated income statement

(x EUR 1,000)	Unaudited HY1 2016	Unaudited HY1 2015	Audited 2015
NET SALES	4,919	4,912	10,250
Cost of sales	-760	-846	-1,866
GROSS MARGIN	4,159	4,066	8,384
Personnel expenses	-2,683	-2,765	-5,860
Other operating expenses	-1,381	-1,334	-2,902
TOTAL OPERATING EXPENSES	-4,064	-4,099	-8,762
EBITDA	95	-33	-378
Depreciation and amortisation	-524	-371	-930
EBIT	-429	-404	-1,308
Financial expenses	-112	-93	-187
RESULT BEFORE TAX	-541	-497	-1,495
Taxation	-	-	-10
NET RESULT	-541	-497	-1,505
EARNINGS PER SHARE			
Basic	-0.01	-0.01	-0.03
Diluted	-0.01	-0.01	-0.03

2. Consolidated statement of comprehensive income

Net profit (loss)	-541	-497	-1,505
Remeasurement of defined benefit obligations	-	-	246
Remeasurement of defined benefit obligations – DTL	-	-	-107
Comprehensive income	-541	-497	-1,366

3. Consolidated balance sheet

(x EUR 1,000)	Unaudited HY1 2016	Unaudited HY1 2015*	Audited 2015
ASSETS			
Property, plant and equipment	5,451	5,368	4,732
Intangible assets	2,292	1,741	2,176
Deferred tax assets	1,016	1,133	1,016
Financial assets	3,002	2,982	3,002
Non-current assets	11,761	11,224	10,926
Inventories	433	321	279
Trade and other receivables	1,754	1,847	1,659
Cash and cash equivalents	866	53	667
Current assets	3,053	2,221	2,605
TOTAL ASSETS	14,814	13,445	13,531
EQUITY AND LIABILITIES			
Issued capital	6,503	5,114	5,986
Share premium	19,401	18,457	19,009
Revaluation reserve	1,822	1,859	1,822
Retained earnings	-25,531	-24,158	-24,990
Equity attributable to equity holders	2,195	1,272	1,827
Non-controlling interests	2,494	2,494	2,494
Total equity	4,689	3,766	4,321
Loans and borrowings	2,995	2,300	2,301
Retirement benefit obligation	4,721	5,080	4,864
Non-current liabilities	7,716	7,380	7,165
Loans and borrowings	75	47	41
Trade and other payables	2,276	2,194	1,945
Current tax liabilities	58	58	59
Current liabilities	2,409	2,299	2,045
TOTAL EQUITY AND LIABILITIES	14,814	13,445	13,531

* Balance sheet figures as per 30 June 2015 related to property, plant and equipment, financial assets and equity have been revised. A reference is made to pages 64, 68 and 86 of the annual report 2015.

4. Statement of changes in equity

(x EUR 1,000)	<i>Number of shares (x 1,000)</i>	Issued capital	Share premium	Revaluation reserve	Retained earnings	Non- controlling interests	Total Equity
Balance at 1 January 2015	43,519	4,788	18,084	1,859	-23,661	2,494	3,564
Issuance of ordinary shares	2,960	326	373	-	-	-	699
Earnings for the period *	-	-	-	-	-497	-	-497
Balance at 30 June 2015	46,479	5,114	18,457	1,859	-24,158	2,494	3,766
Balance at 1 July 2015							
Issuance of ordinary shares	7,932	872	522	-	-	-	1,394
Earnings for the period	-	-	-	-	-1,008	-	-1,008
Re-measurement of defined benefit obligation	-	-	-	-	139	-	139
Revaluation of building	-	-	-	-37	37	-	-
Employee options granted	-	-	30	-	-	-	30
Balance at 31 December 2015	54,411	5,986	19,009	1,822	-24,990	2,494	4,321
Balance at 1 January 2016							
Issuance of ordinary shares	4,699	517	392	-	-	-	909
Earnings for the period *	-	-	-	-	-541	-	-541
Balance at 30 June 2016	59,110	6,503	19,401	1,822	-25,531	2,494	4,689

At 30 June 2016 the authorised share capital comprised 80,000,000 ordinary shares (30 June 2015: 80,000,000). The shares have a nominal value of € 0.11 each. At 30 June 2016, 59,109,788 ordinary shares were in issue (30 June 2015: 46,478,893).

* In the half year figures, profits/losses have been accounted as if added to or deducted from the retained earnings. However, in accordance with a resolution of the AGM, the actual addition to or deduction from the retained earnings is made at year-end.

5. Consolidated cash flow statement

(x EUR 1,000)	HY1 2016	HY1 2015	2015
EBITDA	95	-33	-378
Adjustments for:			
- Share-based payments	-	-	30
- Change in retirement benefit obligation and assets	-143	-204	-122
- Accrued interest	-	-	-
- Other adjustments	-	-22	-
Changes in working capital:			
- Inventories	-154	26	65
- Trade and other receivables	-95	-136	53
- Trade and other payables	306	-75	-328
Cash flow from operating activities	9	-444	-680
Interest paid	-112	-93	-152
Income tax paid	-	-	-
Net cash flow from operating activities	-103	-537	-832
Cash flow from investing activities			
Investments in property, plant and equipment	-1,187	-365	-291
Disposals of property, plant and equipment	-	-	-
Investments in intangible assets	-170	-	-435
Returns in financial assets	-	48	-20
Net cash flow from investing activities	-1,357	-317	-746
Cash flow from financing activities			
Proceeds from issuance of share capital	909	698	2,093
Proceeds from borrowings	750	-	-
Repayment of borrowings	-	-	-40
Amortization of discount and bond issuance costs	-	17	-
Net cash flow from financing activities	1,659	715	2,053
Net cash flow	199	-139	475
Cash +/- bank overdrafts at beginning of period	667	192	192
Cash +/- bank overdrafts at end of period	866	53	667
Net cash flow	199	-139	475

6. Notes to the consolidated interim financial statements

General information

RoodMicrotec N.V. is a company with its registered office in Zwolle, the Netherlands. The consolidated interim financial statements of the company for the period ended 30 June 2016 comprise the company and its subsidiaries (jointly referred to as the 'Group'). The Group includes the wholly-owned subsidiaries RoodMicrotec GmbH (Nördlingen, Germany), RoodMicrotec Dresden GmbH (Dresden, Germany) and RoodMicrotec International B.V. (Zwolle, The Netherlands).

Summary of significant accounting policies

These consolidated interim financial statements have been prepared in accordance with IAS 34 (interim financial reporting). They do not include all the information required for full annual financial statements, and should therefore be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2015.

The accounting policies applied in these consolidated interim financial statements are the same as those applied in its consolidated financial statements as at and for the year ended 31 December 2015.

The consolidated interim financial statements and the reconciliations included in this report and its enclosures have not been audited nor been reviewed by the external auditors.

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

In accordance to IAS 8, the Group restated its financial statements due to an error in the property, plant and equipment which goes back beyond financial year 2014. As a consequence property, plant and equipment, related deferred tax liabilities and equity as at 1 January 2014 are adjusted. We refer to pages 64 and 68 of the annual report 2015.

In addition, the pension assets could not be netted with the pension liabilities as per 30 June 2015.

Reference is made to note 11 on page 86 of the annual report 2015.

Consequently, the consolidated balance sheet as per 30 June 2015 has been adjusted to reflect these adjustments.

Segment reporting

The Group is active in one operating segment, due to the limited size of the company and the internal reporting structure. Sales are reported in various product/service groups. Every month a consolidated profit & loss statement is prepared, based on which an analysis and management report is communicated.

New financing arrangement

In March 2016, the company concluded a new financing arrangement with a group of international investors to provide an amount up to EUR 1.5 million to enable the required investments.

As per 31 March a loan of EUR 750,000 with an issue price of 90% has been received. The total duration of the loan is 48 months with a monthly payable interest of 0.4% per month on the outstanding gross amount. The loan will be redeemed in 4 instalments in March of each year (2017 10%, 2018 20%, 2019 30%, 2020 40%).

As per 30 June 2016, the company has a standby equity facility of maximum EUR 750,000 available. This facility is starting between August 2016 and ending in July 2017 in 8 monthly tranches of EUR 93,750. It is at the discretion of the company to draw down the equity line, which means that by the end of July 2017 between EUR 0 and EUR 750,000 of the equity line will have been draw down.

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.

Statement of trade and other receivables

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

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

(x EUR 1,000)	HY1 2016	HY1 2015	2015
Not overdue	1,094	1,010	956
< 30 days outstanding	155	308	393
30 – 60 days outstanding	49	14	40
> 60 days outstanding	154	74	104
Provisions bad debtors	-99	-140	-99
Trade account receivables	1,353	1,266	1.394
Other receivables	401	556	265
Total	1,754	1,822	1.659

Net sales of HY1 2016 compared to HY1 2015

(x EUR 1,000)	HY1 2016	HY1 2015	2015
Test	1,702	1,730	3.676
Supply Chain Management	926	1,198	2.348
Failure & Technology Analysis	751	846	1.655
Test Engineering	230	171	437
Qualification & Reliability	1.310	967	2.134
Total	4,919	4,912	10,250

7. Statement from the Board of Management

This statement is based on Article 5:25c, paragraph 2C of the Financial Supervision Act. The statements following this law are obliged as a ruling for the interim financial statements.

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

The interim financial statements gives a true and fair view of the situation on balance sheet date and the developments during the first half year of 2016 of RoodMicrotec N.V. and the group companies for which the financial information is recognised in its financial statements. Due to the negative developments in the financial markets, the board of management is devoting extra attention on cash management. Otherwise the risks are not expected to change materially in the second half of 2016.

The members of the board of management have signed the annual report and financial statements in fulfilment of their legal obligations on the grounds of Article 5:25c, paragraph 2C of the Financial Supervision Act.

Zwolle, 25 August 2016

Board of Management
Martin Sallenhag, Chief Executive Officer
Reinhard Pusch, Chief Operating Officer