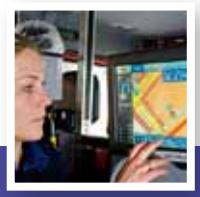
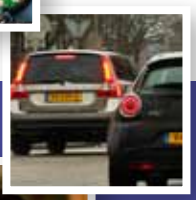
RoodMicrotec

powerful solutions

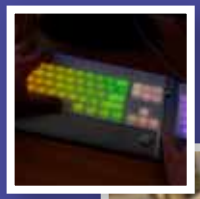




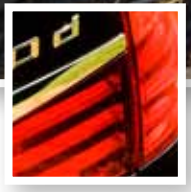
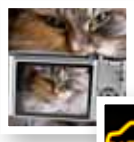











2011

Annual Report • RoodMicrotec N.V.

RoodMicrotec N.V.

Annual Report 2011

2011 Highlights

Commercial/operational
- Strengthening of our position in Supply Chain Management.
- Concentration of test activities and strengthening of the organisation in Nördlingen.
- Concentration of Failure & Technology Analysis and strengthening of the organisation in Stuttgart.
- Strengthening of the internal sales organisation.
- Restructuring of Qualification & Reliability in the second half of 2011 and strengthening of the organisation.

Financials
- Sales growth in 2011 of 1% to EUR 15.7 million.
- EBITDA: EUR 1.9 million.
- EBIT: unchanged at EUR 709,000.
- EBT: EUR 408,000; a marked increase compared to the past.
- Net income: EUR 588,000.
- Significant exceptional expenditure of EUR 550,000 mainly due to restructuring costs.
- Solvency improved to 47% (2010: 41%).
- Gearing ratio improved to 30% (2010: 37%).

Profile

RoodMicrotec is a supply chain management organisation specialising in partial processes essential to reliable end-products, like test engineering, test, qualification & reliability and failure & technology analysis. Many of our customers hold valuable intellectual property, which requires optimum protection. Due to our positioning we are well placed to protect our customers' know-how. We are also able to select the best (ASIC) engineers, Wafer FABs and IC assembly houses.

The following core services characterise RoodMicrotec:
- managing the entire process from design idea all the way to supply to the end-user, including purchasing, logistics, warehousing/logistics;
- securing testability and manufacturability at an early stage in the chip design process.

Technology Is The Key Market Enabler

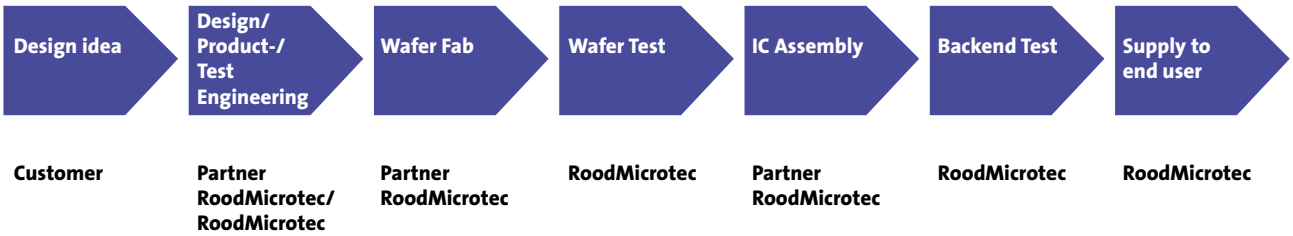
New Chips...
New IP...
New Solutions...
Everywhere

"Developed In Europe...
Needed Worldwide...
Made Elsewhere"

Source: IFS2012 Future Horizons

Dieter Schreiber
(Sales & Marketing Manager)

Supply chain



- Testing semiconductors (microchips), which represents the majority of sales, optoelectronics (image sensors, OASIC, LEDs) and printed circuit boards;
- end-of-line manufacture and service;
- developing test software for semiconductors;
- qualifying semiconductors, printed boards and printed boards assemblies;
- qualifying production processes according to inter-connection technologies and ESD sensitivity;
- analysing failures at wafer, package and board level;
- reliability, environmental investigations of semi-conductors, (assembled) printed circuit boards (PCBs);
- project management and consulting.

This complete service package with highly experienced engineers is unique in the market.

Realise your idea

Offering customer-oriented solutions

RoodMicrotec's strategy is aimed at powerful solutions, i.e. customer solutions aimed at serving the market optimally and providing maximum protection of products.
The background for this strategy is the fact that products developed in the West are increasingly being manufactured in low-wage countries. These products are often subject to intellectual property rights and must be protected against infringement. In addition, fabless companies (FCs) find it hard to find the right partners who can guarantee the quality of the end-products. This is why our strategy is aimed at aiding the successful marketing of designs by FCs and OEMs by (test) engineering these products, having them manufactured, and perform testing, qualification, failure analysis and distribution.

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 pool. But also in the car industry, where microchips are used in tyre pressure sensors, steering systems, braking systems, ABS, airbags, etc. All these applications require the highest possible degree of reliability in countless different conditions. Achieving this requires ever more know-how on all fronts as well as knowledge of all the specific regulatory requirements for these products. 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.

Organisation

In the context of its strategy to offer customers to take care of all the steps to bring an idea to market, RoodMicrotec is increasingly focusing on consultancy, product engineering and Key Account Project Management (KAPM). RoodMicrotec has both highly experienced and young ambitious engineers who are able to work in all disciplines in our organisation.
Our services comply with the industrial and quality requirements of the high reliability/space, automotive, telecommunications, medical, IT and electronic sectors. 'Certified by RoodMicrotec' concerns inter alia certification of products to the stringent ISO/TS 16949 standard concerning suppliers to the automotive industry and according to ISO 14001 environmental standard. We also have an accredited laboratory for failure & technology analysis and qualification & reliability investigations to the ISO/IEC 17025 standard.

Collaboration with partners and customers

Key in our operations is not only collaboration with customers, but also with partners. The entire semiconductor industry is dependent on collaboration within the production chain. We develop such partnerships with both FCs and OEMs (Original Equipment Manufacturers), with (ASIC) design centres, with foundry and back-end service partners, knowledge institutes like universities, technical colleges, the Fraunhofer Institute, and with technology partners, suppliers and government authorities. These partnerships bolster our marketing and sales processes. 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.

Vision

We anticipate that an increasing number of design companies will focus on the partial segments in which they have a strong position, but also that many of these companies that are often vertically integrated, will shed non-core activities to lower their risk exposure. Such activities would include testing, assembly and engineering. This will create 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.

RoodMicrotec - Services for the entire product lifecycle

Development

- Design (via partner)
- Design Support (DFT, DFM)
- Test environment engineering
- Debug
- Characterization, screening
- Chip repair (FIB)
- Failure analysis

Volume ramp-up

- Qualification
- Lifetime/reliability calculations
- Yield optimization
- Test time reductions
- Other cost reduction measures
- Ramp-up capacity
- Establish buffer stock

Production

- High volume test services
- Yield monitoring
- Supply chain logistics (SCM)
- System level analysis
- Sophisticated failure analysis
- Solderability tests
- ESD/ESDFOS evaluation

Ambitions

We have set ourselves the following goals:
- to position ourselves as a first-class one-stop-shopping supply chain service provider for 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 to Europe;
- to develop into a major player in the electronics services market from wafer to board;
- to position ourselves as a leading innovative testhouse in Europe.

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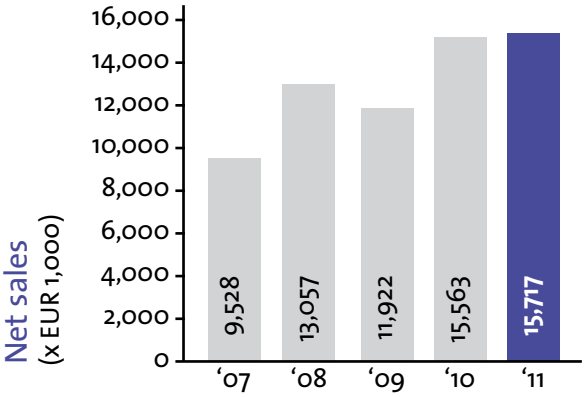
Chamber of Commerce
number 33251008

Contents

Annual accounts 2011

Arno Rudolph
(Sales & Marketing Manager)

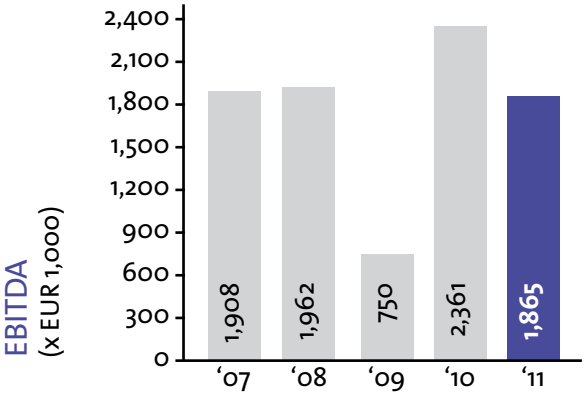
RoodMicrotec in perspective - 2011



SALES: EUR 15.7 MILLION

Sales growth is a key issue for RoodMicrotec since the total semiconductor market grows by approx. 6% each year, unit costs keep falling and complexity is increasing. This is why volume growth and sales growth are needed for us to maintain our intended market position. Sales growth allows us to finance the expertise in the company and yields essential costs reductions.

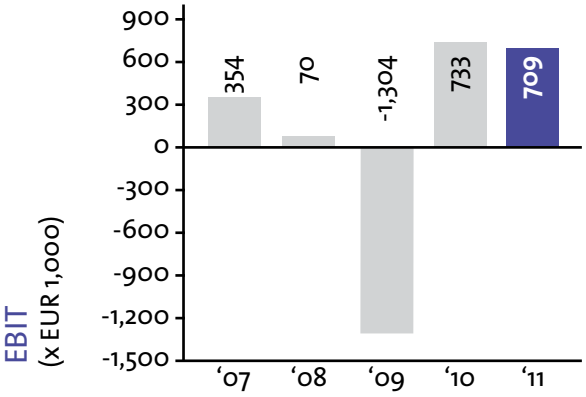
Objective for 2012 - 2014: In the long-term (2013 and beyond) we aim to continue to grow at the same rate as in the past view years (autonomous growth of between 3% and 13 %) i.e. at least at the same rate as the global market.



EBITDA: EUR 1.9 MILLION, OR 11.8% OF SALES

EBITDA: EBIT before depreciation and amortisation is one of RoodMicrotec's key indicators. 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. This is why strong growth of EBITDA over the next few years is one of our key objectives.

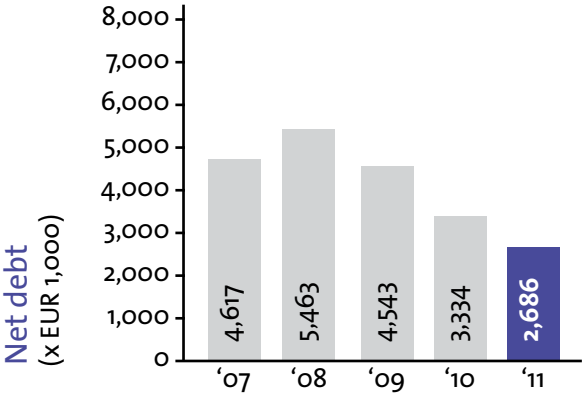
Objective for 2012-2014: EBITDA to rise to 20% of sales.



EBIT: EUR 0.7 MILLION, OR 4.4% OF SALES

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

Objective for 2012-2014: EBIT growth to 10% of sales.



NET INTEREST-BEARING DEBT: EUR 2.7 MILLION

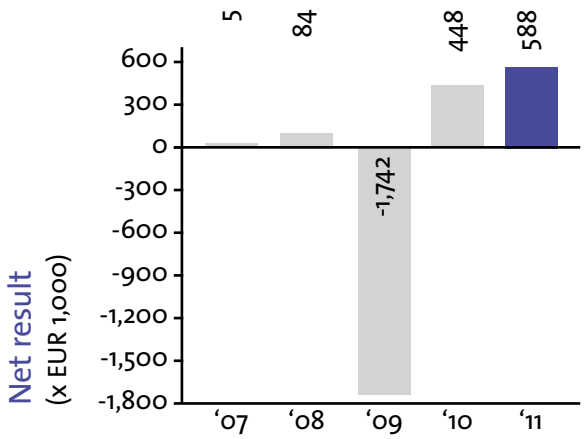
A significant debt position can negatively impact business operations, which in turn may impede the growth of the company. Since financing is regularly required for new activities, being able to respond rapidly is imperative. A limited debt position makes operating in the market far easier.

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

NET RESULT: EUR 0.6 MILLION

The net result is the ultimate reward for all our activities. RoodMicrotec is aware of the need to improve profitability, and also of the logic that we can only achieve higher profitability by raising production volumes and sales.

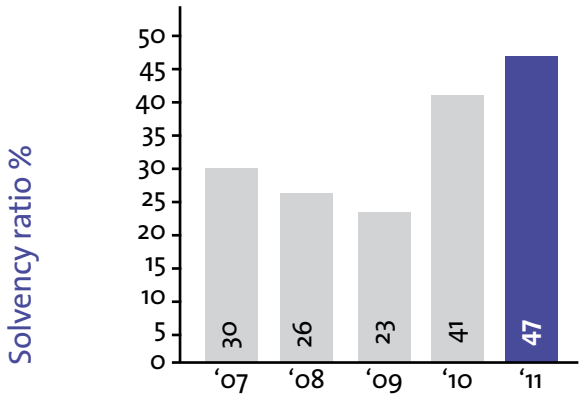
Objective for the next few years: to raise the net result step by step to a level between 5% and 10% of sales.



SOLVENCY: 47%

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 loans, strengthen customer confidence in the company and guarantee continuity and secure growth.

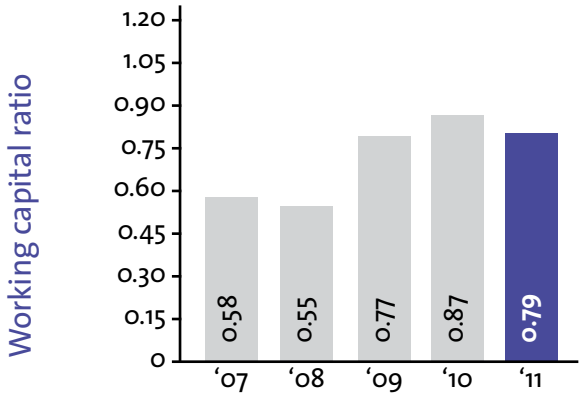
Solvency target: a range between 38% and 50%.



WORKING CAPITAL RATIO: 0.8 (CURRENT ASSETS/CURRENT LIABILITIES)

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

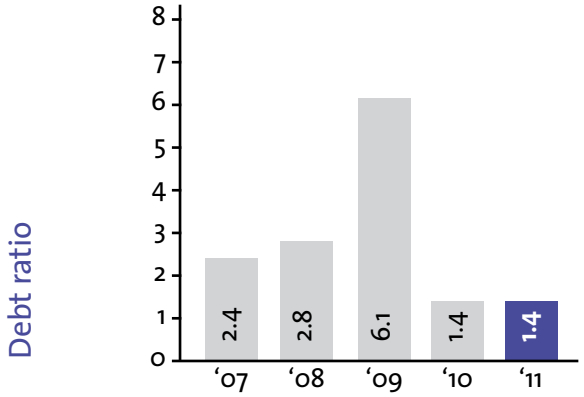
Objective: to keep the ratio of working capital to a gross margin of between 1.0 and 1.5.



DEBT RATIO: 1.4

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

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



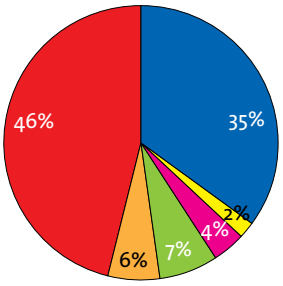
Key Figures

(x EUR 1,000)	2011	2010	2009	2008	2007
Result					
Net sales	15,717	15,563	11,922	13,057	9,528
Total operating income	15,464	15,684	12,076	13,019	9,517
Gross margin	12,342	12,242	9,821	11,307	8,657
EBIT (operating result)	709	733	-1,304	70	354
EBITDA	1,865	2,361	750	1,962	1,908
EBT	**408**	**207**	**-1,744**	**-456**	**-18**
Cash flow (net result and depreciaton)	1,744	2,076	312	1,976	1,559
Cash flow from operating activities	1,939	1,689	315	2,815	1,495
Net result	**588**	**448**	**-1,742**	**84**	**5**
Capital, Debt & Liquidity Ratios					
Total assets	12,971	13,726	13,713	16,107	11,295
Group equity	6,138	5,647	3,115	4,132	3,344
Convertible debt	0	500	750	1,667	1,000
Group equity + Convertible loans	6,138	6,147	3,865	5,799	4,344
Net debt	2,686	3,334	4,543	5,463	4,617
Capital (=net debt + equity)	8,824	8,981	7,658	9,595	7,961
Gearing ratio (net debt/ capital)	30%	37%	59%	57%	58%
Solvency (group equity/ total liabilities)	47%	41%	23%	26%	30%
Debt ratio (net debt/ EBITDA)	1.4	1.4	6.1	2.8	2.4
Net working capital	-831	-569	-974	-2,994	-1,788
Working capital ratio (current assets/ current liabilities)	0.79	0.87	0.77	0.55	0.58
Assets					
Tangible fixed assets	5,732	5,710	6,629	8,367	8,449
Investments in tangible fixed assets	1,024	681	288	941	1,540
Investments in subsidiaries	0	0	0	2,987	0
Depreciation of tangible fixed assets	1,128	1,600	2,026	1,878	1,524
Data per share (x EUR 1)					
Capital and reserves	0.17	0.16	0.09	0.14	0.13
Operating results	0.02	0.02	-0.04	0.00	0.01
Cash flow	0.05	0.05	0.01	0.09	0.06
Net result	0.02	0.01	-0.05	0.00	0.00
Share price: year end	0.16	0.17	0.15	0.15	0.57
Share price: highest	0.31	0.19	0.57	0.57	0.66
Share price: lowest	0.14	0.15	0.12	0.12	0.43
Issue of nominal shares At year end (x 1,000)	35,769	35,769	35,196	30,489	26,741
Number of FTE's (Permanent)					
At year end	106	120	126	148	100
Average	111	124	132	125	99
Sales/ Average FTE's	142	126	90	104	96

Key figures charts (X EUR 1,000)

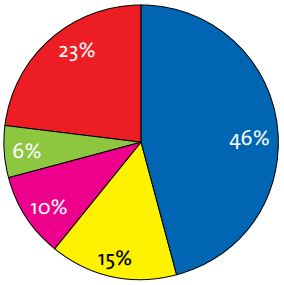
Markets served 2011

Automotive	5,491	35%
Telecommunication	385	2%
Consumer	610	4%
HiRel/space	1,105	7%
Data Processing	904	6%
Industrial/Medical	7,222	46%



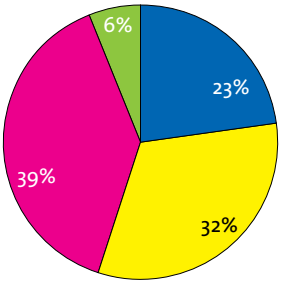
Revenue by Business Unit 2011

Test&EOL	7,264	46%
Q&R	2,343	15%
Failure Analysis	1,667	10%
Test Engineering	887	6%
SCM	3,556	23%



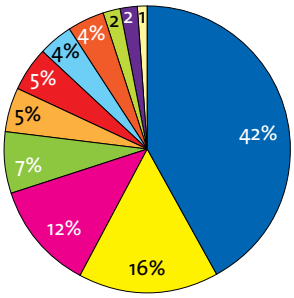
Revenue by customer type 2011

IDM	3,516	23%
Fabless, IP, Provider, SCM	5,061	32%
OEM	6,169	39%
Disti, CEM, OSH	971	6%



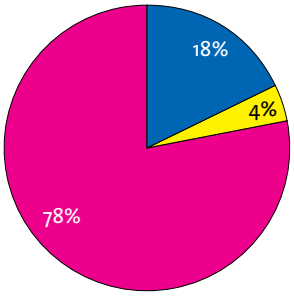
Revenue split by country 2011

Country	Revenue	Country	Revenue
Germany	42%	China, India & Rest of Asia	4%
USA	16%	UK	4%
Poland	12%	France	2%
Austria	7%	Eastern/Southern Europe	2%
Switzerland	5%	Brazil	1%
Benelux	5%		



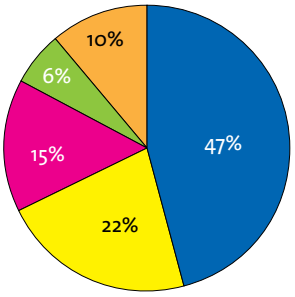
Revenue by continent 2011

Continent	Revenue	
America	2,748	18%
Asia	634	4%
Europe	12,335	78%



Costs by category 2011

Personnel costs	7,215	47%
Cost of sales	3,375	22%
Operating costs	2,367	15%
Energy (current, gas, water)	895	6%
Other expenses	1,457	10%



Shareholder information

Major Holdings in Listed Companies Disclosure Act
As at 31 December 2011, RoodMicrotec had not received any reports in the context of the Major Holdings in Listed Companies Disclosure Act.

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

Dividend
So far, we have not distributed any dividend since our financial position did not allow it.
The management prefers to allow the company in the next few years to grow and further improve its financial health. 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 board of management proposes in view of the limited profits not to distribute any dividend for the year 2011.
Our first priority is balanced debt management in conjunction with limited investments.

Changes in the number of shares in 2011 (x EUR 1,000)
Position as at 1 January: 35,769.
Position as at 31 December: 35,769.
As at 31 December 2011, the company held 4,100 of its own shares.

Share price development and stock exchange value of RoodMicrotec N.V. in 2011.

source: Euronext Datacentre
RoodMicrotec NV : 31 December 2010 - 23 February 2012

Investor relations
We are well aware of the importance of active and open communication with our stakeholders. For this reason, we have since 2006 pursued an active investor relations policy through meetings and conference calls with press, analysts and investors.
As in 2011, in 2012 we will raise our profile 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 give more attention to publicity.

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

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

Annual general meeting of shareholders 2011
The report of this meeting may be inspected on the website.

Month on month IC unit shipment trends

- Classic hog (action, over-reaction, correction, overshoot) & cobweb (1 to 4 quarter supply lead times) driven
- Monthly run rate varies dramatically from the trend line
- Impossible to balance supply with demand
- Mismatch makes it 'feel' demand & capacity is out of control

Financial agenda

9 March 2012	Publication annual report 2011
26 April 2012	Annual general meeting of shareholders
15 May 2012	Publication trading update
10 July 2012	Publication sales figures first half 2012
31 August 2012	Publication interim report 2012
31 August 2012	Conference call for press and analysts
15 November 2012	Publication trading update
10 January 2013	Publication sales figures full year 2012
26 February 2013	Publication annual figures 2012
26 February 2013	Conference call for press and analysts
8 March 2013	Publication annual report 2012
25 April 2013	Annual general meeting of shareholders
14 May 2013	Publication trading update
9 July 2013	Publication sales figures first half 2013
29 August 2013	Publication interim report 2013
29 August 2013	Conference call for press and analysts
14 November 2013	Publication trading update

Report of the CEO

2011 was an uneven year for RoodMicrotec: the first half was strong, while the second half was marked by market stagnation.

Philip Nijenhuis

Philip Nijenhuis (CEO):
'Future Horizons CEO Malcolm Penn recently stated in his New Year's message: 'Last year was without doubt the most challenging year in our 22-year history.'
2011 was not as bad for us as 2009, but highly complex due to the unpredictability of the market. With the unflinching dedication and strength of both our managers and employees we have succeeded in strengthening our company's position.'

The first half of the year showed significant growth at 18%, exceeding the global market, but in the second half sales fell, in particular in the third quarter and into the fourth. On balance, our growth was marginally above the world market.

Reinhard Pusch

Reinhard Pusch (CSO):
'2011 was a challenging year; I look back on it with mixed feelings. While we struggled with difficult and unpredictable sales and indeed the bankruptcy of a customer, there was a clear increase in requests for quotes due to our much stronger market position. That created an overwhelming workload for our sales employees. I am grateful to them for their dedication over the course of last year.'

In Test the highlights were decidedly in the first half. In the second half sales fell, mainly due to a decline in the automotive sector and some products reaching the end of their lifespan. The relocation of test activities from Stuttgart to Nördlingen also dented sales during two months in the second half. The work was completed at the end of the year, and we are now in a much better position going forward.

Test Engineering recovered in the first half, but struggled with hard to fill vacancies in tandem with staff turnover. We will prioritise making good this turnover as soon as possible, and indeed expand our workforce.

Norbert Wirth

Norbert Wirth (CTO):
'After many years with Infineon it took me some time to appreciate that a midsize company like RoodMicrotec is a very different proposition.
Coming from a job which required operational and strategic management skills in equal measures, my new position also involves dealing with hands-on activities on the shop floor.

At the end of the year I feel it has been a very rewarding experience. I am proud to manage a challenging team in Test Engineering, Failure & Technology Analysis and Qualification & Reliability.'

After a difficult first half, Qualification & Reliability experienced a marked recovery in the second half of 2011. A restructuring has significantly improved our position in this sector.

Failure & Technology Analysis also struggled with staff shortages, in particular in the first half, causing us to fall behind on our sales targets. Recruiting qualified staff was our greatest bottleneck, but it has now largely been overcome. Here, too, we aim to expand our team. We continue to see Failure & Technology Analysis as an area of future growth.

There have been a number of changes in the management and staff of the company.
As stated in previous annual reports, my employment contract with the company expires in the middle of 2012; it provides for a two-year extension option so as to have enough time to solidify RoodMicrotec's market position, either independently or in partnership with other parties.

As to our finances, we have continued to work on strengthening our balance sheet.
Our solvency improved as our debt position fell further.

For small companies like RoodMicrotec, the costs of complying with AFM and other regulatory requirements weigh heavily. We have found that AFM takes positions on which there is no consensus and which are still under discussion both at the professional level and in international regulatory circles. Prematurely and unilaterally introducing such positions causes protracted discussions and disproportionate costs. RoodMicrotec is effectively a multinational company and as such requires external expertise which comes at a corresponding price level.
RoodMicrotec appeals to AFM, partly to prevent unnecessary costs, to submit issues to the IFRIC in those situations where current practice deviates from the initial position of the AFM or where this position conflicts with authoritative bodies such as accountancy firms. One of the roles of the IFRIC is to provide timely guidance on issues where unsatisfactory or conflicting interpretations have developed.In view of this, we will continue to evaluate the benefits of the stock exchange quotation.

Outlook for 2012
The SIA (Semiconductor Industry Association) forecasts limited growth for the industry in 2012 at 2.6% and moderate growth at 5.8% in 2013. This growth will be concentrated in Asia; Europe will lag behind.

Remy Cuny (CFO):
'2011 was my first full year with RoodMicrotec. There have certainly been challenges, but equally it has been very instructive to see how we weather the storm as a small listed company. We are working hard on a number of rationalisation programmes, and fortunately we have been able to significantly improve our financial ratios compared to previous years.
I am genuinely grateful to our financial employees for the commitment they have shown.'


Remy Cuny

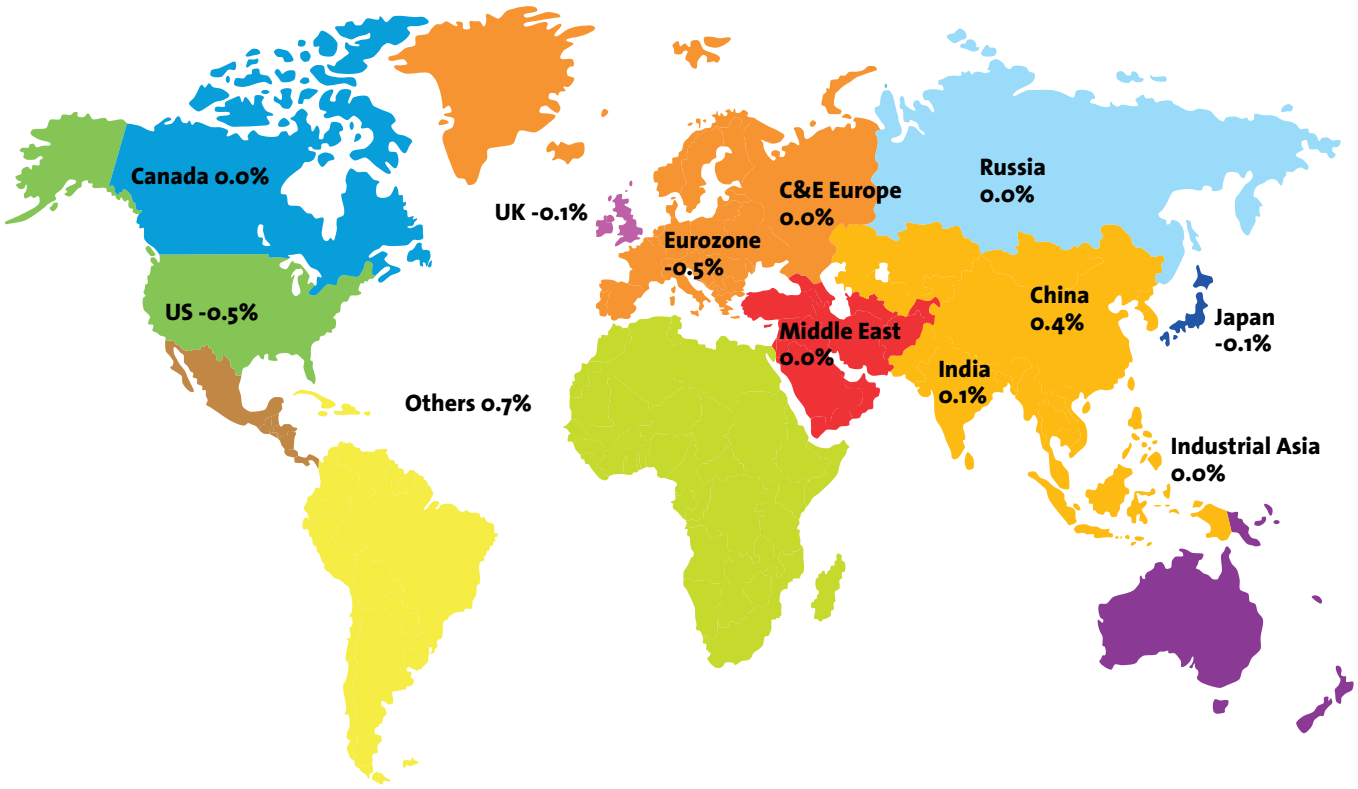
Based on present insights provided by the SIA's growth forecasts and interviews with our customers we anticipate limited growth in 2012. The present uncertain circumstances prevent us from making accurate predictions.

In the long term (2013 and beyond) we aim to continue to grow at the same rate as in the past few years (autonomous growth of between 3% and 13%, i.e. at least at the same rate as the global market).

We will continue to pursue collaboration and partnerships with other parties.

Ph.M.G. Nijenhuis
CEO

2012 vs. 2011 World GDP Contribution Change



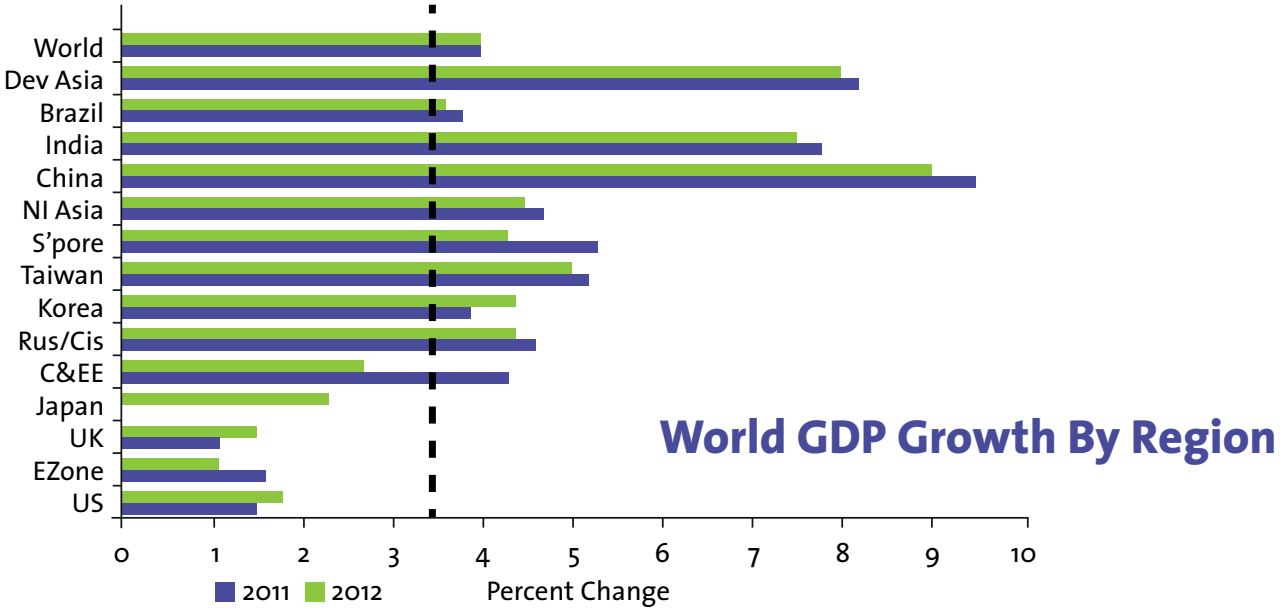
BRICs Bouncing Back The Hardest (Again)

Source: IMF (Sep 2011) &
IFS2012 Future Horizons

Jerôme Sabot
(Manager Internal Sales & Logistics)

World GDP Growth Trends, 2011-2012

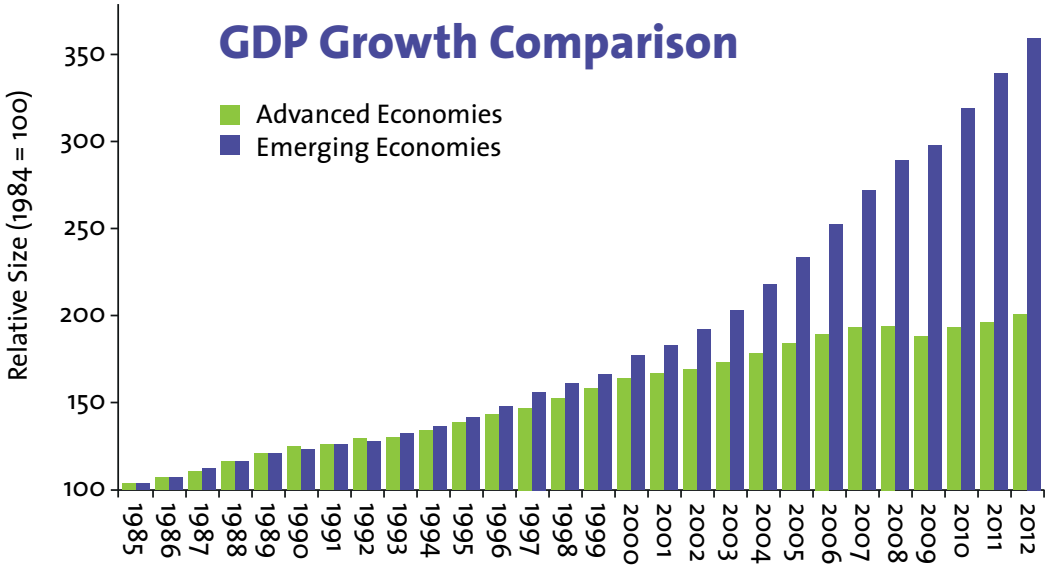
- World Economy Expanded At Annualised Rate Of 4.0% During 2011
  (Qu: What's Wrong With 4% GDP Growth? Well Above Last Decade Average)
- Emerging & Developing Economies Experiencing Strong Growth
- Advanced Economies Courting Recession ... US Now Mirroring Europe
- Confidence In Advanced Economies (Europe Worst) At An All-Time Low
  (From Iceland To Ireland, Greece ... Italy, France? Euro Still Not Out Of The Woods)



Source: IFS2012 Future Horizons

Advanced & Emerging Economies Compared

- Two Economies Diverged In Mid-1990s
- Emerging Countries = 85% World Population
- Strong Local Demand, No Longer Just Cheap Exports
- The World Has Changed ... The Changes Are Irreversible
- The West Just Lost WW3 (Economic, Not Fists ... Driven By 'Sin')
- New Economic World Order ... With All The Political Ramifications
  (Money = Power ... Get Used To It, Especially In The US & Europe)



Source: IFS2012 Future Horizons

Strategy, SWOT analysis and financial objectives

General

RoodMicrotec N.V. has been listed on the Official Market of the NYSE Euronext Amsterdam since 1986.

With more than 40 years' experience as an independent value-added service provider in the area of micro and optoelectronics, we offer FCs, OEMs and other companies a one-stop shopping proposition. With our powerful solutions we have built up a strong position in Europe.

Our customers are mainly based in Europe.

The activities have been grouped into the following business units:
- Supply Chain Management
- Test & End-of-line Services
- Failure & Technology Analysis
- Test Engineering
- Qualification & Reliability
- Engineering/Consultancy/Key Account Project Management

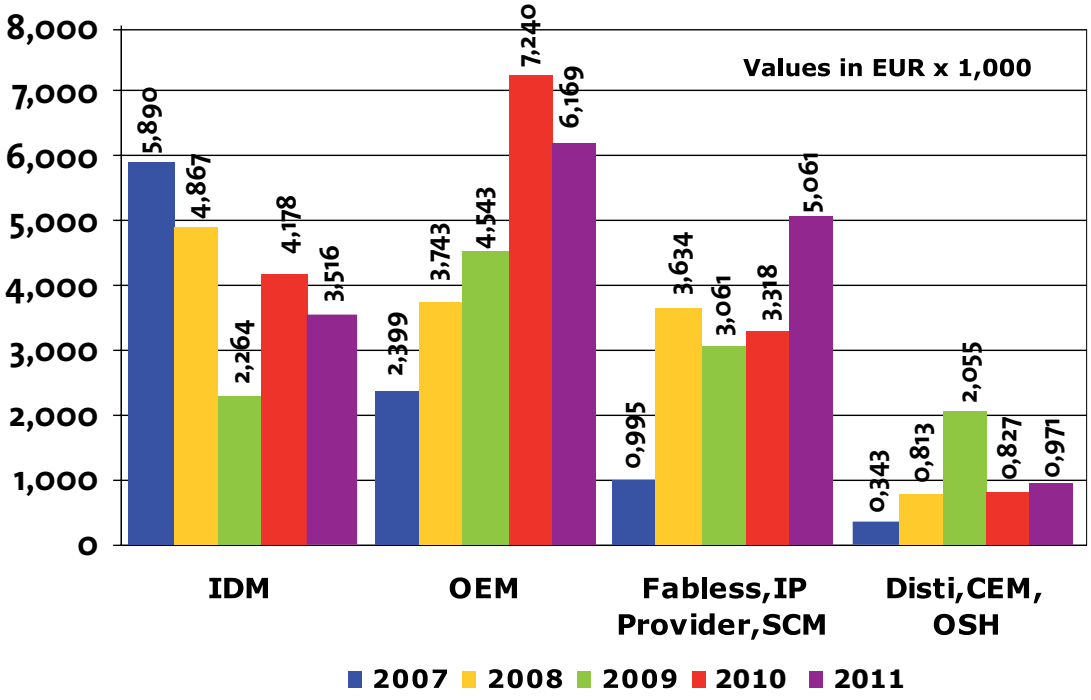
At year-end 2011, the company had 106 employees on staff. In the 2011 financial year, sales of EUR 15.7 million generated a net result of EUR 0.6 million.

Strategy

General strategic objective
We aim to position ourselves as a first-class one-stop-shopping supply chain service provider to OEMs and FCs in Europe. We focus on strengthening our current specialist areas Supply Chain Management, Test Engineering, Failure & Technology Analysis, Qualification & Reliability, Engineering/Consultancy/Key Account Project Management and Test & End-of-Line Services for microelectronics, optoelectronics and printed circuit boards. Additionally, we aim to enhance partnerships in the area of wafer and back-end applications.

Market choices
After the slump in the semiconductor market in 2009, this market is expected to see growth of between 2% and 6% over the next few years at an average long-term annual growth of 6%. 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.

Revenue by customer type



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

Customer types
Fabless companies (FCs): we focus on FCs that consistently realise double-digit growth. There are between 300 and 400 of these FCs in Europe, many of which are active in the more complex mixed-signal chips.
OEMs: OEMs are getting ever leaner. To achieve that goal, they tend to contract out non-core activities, including semiconductor manufacturing facilities.

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

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

Optoelectronics:
Optical electronics is a booming business which 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 Service Boards:
Developing and testing printed service boards for high-quality industrial applications is a relatively new market for us. The distinction between printed service 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.

Service provision choices

Core activities:
Supply Chain Management, Test Engineering, Failure & Technology Analysis, Qualification & Reliability and Logistics. As product use in Europe will increase and production decreases, the volume of the semiconductor supply chain will rise in the next few years. We intend to expand our role in this supply chain.

Back-end Test and Assembly Services:
Offering assembly capacity is crucial in order to play a major role in the supply chain mentioned earlier. To ensure this, we have concluded partnerships in Europe and Asia that enable us to offer a competitive integral solution.

Focus on consulting in the complete field of electronics:
Using our wide-ranging know-how we continue to operate in the reliability, interconnection technology, ESD consulting and assessment market. Our industry experts are able to offer customers valuable solutions.

High-tech Test & Related Services:
We will continue to focus on the mixed signal and image sensors products that are used extensively in the automotive, industrial, high rel/satellite, medical and telecom sectors. All these market segments are strong in Europe.

Frank Weber (Q&R Manager)

Even facing a downturn in the second half of the year, the business unit achieved moderate positive growth during 2011 compared to 2010. We are still hiring new staff, and we have also gained some major new customers from different segments.

Computers have become an indispensable part of our daily lives. We use our laptops in nature or in the car or we take them with us on holiday - the possibilities are endless.
Satellite telecommunication is the most mature of space applications. Starting almost 50 years ago with the launch of the first telecommunications satellites (Telstar in 1962 and Syncom in 1963), satcom has continued to grow ever since.
Did you know that in many countries access to the Internet is through satellite communication? Internet service providers often link their servers to the core of the Internet network by satellite. With the emergence of very powerful broadband satellites, users – equipped with their own broadband interactive satellite terminals – can access the Internet regardless of their distance from the nearest terrestrial node.

Text Credits: ESA

Internal assessment of the company

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

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

Weaknesses
- Poor financial net result.
- Understaffing in some sectors.

Opportunities
- A key opportunity is to become a first-class European one-stop-shopping supply chain provider and a partner for leading high-tech FCs.
- There are currently exciting opportunities in the services market to FCs and OEMs: many companies are introducing new products with great potential, which RoodMicrotec can support.

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

Critical success factors

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

Financial objectives realised in 2011
The objectives for 2011 were based on a relatively optimistic market analysis. Although we did not reach the sales targets we had set for ourselves, we did realise part of our financial objectives.

Long-term financial objectives
- Sales growth of between 3% and 13% per annum, based on 6% average market growth.
- Annual improvement of the operating result.
- Optimising the debt position by means of long-term and short-term loans.

Report of the supervisory board

We hereby present the 2011 annual report as prepared by the board of management in accordance with Article 26 of the articles of association of the company.

The financial statements were audited and issued with an unqualified opinion by Mazars Paardekooper Hoffman Accountants N.V. and discussed by us with the board of management in the presence of Mazars. We propose to our shareholders to adopt these financial statements in the general meeting of shareholders on 26 April 2012 and to discharge the board of management of responsibility for their conduct of business in 2011 and the members of the supervisory board for their supervision of the management.

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

RoodMicrotec in 2011
This was a year of two different halves: in the first, business developed very well; in the second half, however, new apprehension in the markets caused a marked slowdown. The process of concentrating operations on RoodMicrotec's two sites in Germany took a great deal of energy, but this was deemed a necessary investment. We are faced with the problem of a very tight market for qualified engineers in the south of Germany. The new organisation with an optimised operational structure should benefit the Group's productivity and efficiency.

Supervisory board meeting schedule
The supervisory board met with the board of management six times during 2011. In addition, meetings were held between individual supervisory board members. These meetings were held both in Zwolle at the corporate head office and at the production sites in Stuttgart and Nördlingen. Given the location of the supervisory board members, some meetings were held using teleconferencing.
In these 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;
- relevant capital expenditures;
- the scope and strategy of the company and the related risk profile;
- corporate governance issues;
- risk management;
- remuneration;
- audit;
- publication of press releases.

The execution of the operations restructuring between the sites in Stuttgart and Nördlingen was specifically discussed on a number of occasions during the year. Also, the commercial strategy and focus were discussed with a view to optimising shareholder value. Given the difficult business environment, continued attention was given to risk management, measures to raise productivity, making the organisation more efficient and the risk profile of our business segments in general. Recruiting sufficient technical specialists in the very tight German labour market requires creative solutions and an international scope.
The corporate management team was also reviewed and additions to the team were discussed and approved.
The supervisory board gives the highest priority to good corporate governance practice.

The supervisory board also met without the board of management and reviewed the performance of the organisation, management issues and structural business developments.
The supervisory board also met with the external auditor in the absence of the board of management to discuss audit issues. In this context the financial control system and the internal audits were reviewed.
The supervisory board met with representatives of the Works Councils in both Stuttgart and Nördlingen in the absence of the board of management to discuss the transformation of the operations and swapping operations between the company's sites, business development, opportunities and the general atmosphere within the company.

Supervisory board composition and evaluation
In order to provide more assistance to the board of management, in 2011 the supervisory board was expanded to the current number of three members. We are very pleased that Mr. Wil Fluit, who has an extensive experience and a strong network in the global semiconductor industry, has joined the supervisory board and will provide additional support in operational and commercial matters.
There is currently no separate remuneration and audit committee; all topics are discussed in the joint meetings with the board of management, sometimes after preparation by the chairman of the supervisory board.

The supervisory board also evaluated its own performance over the year 2011. Given the small size of the board, this evaluation was performed without external assistance. Topics of discussion were the individual competences of the board members, internal communication and reporting procedures between supervisory board and board of management. It was concluded that competences in the areas of microprocessor technology, operations, commercial management, strategic management, finance and risk management as well as international experience are sufficiently represented on the supervisory board. Internal communication and procedures within the board are considered adequate for a company of this size.

During the year the company lost a very valuable employee: Mr Manfred Schilling, a highly regarded commercial manager, unexpectedly passed away. The supervisory board wishes to extend its condolences to his family and colleagues.

Finally, the supervisory board would like to thank the board of management and all staff for their great and continued dedication and support during 2011.

Zwolle, 23 February 2012

The supervisory board
J.H.P.M. Stolker, chairman
V.G. Tee
W. Fluit

V.G. Tee
J.H.P.M. Stolker
W. Fluit

Report of the board of management

1. General

The outlook for 2011 was far more favourable than for 2010. The Semiconductor Industry Association (SIA) forecast a growth rate of approx. 6% for 2011.

The start of the year was very positive - both the order portfolio and sales increased. We struggled to meet demand, chiefly as a result of a shortage of engineers.
In the third quarter, in particular during the holiday period, volumes fell sharply. This trend was partly a result of stock build-ups among customers. In mid-2011, the SIA downgraded its forecast to 4%. The third quarter was a particularly uncertain period, not least due to political events.

The uncertainty in the market became noticeable in various industries. On the one hand, investments kept being postponed, but also the pressure on the supply chain decreased sharply, reducing the equipment load in the second half of the year.
Eventually, RoodMicrotec realised sales growth of 1%, slightly above the sales growth of the world market of approx. 0.5%.
The worldwide industry growth of 6% on average per annum (adjusted downward from 8%) was not achieved in 2011. As a subcontractor, RoodMicrotec benefits relatively strongly from growth markets, which failed to appear.
In general, sales growth was badly affected by a shortage of engineering capacity.

Key developments in 2011
We achieved a fundamental improvement of our position as a Supply Chain Management organisation.
The number of requests for quotes in this area is clearly increasing. Expanding our engineering capacity for these activities is vital.

Concentrating our test activities in Nördlingen and Failure & Technology Analysis in Stuttgart has significantly strengthened our organisation, allowing us to respond to demand even better.
Subsequently, we put our strategy on engineering under the microscope and where possible, we will broaden and deepen our services based on market demand. This means inter alia that our engineers may be deployed on site. Next to test engineering, we also focus on product engineering as related to test engineering.
In order to realise this, we will continue to hire engineers.

Operational and commercial objectives achieved in 2011
We continued to gain customers in FCs throughout 2011, which was one of our objectives. Ongoing developments and adapting to this specific market segment remain key focus areas for us.
In terms of sales our position in the Benelux was stable, but we established many more customer contacts, which should yield positive results over the next few years.
We have succeeded in reducing operational costs in Test and Qualification & Reliability, mainly by concentrating our test activities in Nördlingen. This optimisation will hopefully bear fruit in 2012.
The equipment load on part of our machines improved significantly, which led to capacity shortages. However, due to the market slump the equipment load of other, mostly old and largely written off equipment, decreased.
We have invested heavily in overhauling our internal logistics system, resulting in an entirely new IT infrastructure with far more possibilities than before. This project will be completed in 2012.
Finally, we have further developed the markets for 'advanced packages' such as MEMS (Micro-Electro-Mechanical Systems), Multi-die packages and KGD technology (Known Good Dies).

Alexander Fritsch (Supply Chain Management)

Output increased by 14% in spite of the tsunami and the nuclear disaster in Japan and the floods in Thailand, where most of our subcontractors are located. Sales even went up by 16%. Also, our customers increased by 60%. They are active in various market segments, broadening our sales.

Operational and commercial objectives for 2012
We will expand our position as a supply chain management organisation faster because it has proved to be highly successful in combination with our other services.
We will continue to work hard on gaining new customers in the FC segment, which will require strengthening our commercial organisation.
We will beef up our logistics system in combination with our operational organisation with a view to improving customer satisfaction.
We anticipate growth in Engineering/Consultancy/KAPM in micro-electronics and electronics, including printed boards.
KAPM (Key Account Project Management) will be one of our focus areas.

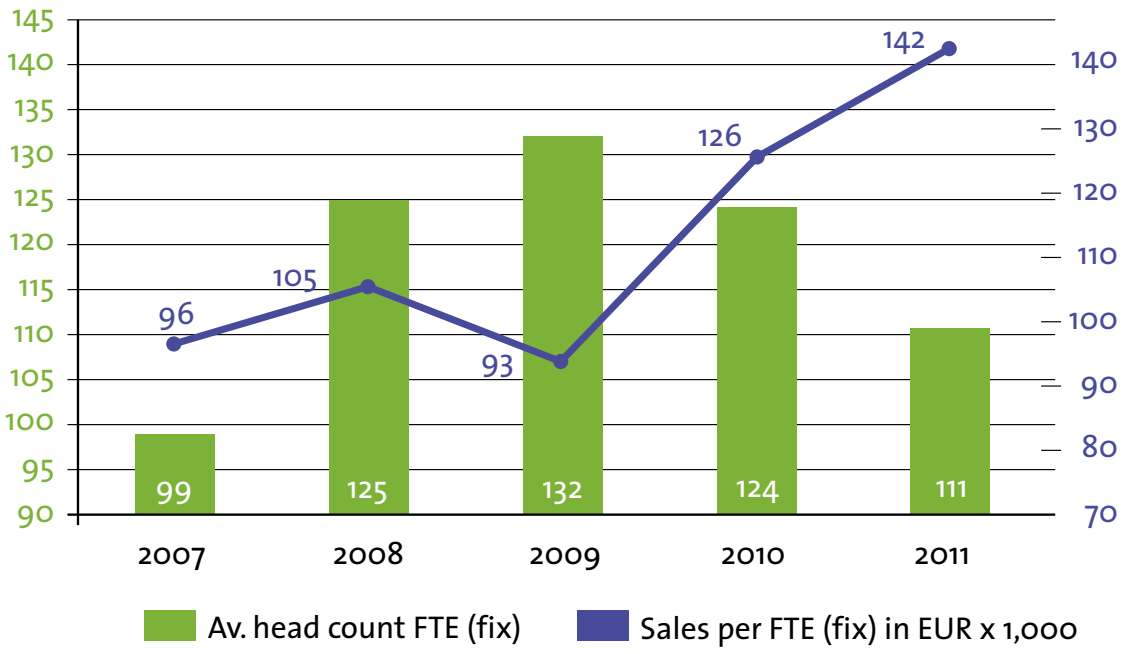
1.1 Market developments and market position

The following trends may be identified in the semiconductor industry:
- ongoing globalisation and corresponding pressure on prices;
- ongoing relocation of business to low-wage countries;
- customers reassessing their core competences.

We respond to these developments by focusing specifically on:
- professionalism;
- project support by means of key account project management;
- broadening engineering support.

Sales per full-time employee increased by approx. 13% from EUR 126,000 in 2010 to EUR 142,000 in 2011.

Sales by employee and head count



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

Today telecommunications satellites are part of everyone's life. Many everyday activities rely on telecommunication satellites that are in orbit, 36,000 kilometres above our heads.
There are many types of telecommunication satellites, with designs varying according to their purpose. They use different orbits and different frequencies and transmit very different types of signals at a variety of power levels.

Foto Credits: ESA photo library

1.2 Strategic development

We presently have a strong market position, especially in southern Germany. We wish to achieve further growth in the sectors in which we are currently active, except in pure 'standalone' testing.
Expansion of test facilities will be critically assessed and will only be approved if long-term contracts are agreed.
RoodMicrotec aims to continue to invest in the various high-tech segments of its services.
The company does not rule out collaboration and/or mergers with other companies, in particular if this reduces the vulnerability of the company. This would be to the benefit of all stakeholders. Collaboration and/or merging with a profitable party in the same industry would be especially attractive, as this would allow tax loss carry forwards to be effected earlier.

1.3 Sustainability

'People, planet en profit' are key elements in RoodMicrotec's strategy. In the area of 'people', we strive to explain the strategy of the company and the corresponding objectives to our employees so they can help the management realise them. Continuous training is a precondition to bringing this about. Another factor in the success of our organisation is our focus on the four basic principles of our social system. We must adapt to market changes, safeguard company culture and pursue goal-oriented operations and integration, i.e. matching procedures and actions.
Ultimately, any organisation can only achieve its goals by striving to establish a performance-oriented environment for its employees, so that they can use their talents to further the company's objectives.
RoodMicrotec strives to improve employee evaluation systems including how the corresponding targets are set.
With regard to 'planet', RoodMicrotec has an active environmental policy in place comprising the introduction of an environmental monitoring system and preventive actions to keep environmental risks at acceptable levels and to monitor them.

1.4 Quality management

The success of our company is dependent on the success of our customers, employees and investors.
But it is also in our view conditional on ensuring the quality and management of our processes and operations.
Our core business is to pursue constant improvement of the reliability and reproducibility of our services and products and the efficiency of our processes.
RoodMicrotec's integrated management system is derived from international standards.
RoodMicrotec Nördlingen is certified to the ISO 14001 standard and the ISO/TS 16949 standard. This certification is the result of a collaboration between ISO and IATF (International Automotive Task Force) and is recognised by all automotive QS-9000 and VDA 6.1-oriented industries.
The Qualification & Reliability and Failure & Technology Analysis labs in Stuttgart and Nördlingen are certified by the DAkkS Deutsche Akkreditierungsstelle GmbH (German Accreditation Body) based on ISO/IEC 17025 'general requirements for the competence of testing and calibration laboratories.' This enables us to perform verifications for public reference.
With our products and services we aim to exceed customers' expectations in terms of quality and price.

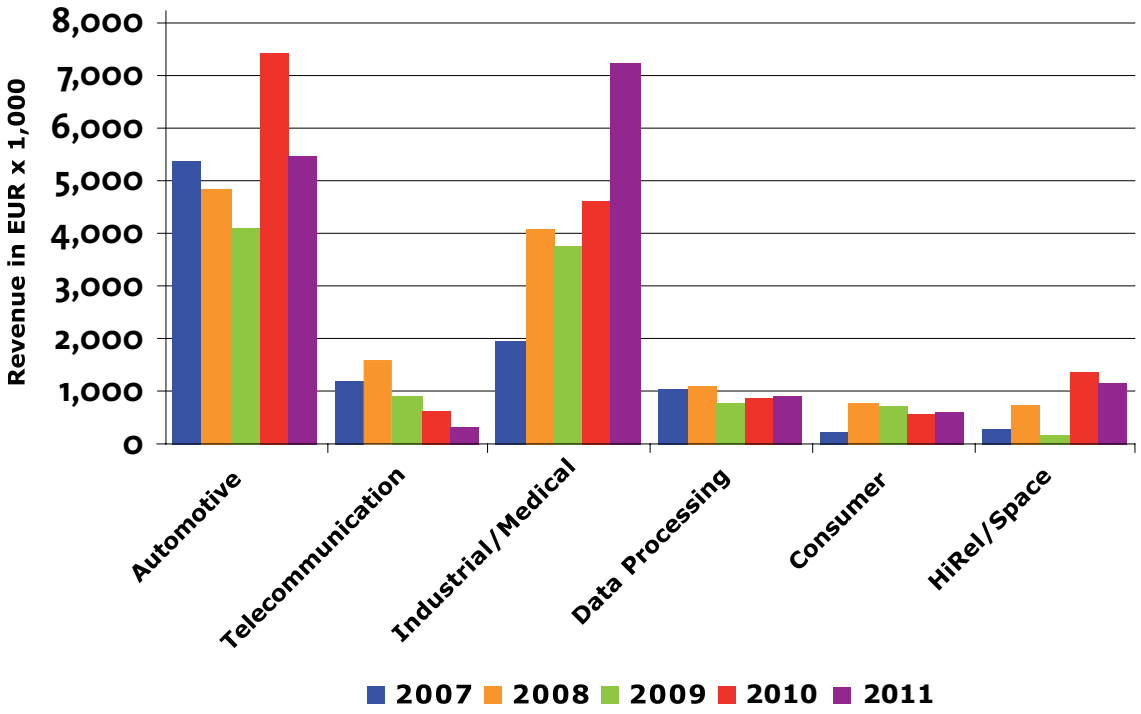
Certified by RoodMicrotec

1.5 Sales and result

In 2011 RoodMicrotec's sales saw a limited increase compared to 2010.
Net sales broken down by customer category/sector are presented below.

(x EUR 1,000)	2009	2010	2011
Automotive	4,120	7,473	5,491
Telecoms	894	590	385
Industrial/Medical	3,788	4,659	7,222
Electr Data Proc.	799	875	904
Consumer	727	586	610
Hi-Rel/Space	1,594	1,380	1,105
	11,922	**15,563**	**15,717**

Revenue by market segment

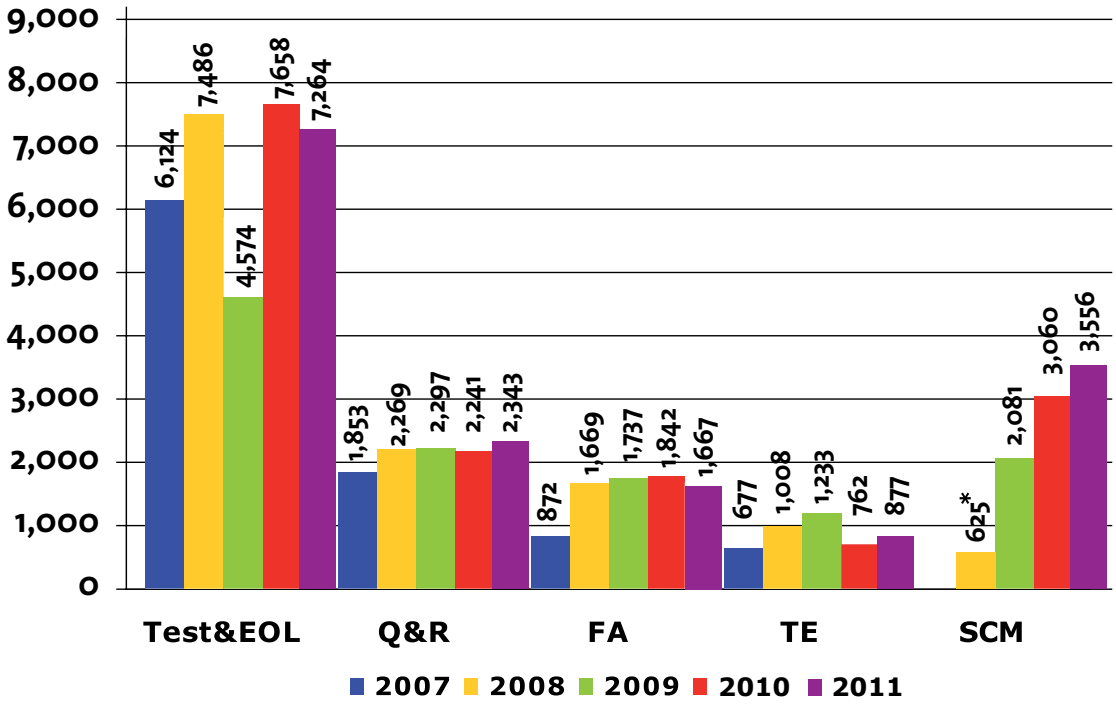


Note: 2008 including microtec-figures of the 2nd half

The sales results of the business units were as follows.

(x EUR 1,000)	2010	2011	Approx. change
Test	7,658	7,264	-5.1%
Supply Chain Management	3,060	3,556	+16.2%
Failure & Technology Analysis	1,842	1,667	-9.5%
Test Engineering	762	887	+16.3%
Qualification & Reliability	2,241	2,343	+4.5%
Total	**15,563**	**15,717**	**+1.0%**

Revenue by Business Unit



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

RoodMicrotec's consolidated net sales rose by 1% to EUR 15,717,000 (2010: EUR 15,563,000), while the Ebit remained stable at EUR 709,000 (2010: EUR 733,000).

Exceptional expenditure

In 2011, we incurred exceptional expenditure totalling EUR 550,000:

The main items were:

1) Settling a dispute with a consultancy firm:	**EUR 110,000**
2) Lump sum payments in the context of restructuring the Test division:	**EUR 185,000**
3) Consultancy costs for the restructuring:	**EUR 75,000**
4) Additional consultancy costs due to AFM questions:	**EUR 40,000**
5) Impairment of specific receivables	**EUR 140,000**

All pending claims have now been settled.

Net earnings on balance increased to EUR 588,000 (2010: EUR 448,000). This equates to earnings per share (average number of shares in issue in the financial year) of EUR 0,02 (2010: EUR 0,01).

As consumers, we are surrounded by equipment with sensors in our homes and daily lives. A sensor or 'feeler' is an artificial version of what in biology is called a sense. Most sensors are electrical or mechanical, but there are also software-based and 'virtual' sensors. Through sensors, machines experience their environment or gather information that allows for management of industrial or information processes. This might be the thermostat of your central heating system or a photo camera, but also dish washers, pin machines in shops or a lift we absentmindedly step into.In many sports, for example speed skating, sensors are attached to the athletes' ankles to guarantee accurate time readings.

1.6 Investments and financing

In 2011, investments in tangible fixed assets totalled EUR 1.0 million (2010: EUR 0.7 million); additionally, equipment was leased with a total value of EUR 0.2 million. Depreciation was EUR 1.2 million (2010: EUR 1.6 million). These investments were partly financed from operational cash flow. For the next few years, we anticipate that investments will remain limited due to various synergy benefits.
At year-end 2011, equity was EUR 6.1 million, an 8.7% increase compared to year-end 2010 (EUR 5.6 million). Solvency improved to 47% (year-end 2010: 41%).

As we have mentioned in the Annual Reports of 2010 we have invested capital of EUR 1,994,000 in a German Pension fund called "Unterstützungskasse". According to IAS 19:7 of the IFRS standards we have selected the policy to account this as plan assets and thus as a part of the retirement benefit obligations.

2. Report by business unit and department

2.1 Supply Chain Management (SCM)

Profile
In this business model RoodMicrotec supports customers who wish to bring high-quality semiconductors, in particular ASICs and ASSPs, into the worldwide market.
In many cases, the products are developed in Europe, while the chips are packaged in Asia.
After quality control testing and verification, distribution to the rest of the world is usually performed from Europe.

RoodMicrotec provides all services starting from the development process (in collaboration with design partners) all the way to delivery to customers, including engineering support, test engineering, wafer test, assembly through partners, final test, qualification, failure & technology analysis and logistics. We achieve this by qualifying and testing the reliability of both suppliers and products and on request we perform the entire project management for this process.
RoodMicrotec is able to manage the End-to-End process (flow), but can also provide each individual step separately.

Key developments in 2011
We hired a new supply chain manager.
Despite losing a key customer through bankruptcy and natural disasters (the tsunami and nuclear crisis in Japan and floods in Thailand, where our main subcontractors are located), we raised revenue by 16% and increased the number of devices processed by 14%.

Objectives realised in 2011
We realised a 16% sales increase compared to 2010 and were able to close new contracts for 2012 for a higher number of devices, inter alia by succesfully extending our long-term partnership with one of our main customers.
The number of new customers increased by 60%, deriving from different market segments. This rise confirms our position as a first-class one-stop-shopping supply chain provider in Europe. We handled more than twice as many calls for quotes as in 2010.
Finally, we presented our supply chain capabilities at a roadshow in Amsterdam, an exhibition in Munich and a fabless design conference in Paris.

Objectives for 2012
We aim to achieve further growth in 2012 and 2013, to increase the number of complete supply chain customers, including design, and strive in particular to double the number of customers and projects.
We will also intensify our partnerships so as to be able to offer a wider range of services to our customers and provide even more flexibility.

2.2 Engineering, Consultancy and Key Account Project Management

Introduction
In recent years, RoodMicrotec has introduced highly effective key account project management for all customer projects, also involving multiple business units.
This involves carrying out the entire project starting in the project's tendering phase with the preparation of the process flow. Projects are monitored according to the flow and customer requirements all the way to the project's completion.

Besides the organisational follow-up, technical support especially of SCM projects requires detailed attention. The new engineering group bridges the gap between design and test of a component by introducing the assembly and interconnection technology in the device (chip to package, e.g. bonding) and between device and printed board (e.g. soldering). The new engineering group will support our customers in the area of assembly and interconnection technology by providing solutions for new devices and products and failure analysis and corrective actions on existing boards and devices.
With this service RoodMicrotec has made further steps in its 'One Stop Service' approach for the semiconductor back-end market.

2.3 Business unit Test & End-of-line Services

Test activities profile
The business unit Test & End-of-line Services focuses on testing, programming, scanning and screening of semiconductors.
The business unit operates as a direct subcontractor for IDMs and for partners like OEMs and FCs. A broad mix of customers is and will remain important for a stable position in the market. The facilities are located in Nördlingen.

Key developments in 2011
Last year, we were able to improve the equipment load by constantly maintaining the equipment. Good internal training as well as training by ATE (Automatic Test Equipment) manufacturers enabled us to reduce the failure rate and so to increase the number devices tested and delivered.

Objectives realised in 2011
Moving the test equipment from Stuttgart to Nördlingen presented a considerable challenge. It involved the complete relocation of operational capacity. The relocation was coordinated with our customers' requirements. (In addition, all test process indicators and results had to be correlated.)
We will need flexible staff to achieve the objectives of the relocation and guarantee the optimisation of these services. Furthermore, our employees have quickly familiarised themselves with the new equipment, and have the know-how to use them to improve efficiency.

Objectives for 2012
One of our priorities for 2012 is to raise productivity further and make better use of the available equipment. A major issue in this context is the introduction of OCR Software (Optical Character Recognition) for the products transferred from Stuttgart. It is used to exclude failures in assigning wafer maps to wafers. Furthermore, the clean room in Nördlingen will be turned 90 degrees to position the testers and handlers efficiently for the operators. This will help to reduce stoppages due to failures and improve productivity.
An overhaul of the shift system and a change in shift structure should also produce benefits. Next year, we will strive to further improve system reliability through preventive maintenance.

2.4 Business unit Test Engineering

Profile of test programme development
The business unit Test Engineering focuses on developing test solutions for mixed-signal and digital ICs including hardware and software development for state-of-the-art automated test equipment (ATE) and PC-based rack & stack set-ups. These product-specific test solutions often integrate specific external components such as vector network analysers and RF signal sources in order to increase flexibility while limiting cost. They are used in production testing and qualification to the highest standards such as required by automotive, high-reliability, telecom etc. (AEC-Q, ESCC, MIL-STD, JEDEC, TELCORDIA, IEC, DIN).
Services in test and product engineering include design for test, design for manufacturing, test time reduction, yield improvement and data analysis & statistics. Additional added-value engineering services are test transfer & conversion, platform conversion (incl. hardware), ramp-up and validation.
All these services are also available as on-site engineering support for the customer.

The business unit Test Engineering has extensive know-how on tester platforms including Teradyne, Credence SZ, Credence Duo and D10, Advantest Digital as well as Lab View.
Application know-how has been developed specifically for mixed-signal, digital, analog, memory, RF applications and also for image sensors, MEMS (incl. interfaces) and PC applications.

The business unit Test Engineering has a broad range of customers, mainly in the area of mixed-signal applications in the automotive, aeronautical and space, radio frequency, medical and industrial sectors. Customers include OEMs, IDMs and FCs worldwide.
The test equipment is selected based on test cost (test time, yield) and test quality (test coverage, accuracy) or on customer-specific requirements (preferred test system).
In 2012, we will implement our strategy to further integrate Test Engineering into other RoodMicrotec services. In this context, Test Engineering will act both as an externally driven business unit and as an in-house service provider, for example for the customer return or qualification business. This strategy makes RoodMicrotec more competetive within the markets and improves the company's attractiveness for our customers.
In 2011, the Hermes project developed successfully. The hardware set-up was finalised and released for production. The test software was developed for testing an automotive demonstrator for microcontroller applications. The project will be completed in the first quarter 2012.

The Hermes project, in which RoodMicrotec is one of 11

partners, includes global players such as AT&T, Infineon, Siemens, Bosch and Thales. It aims to further develop the concept of embedding thin chips in electronic boards as a basis for integrated manufacture of electronic circuits.

Objectives realised in 2011
While demand for the Verigy 93000 test system was limited in 2011, the engineering capacity for Teradyne Flex systems was doubled and external services on Teradyne Flex systems were strongly improved.
In-house production support was successfully established.
Due in particular to the test production relocation from Stuttgart to Nördlingen, many additional test engineering projects are currently in progress.
Planning for actual and upcoming projects was improved by introducing project planning tools.
We achieved positive sales growth for the full year compared to 2010.

Objectives for 2012
A considerable expansion of engineering capacity is planned to increase sales. New and senior engineers will be trained on new test systems.
Broadening our engineering business through external consultants supports the planned sales growth.
We will aim to raise the productivity of the Test department by strengthening production support.

2.5 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. This service will be completed with focused ion beam (FIB) services and consulting/line surveys concerning electrostatic discharge (ESD).

Failure & Technology Analysis
Analysis of defective devices (failure & technology analysis) is carried out using physical, chemical and metallurgical analytical methods. These methods are applied to confirm customer-complained failures, to 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 expanded and expensive capabilities. Therefore strategic partnerships must be established 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 the 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. Requests for DPAs are very stable as the aerospace market is less sensitive to economic cycles.

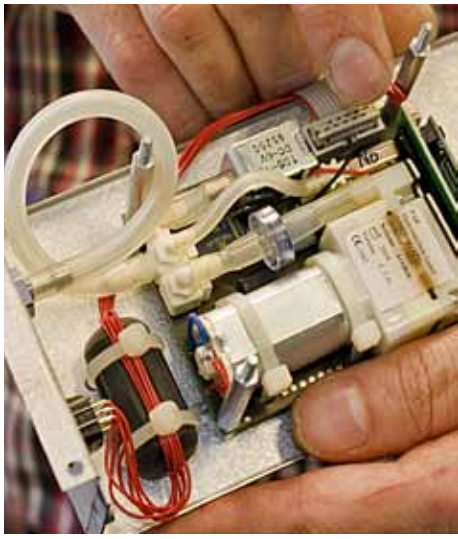
Qualification-related Analysis
Qualification-related analyses are carried out before and after various qualification tests performed by our own Q&R laboratory. The purpose of these investigations is to determine the influence of these environmental tests on package and chip-related problems.

FIB service
With our highly sophisticated focused ion beam (FIB) we offer our customers chip modifications, circuit editing, micro cross-sectioning, TEM lamella preparation, micromachining and applications of material science.
The business unit has a broad European customer base, primarily in the automotive, aeronautical and aerospace industries. Good service is time-driven. Therefore we have increased the number of operators to increase the operating hours per day by 50% if required. In the final quarter of 2011 we saw increasing demand for copper modification. Our strategy takes account of this trend.

Key developments in 2011
The transfer of failure & technology analysis equipment and staff from Nördlingen to Stuttgart and the concentration of all failure & technology analysis activities in Stuttgart have been completed.
The collaboration with EMPA in Switzerland was extended further. Part of the expanded equipment can be used by our own operators.
Our customers confirmed the outstanding quality of metallographic preparation and light-optical microscopy.
The number of FIB operators was increased to improve equipment load.

Objectives planned in 2011
The introduction of copper FIB has been postponed to the first quarter of 2012. In 2011 we focused on increasing operator capacity. In the last quarter of 2011 we saw rising demand for copper technology.
The introduction of a new service developed to identify failures on ceramic capacitors during printed board assembly was completed. This new technology has been added to our portfolio. Market feedback is positive and the first orders are planned for the first quarter 2012.

Objectives for 2012
In response to market demands we will introduce copper FIB. Electromobility is a growing market. We have to take this trend on board and plan to introduce new services for high-power electronics.
Partnerships with institutes and universities will be set up to extend our capabilities by expanding our equipment portfolio.



Medical equipment in healthcare is full of sensors that benefit the patient. The patient is unaware of the sensors, but they improve the performance of the equipment significantly. One example is blood pressure meters, which can measure blood pressure highly accurately due to constantly improving sensors.
Another example is hemodialysis machines, which filter patients' blood. After every use, parts of the meter are disinfected automatically.
In the Medical Technology department of the Isala clinics in Zwolle, the hospital equipment is carefully checked and repaired before being put back into service in the various hospital wards.
The Medical Technology Department comprises a team of medical instrumentation technicians, each of which specialises in certain departments or types of machines. For example, there is a Dialysis Team, an OT/IC team, an Imaging Team, a Function/General team, a Precision Engineering team, but also a Maintenance Team.

2.6 Business unit Qualification & Reliability

Profile
The business unit Qualification & Reliability, with sites in Nördlingen and Stuttgart, focuses on investigating electrical components like semiconductors, passives and PCBs in various stress environments. Testing the products under extreme conditions such as climatic and temperature changes as well as under vibration and mechanical shock. The investigations determine whether the components meet the required qualification standards.
Using burn-in (monitored or standard), components are stressed in order to identify parts prone to premature failure. 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 testhouses in Europe. Most products are tested for the aerospace, automotive and medical sectors. Our main customers are in these sectors and in FC and OEM.

Key developments in 2011
In conjunction with the relocation of test activities and equipment from Stuttgart to Nördlingen, the testing activities for qualification, reliability and burn-in tasks are now also based in Nördlingen and maintained by the same qualified staff. This simplifies planning activities as well as shortening the processing time.
Qualification tests of high power and high voltage devices have been succesfully introduced and performed. A volume production burn-in has been added to the usual safe launch burn-in operational tasks.
A restructuring of the business unit has been started and is ongoing with initial positive indicators. At the end of 2011, an additional engineer and technician were hired. Further on-call workers are on board to reduce the cost of performing manual operational tasks.
Even in the face of the downturn in the second half of the year, the business unit was able to generate moderate positive growth for the full year compared to 2010. There was no significant growth difference between the first and second half of the year.

Objectives for 2012
We aim to maintain and improve the department's growth at least in line within RoodMicrotec's targets.
Activities to further improve the financial indicators of the business unit will be continued.
We are planning to merge the qualification & reliability department with the burn-in department in order to combine the available resources and bring about synergies. This will improve the business unit's financial situation.
Product and service-related objectives are to focus on new market segments as well as additional services in the burn-in area.

2.7 Research and development

Hermes project
In addition to the definition of different concepts for testing and handling PCBs with embedded components, Hermes' main focus area in 2011 was hardware and software development for testing an automotive demonstrator.
In the context of this microcontroller application a new handling method for PCBs, using a common wafer prober, was evaluated. A specific test program for a limited functionality check was developed and approved with a corresponding hardware test set-up. The eligibility of this concept was verified by testing nearly 400 demonstrator samples.
The Hermes project is planned to be completed with a final presentation to the EU commission before the end of March 2012.

MANOS project
MANOS (modular design of systems with nano-modified surfaces for automotive and industrial sensors)
This BMBF (Federal Ministry of Education and Research) project was started in September 2011 with other project partners (WÜRTH ELEKTRONIK , ContiTemic, Sick, Kerona, DELO, Fraunhofer IZM) supported by VDI/VDE-IT. The project will run from 2011 to 2014.
RoodMicrotec's task is qualification and reliability investigation and developing the test environment and requirements for stacked embedded sensors.

The objective of the 'Integrated micro photon transmitter for 100 Gb/s data transmission rate' project is to develop a suitable assembly process for photonic micro-system transmitters. The sponsored partnership project is in the concept phase under direction of FCI, Fraunhofer Heinrich-Hertz-Institut's (HHI).
RoodMicrotec task is to evaluate the risks during the assembly process and qualification and reliability investigation for micro photon transmitter modules.

2.8 Events after balance sheet date

No significant events have taken place after balance sheet date.

Board of management
Ph.M.G. Nijenhuis

Zwolle, 23 February 2012

Corporate social responsibility

1. 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 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 the applicable laws and regulations of 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 law and responsible conduct. In this respect RoodMicrotec supports the principle of dialogue and cooperation with all parties involved.

1.1 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.

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

1.3 Product safety
RoodMicrotec aims, at all times, to supply safe products and services.

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

1.5 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.

2. Commitment towards customers

RoodMicrotec is driven to improve 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 listen to and learn from them, so that it is able to 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.

3. Commitment towards shareholders

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 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.

4. Commitment towards employees

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

4.1 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) law, 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.

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

4.3 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.

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

5. 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 act fairly and with integrity towards their stakeholders and who observe the applicable laws of the countries in which they operate.

6 Assets and information

6.1 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.

6.2 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 not to make 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.

6.3 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 executing transactions in RoodMicrotec shares and related rights. Additionally, employees have to comply with statutory rules and regulations concerning insider trading with respect to securities of other listed companies.

Holger Pross
(Sales & Marketing Manager)

7 Business integrity

7.1 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 GBP 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 accounting principles. No unrecorded funds or assets should be established or maintained.

7.2 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.

7.3 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.

8 Observance of the General Business Principles

8.1 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.

8.2 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 on an anonymous basis without fear of the complaints leading to disciplinary action.

8.3 Compliance
Compliance with the General Business Principles is monitored by a compliance officer, who regularly reports to the board of management 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/fileadmin/user_upload/Investor_Relations/Legal_Information/business_principles_of_RoodMicrotec_NV.pdf

Board of management
Ph.M.G. Nijenhuis

Zwolle, 23 February 2012

Jürgen Gruber (Failure & Technology Analysis Manager)

We introduced a new service to identify failures on ceramic capacitors during printed board assembly. This new method means less work and effort and therefore less cost. The first orders have been announced for the first quarter.

Risk management

General

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

Operational

Sales

Sales in Test & End-of-line Services make up approx. 50% of total sales.
In this sector we have a strong reputation and we have built up a relationship of trust with our major customers. Sales have been stable over many years.
The spreading within our customer base has increased strongly over the past few years, which has reduced risk. While we have long-term contracts with most of our major customers, these contracts do not include purchase guarantees. Risks are mitigated by intensive communication with customers on anticipated volumes.
Other sales are made in the sectors Qualification & Reliability, Failure & Technology Analysis, Test Engineering and Supply Chain Management. We focus on high-end work, which further reduces operating risks.

Costs

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

Qualified staff

In view of the advanced technological level of our operations, the company is highly dependent on qualified staff. As it is not always easy to find such staff in the employment market, we have opted to set up our own training programme in order to reduce the risk of not being able to attract qualified staff. We also collaborate with engineering firms.
The fact that RoodMicrotec has branches in the university cities Stuttgart and Dresden puts it in a better position to recruit high-quality staff.

Market risks

Market

We operate in a highly cyclical market, which has contracted in Europe 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.
Various customers use RoodMicrotec as a way to generate additional sales in a short time span, which increases the company's exposure to market fluctuations. In view of this, we are increasingly focusing on customers who wish to outsource their test activities on a long-term basis, such as 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 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 testhouse with having our sales and operations in the Netherlands and Germany and agents in Great Britain, France, Italy, Israel and Russia as our main partners.

Finance

Currency and interest rates
So far, we have made most of our sales in Europe. Since 95% 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. The high interest rate was partly due to our balance sheet ratio with relatively low solvency. Our improved balance sheet in 2011 has put us in a better position to obtain loans at more 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 on one location. To control risks, the main frames 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 is nearly complete.
The various companies, including the holding company in the Netherlands, the branch offices and the business units, work with the same system, which allows for better monitoring of financial results per sector and per manager.
Based on what is summarised above, RoodMicrotec feels that its internal risk management and control systems provide a reasonable degree of assurance that the financial reporting does not contain any material inaccuracies and that this system has worked adequately in the year under review. There are no reasons to believe that the system should not work adequately in the current financial year.

Strategic plans
Strategic plans are converted into budgets that are regularly compared to the actual state of affairs. Monthly reports are made that may occasion corrective actions. 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
The audit committee comprises all members of the supervisory board. The supervisory board meets at least four times per year.

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

Ph.M.G. Nijenhuis
CEO

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 Business Principles and Whistle Blower Policy may be inspected on our website.

Shareholders are free to pursue their own interests within the boundaries of reasonableness and fairness, 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 Board of Management

II. 1.1– 1.11 Tasks and working methods
Our CEO is on a four-year employment contract, which has been extended to mid-2012 with an option for another two-year extension. 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 concern 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 board of management, as well as the general course of the corporate affairs and business, and provides advice to the board of management. The board of management must keep the supervisory board informed, consult with the supervisory board on important matters and submit certain important decisions to the supervisory board for its prior approval. Over the years it has become a tradition that the supervisory board and the board of management determine RoodMicrotec's operational and financial objectives and the company's targets in consultation. The same applies to the strategy and the framework conditions to be implemented. The custom of including the highlights in the annual report will be continued.

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

The risk management and control system has proved to function adequately and effectively. This was achieved by special focus on the operating and control system. By the end of 2005, further organisational adjustments had been implemented, including the selection of 'empowered' management. Based on this decision, each business unit manager is now accountable. We measure the performance of the management of his/her business unit by using key indicators.
The need to optimise the organisation was discussed with the supervisory board on several occasions.

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

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

The board of management is responsible for compliance with all applicable laws and regulations, the control of risks associated with the company's business operations and the financing of the company. The board of management reports on this topic and discusses the internal risk management and control systems with the supervisory board and its audit committee.
At least once every year, the supervisory board discusses the strategy and the main risks for the company, the results of the board of management's evaluation of the structure and functioning of the internal risk management and control systems, as well as any significant adjustments to them. These discussions are referred to in the report of the supervisory board.
In the annual report the board of management describes the main risks related to the company's strategy.

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

RoodMicrotec employees can report suspected irregularities within the company without jeopardising their legal position. RoodMicrotec's whistle-blower policy enables employees to report any suspected irregularities of a general, operational or financial nature within the company and its subsidiaries without having to fear for their legal position. Insofar as the suspected irregularities do not involve RoodMicrotec's managing director(s) under the articles of association, such reports should be addressed to the chairman of RoodMicrotec's board of management. However, if the report concerns actions or omissions by RoodMicrotec's managing director(s) under the articles of association, the whistle-blower is to 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 board of management (when the report does not involve suspicions against RoodMicrotec's managing director(s) under the articles of association) or the chairman of the supervisory board (if the report involves suspicions against RoodMicrotec's managing director(s) under the articles of association) must issue an assessment in writing. This assessment document must be provided within 14 days after the relevant request.

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

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

Shareholders may make use of their right to place issues on the agenda of the general meeting of shareholders. If it concerns a matter that may result in a change of strategy, for example the dismissal of managing directors or supervisory directors, the supervisory board will set a reasonable term to respond to it (the 'response time'). The response time may not exceed 180 days, calculated from the time when the supervisory board was informed of the intention to place an item on the agenda up to the day on which the shareholders' meeting is held. Shareholders must respect this response time. The supervisory board will use this time for further consultation and constructive discussions, in any case with the relevant shareholder(s). It is the responsibility of the supervisory board to monitor the way in which the board of management uses the response time. The supervisory board may 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 – 2.14 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. There are no early retirement provisions for the CEO.

The remuneration of the managers of the company comprises a fixed salary and a substantial variable 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 event in which he/she has a major conflict of interest. Moreover, all transactions concerning a conflict of interest must be approved by the supervisory board and will be reported in the annual report.

III. The supervisory board

III. 1.1 – 1.9 Task and working methods
Some years ago, the supervisory board prepared a set of rules for its own functioning, which are available for inspection by shareholders and stakeholders at the company's offices. These rules include regulations for the interaction with the board of management. 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 board of management includes the relevant social aspects of the company's business.
The board of management must inform the shareholders promptly of the policies it intends to pursue. The supervisory board's duty to supervise the board of management will be extended to supervision of the relationship with the shareholders.

III. 2.1 – 2.3 Independence
RoodMicrotec complies with the Code, which recommends that the supervisory board should not include more than one non-independent member.

III. 3.1 – 3.6 Expertise and composition
The regulations for the supervisory board including profile is available on the company's website www.roodmicrotec.com

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

All new members of the supervisory board 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 re-appointed no more than three times. The resignation rota is set out 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 amongst the supervisory board
The company intends to have a supervisory board comprising two or three members. This means that RoodMicrotec is considering establish 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 this to the chairman of the supervisory board and the supervisory director will not take part in any discussions of the matter in which the supervisory director 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 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). Regarding the remuneration of the supervisory board, no shares and/or options on shares will be granted as part of the remuneration. The profile of the supervisory board, to be published on the company website, will be extended with the relevant articles of the Code.

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

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

IV. The (general meeting of) shareholders

IV. 1.1 – 1.8 Scope of authority
The company complies with the Code regarding the decision-making of the general meeting of shareholders on the following items:
- Compliance with the Code is accounted for in the annual report in the context of the discharge of the board of management and the supervisory board. The chairman of the general meeting of shareholders is responsible for an orderly meeting, so as to facilitate meaningful discussions.
- The voting rights on preference shares.
- The public statement of and motivation for the board's point of view concerning a published, serious private offer on a company division or participation in the company with a value exceeding the limit 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 granting discharge to the CEO, managing directors and supervisory directors to be separate items on the agenda of the general meeting of shareholders.
- Setting 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 informa-

tion. 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 pursuant to corporate law and securities legislation.

Motions to be approved or authorised by the general meeting will be explained in writing. In its explanation, the board of management will address all facts and circumstances relevant for the requested approval or authorisation. Motions 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 to be exercised in consultation with the board of management;
- 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 board of management bears responsibility for the internal procedures that ensure the adequacy, accuracy and reliability of the external financial reporting.

V. 2.1 – 1.3 Role, appointment, remuneration and assessment of the external auditor's performance
The external auditor will attend the general meeting of shareholders to answer questions regarding the accuracy of the annual accounts. The company's board of management reports annually to the supervisory board on developments in the relationship with the external auditor. According to the company's articles of association (Article 25, paragraph 2), the authority to appoint the external auditor lies with the general meeting of shareholders.

V. 3.1 – 3.3 Internal audit function
RoodMicrotec does not have an internal auditor.

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 board of management.

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 board of management and the supervisory board, which is discussed in a joint meeting of the board of management and the supervisory board.

Ph.M.G. Nijenhuis
CEO
Zwolle, 23 February 2012

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 2011 (included in the chapter on Corporate governance), which is available on RoodMicrotec's website: www.roodmicrotec.com.
The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree can be found in the following chapters, sections and pages of RoodMicrotec's Annual Report 2011 and are deemed to be included and repeated in this statement:

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

True and fair view statement

This statement is an integral part of the annual report dated on 23 February 2012. This statement is based on Article 5:25 c Clause 2 sub C of the Financial Supervision Act. The statements following this law are obliged as a new ruling for the annual report 2011.

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

The annual report gives a true and fair view of the situation on balance sheet date and the developments during the financial year of RoodMicrotec N.V. and the group companies for which the financial information is recognised in its financial statements. The most important risks confronting RoodMicrotec N.V. are described in the annual report.
The members of the board of management have signed the annual report and financial statements in fulfilment of their legal obligations arising from Article 5:25 c Clause 2 sub C of the Financial Supervision Act.

ROODMICROTEC N.V.

Annual Accounts 2011

Consolidated income statement

(x EUR 1,000)	Note	Year ended 31 December 2011	2010
Net sales	1	15,717	15,563
Cost of sales	2	-3,375	-3,321
GROSS MARGIN		**12,342**	**12,242**
Personnel expenses	3	7,215	7,073
Other operating expenses	4	3,262	2,808
OPERATING EXPENSES		**10,477**	**9,881**
EBITDA		**1,865**	**2,361**
Depreciation and amortisation	5	1,156	1,628
EBIT		**709**	**733**
Financial expenses	6	-301	-526
RESULT BEFORE TAXATION		**408**	**207**
Taxation	7	180	241
NET RESULT		**588**	**448**

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

- basic	16	0.02	0.01
- diluted	16	0.02	0.01

Consolidated statement of comprehensive income

(x EUR 1,000)	Year ended 31 December 2011	2010
Income for the year	588	448
Revaluation buildings	108	-
Mezzanine compensation	-233	-
Total comprehensive income for the year	**463**	**448**

Consolidated balance sheet (before appropriation of net result)

(x EUR 1,000)	Note	31 December 2011	31 December 2010
ASSETS			
Property, plant and equipment	8	5,732	5,710
Intangible assets	9	1,783	1,811
Deferred income tax assets	10	558	588
Financial assets	11	1,720	1,665
Non-current assets		**9,793**	**9,774**
Inventories	12	402	654
Trade and other receivables	13	2,431	3,040
Cash and cash equivalents	14	345	258
Current assets		**3,178**	**3,952**
TOTAL ASSETS		**12,971**	**13,726**
EQUITY AND LIABILITIES			
Issued capital	15	3,935	3,935
Share premium	15	17,723	17,695
Revaluation reserve	15	1,885	1,552
Retained earnings	15	-19,399	-19,529
Mezzanine capital	15	1,994	1,994
Equity, attributable to shareholders		**6,138**	**5,647**
Interest-bearing loans and borrowings	18	1,077	1,647
Deferred tax liabilities	10	114	326
Retirement benefit obligations	19	1,633	1,585
Non-current liabilities		**2,824**	**3,558**
Bank overdrafts	14	1,115	603
Current portion of long-term debt	18	839	1,342
Trade account and other payables	20	1,846	2,443
Current income tax liabilities		209	133
Current liabilities		**4,009**	**4,521**
TOTAL EQUITY AND LIABILITIES		**12,971**	**13,726**

Consolidated cash flow statement

(x EUR 1,000)	Notes	Year ended 31 December 2011	2010
EBITDA		1,865	2,361
Adjustments for:			
- Share based payments		28	27
- Received from Pensionfund "Unterstützungskasse" for pensioners		199	-
- Payments to pensioners		-199	-
- Increase/decrease pension provision		48	212
- Accrued interest		-41	-80
- Other adjustments		-9	-9
Changes in working capital			
- Inventories		252	-65
- Trade and other receivables		609	-728
- Changes in trade and other current liabilities		-551	417
Cash flow from operating activities		**2,201**	**2,135**
Interest paid	6	-262	-446
Income tax paid		-	-
Net cash generated from operating activities		**1,939**	**1,689**
Cash flow from investing activities			
Investments in property, plant and equipment	8	-1,024	-681
Disposal of ground		21	-
Investments in pension assets	19	-	-1,994
Investment/received in financial assets	11	-55	138
Net cash flow from investing activities		**-1,058**	**-2,537**
Cash flow from financing activities			
Proceeds from issuance of ordinary new shares	17	-	63
Proceeds from issuance of mezzanine capital	15	-	1,994
Payment of compensation mezzanine capital		-233	-
Proceeds from borrowings		215	1,000
Repayment of borrowings		-1,288	-2,138
Net cash flow from financing activities		**-1,306**	**919**
Net cash flow		**-425**	**71**
Cash -/- Bank overdrafts at beginning of year	14	-345	-416
Cash -/- Bank overdrafts at end of year	14	-770	-345
Net cash flow		**-425**	**71**

Consolidated statement of changes in equity

(x EUR 1,000)	Number of shares x1,000	Issued capital	Share premium	Revaluation reserve	Retained earnings	Mezzanine capital	Equity, attributable to shareholders
Balance at 1 January 2010	**35,196**	**3,872**	**17,668**	**1,647**	**-20,072**	**-**	**3,115**
Recognised profit for the year 2010	-	-	-	-	448	-	448
Depreciation buildings	-	-	-	-95	95	-	-
Employee share options exercised	573	63	-	-	-	-	63
Value of employee options granted	-	-	27	-	-	-	27
Mezzanine capital	-	-	-	-	-	1,994	1,994
Balance at 31 December 2010	**35,769**	**3,935**	**17,695**	**1,552**	**-19,529**	**1,994**	**5,647**
Balance at 1 January 2011	**35,769**	**3,935**	**17,695**	**1,552**	**-19,529**	**1,994**	**5,647**
Recognised profit for the year 2011	-	-	-	-	588	-	588
Revaluation	-	-	-	358	-250		108
Depreciation buildings	-	-	-	-25	25	-	-
Value of employee options granted	-	-	28	-	-	-	28
Mezzanine capital compensation	-	-	-	-	-233	233	-
Mezzanine capital compensation distribution	-	-	-	-	-	-233	-233
Balance at 31 December 2011	**35,769**	**3,935**	**17,723**	**1,885**	**-19,399**	**1,994**	**6,138**

Notes to the consolidated financial statements

General information

RoodMicrotec N.V. is a public limited liability company with its registered office in Zwolle, the Netherlands. The consolidated financial statements of the company for the year ended 31 December 2011 comprises the company and its subsidiaries (jointly referred to as the 'Group'). The Group includes the wholly-owned subsidiaries:

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

The 2011 financial statements were prepared by the board of management and released for publication on 23 February 2012. The 2011 financial statements were adopted by the supervisory board on 23 February 2012 and will be submitted for adoption to the annual general meeting of shareholders on 26 April 2012.

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 otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS as endorsed by the European Union) and its interpretations as adopted by the International Accounting Standards Board (IASB).
The financial statements have been prepared on historical cost basis, except that the following assets and liabilities are stated at their fair value: land and buildings, and the retirement benefits obligation resulting from defined benefit pension plans.

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

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

Application of new and revised IFRS/IAS standards

The Group applied all new and amended standards and interpretations, as set by the IASB and adopted by the European Union, that became applicable for the period started on 1 January 2011.

The improvements to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the consolidated statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified to reflect the change.

The amendments in IAS 32 (Financial instruments: Presentation', on classification of right issues), IAS 24 ('Related Party Disclosures'), IFRIC 14 ('Pre-payments of a minimum funding requirement (IAS 19)' and IFRIC 19 (new) ('Extinguishing debts with equity instruments') did not have a material impact on the financial statements.

The Group has not applied the new and revised IFRS, listed in the table below, that have been issued but are not yet effective and/or approved by the European Union. None of these new and revised standards is expected to have a significant impact on the consolidated financial statements of the Group, except for revised IAS 19. Revised IAS 19 could have a significant impact on the consolidated financial statements since it will depart from the corridor approach as currently applied by the Group in accounting for actuarial gains and losses. RoodMicrotec N.V. is currently examining the impact of these changes in detail.

New and revised standards:	Effective for annual periods beginning on or after
Amendments to IFRS 7 - Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to IAS 12 - Deferred Tax – Recovery of Underlying Assets	1 January 2012
Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income	1 July 2012
IFRS 9 - Financial Instruments	1 January 2013
IFRS 10 - Consolidated Financial Statements	1 January 2013
IFRS 11 - Joint Arrangements	1 January 2013
IFRS 12 - Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 - Fair Value Measurement	1 January 2013
IAS 19 (as revised in 2011) - Employee Benefits	1 January 2013
IAS 27 (as revised in 2011) - Separate Financial Statements	1 January 2013
IAS 28 (as revised in 2011) - Investments in Associates and Joint Ventures	1 January 2013

Basis of consolidation

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

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

Foreign currency translation

Functional and presentation currency

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

Transaction and balances

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

Property, plant and equipment

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.

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:

Category	Years
Buildings	30
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
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions is included in intangible assets. Goodwill on acquisitions is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to the cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

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

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

Reinhard Pusch

In the KPAM group 5 people have been working on a major project for an aerospace customer, checking hundreds of old devices to make sure that they are still operational. This involved so much work that the customer did not think it was possible for us to complete the contract within the set time, but we managed it successfully!

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.

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 and unrecognised actuarial results is deducted. The discount rate is the yield at balance sheet date on high-quality corporate or government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by qualified actuaries using the projected unit credit method.

The company considers investments (insurance policies) in the German Pension Funds (Unterstützungskasse) as plan assets if they are only available to reimburse the company for benefits paid to its retirees and if they are not available to the company's own creditors.

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

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

Share-based payment transactions

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

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

Profit-sharing and bonus plans

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

Provisions

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

Non-recurring cash flows to German pension funds (Unterstützungskasse) are classified as cash flows arising from investing activities if the investment leads to recognizable assets or plan assets. Both the benefits paid to retirees and the receipt of the pension fund that relates to or reimburses this benefit payment are included as cash flow from operating activities. A receipt of the residual value of the insurance policy held by the pension fund is included as cash flow from investing activities.

Financial risk management and sensitivity analysis

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

Foreign currency risks and sensitivity analysis

Within the Group's customer portfolio, the Group is exposed to credit risk and currency risk. The management has set up credit control policies to reduce the credit risk and foreign exchange risk as much as possible. The foreign exchange risk is mitigated by exchange rate clauses in most of the Group's contracts. No procurement for US dollar denominated customers took place in 2011. The average credit rating of the Group's customers is comparable to the industry.
The Group operates internationally but in 2011 all sales transactions were concluded in euros. The exchange rate results during 2011 were minimal.

(x EUR 1,000)	2011	2010
Euro denominated net sales	15,717	13,860
US dollar denominated net sales	-	1,703
Balance at 31 December	**15,717**	**15,563**

Borrowing risks and sensitivity analysis

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

(x EUR 1,000)	Fixed rate	Floating rate
Long-term borrowings from banks	1,240	-
Long-term borrowings from other parties	676	-
Bank overdrafts	-	1,115
Balance at 31 December 2011	**1,916**	**1,115**

In 2011 the larger part of the long-term borrowings from banks were from HypoVereinsbank UniCredit Bank AG (Donauwörth), rated A and VR Leasing (Germany), rated A by Standard & Poor's. The borrowings from other parties were from ICN part Rood B.V. (Netherlands) and private investors. In 2010 the floating-rate bank overdrafts were obtained from the HypoVereinsbank UniCredit Bank AG (Donauwörth) 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. A change by 300 basis points in the charged interest rate would result in an increase or decrease of the 2011 result of approximately EUR 33,000 assuming that all other variables, especially exchange rates, remain constant. Long-term interest risks (starting from one year) are limited as the interest rates are fixed by interest rate swaps. Upon a renewal of interest rate swaps, long-term interest rates changed by 300 basis points would result in an increase or decrease of approximately EUR 57,000.

Cars contain more and more sensors that improve comfort and ease of use. They are present in the ABS system for better braking, in the airbag system and the parking assistance system in the rear bumper of the car. Sensors are sometimes called the electronic senses of the microcomputer. As they are often exposed to extreme conditions, depending on how they are used in the vehicle, the proper functioning of the car electronics is dependent on their reliability.

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.

Market interest rates and pensions
Changes in discount rates used in pension calculations are related to the changes in capital market interests. Changes in discount rates will result in actuarial gains or losses. These actuarial gains and losses are not all immediately recognised in the income statement, but spread over the expected remaining working lives of the employees, which mitigates the impact of this risk. Disregarding this mitigation a 1% decrease in the market interest rate at year-end would increase pension costs by approximately EUR 580,000. A 1% increase of the market interest rate at year-end would lead to a decrease of pension costs by approximately EUR 500,000.

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.

During 2011, the group's strategy was to decrease the gearing ratio significantly. Below is stated the gearing ratio of 2011 compared to 2010.

(x EUR 1,000)	2011	2010
Total borrowings	3,031	3,592
Less cash and cash equivalents	-345	-258
Net debt	**2,686**	**3,334**
Total equity	6,138	5,647
Total capital	**8,824**	**8,981**
Gearing Ratio (net debt/capital x 100%)	**30%**	**37%**

1. Net sales

The Group is active in one operating segment. Sales are reported internally as well as externally in different product/services groups. Every month a consolidated P&L is prepared, based on which an analysis and management report is communicated. Monthly P&Ls per product/service group are not available. Ad-hoc segmented information is prepared if and when necessary. Only a small part of the fixed assets (EUR 13,000) is located in the Netherlands. The bulk of the tangible fixed assets is located in Germany.

Net sales by business unit

(x EUR 1,000)	2011	2010
Test	7,264	7,657
Supply Chain	3,556	3,060
Failure &Technology Analysis	1,667	1,842
Test Engineering	887	762
Qualification	2,343	2,242
Total	**15,717**	**15,563**

Net Sales by country in 2011

(x EUR 1,000)	2011	2010
Germany	6,625	5,939
USA	2,560	2,764
Eastern Europe	1,930	1,398
China/ Asia	634	1,363
Rest of Europe	3,781	3,775
Rest of the World	187	324
Total	**15,717**	**15,563**

2. Cost of sales

(x EUR 1,000)	2011	2010
Change in work in process capitalised	-253	121
Cost of raw materials and consumables	-3,122	-3,442
Total	**-3,375**	**-3,321**

3. Personnel expenses

(x EUR 1,000)	2011	2010
Salaries	6,145	5,731
Social security	938	989
Share options granted to directors and employees	28	27
Pension charges	104	326
Total Personnel Expenses	**7,215**	**7,073**

The average number of people employed by the Group in 2011 on a full-time basis was 111 (2010: 124).

At year-end 2011 the Group employed 106 people (2010: 120). Altough at year-end fewer people are employed by the company compared to 2010, personnel costs increased due to reduced use of short time work arrangement in Germany and restructuring costs.

4. Other operating expenses

(x EUR 1,000)	2011	2010
Other operating expenses	3,262	2,804
Currency differences	-	4
Total	**3,262**	**2,808**

Auditor's fee 2011
The task of the external auditor is to audit the annual accounts of RoodMicrotec N.V. Mazars Paardekooper Hoffman Accountants N.V. charges EUR 24,000 for the statutory audit. Tax advice is in principle given by specialist firms or specialised departments of local audit firms, which are rarely involved in the audit of the annual accounts of the relevant subsidiary. Other than these advisory services, RoodMicrotec N.V. makes only limited use of external advisors. If such services are required, specialists are engaged that are not associated with the external auditor. The fees for the above mentioned services, which are included in 'other operating expenses' are evaluated regularly and in line with the market.

(x EUR 1,000)	Statutory	Other auditor	Total
Audit of annual accounts	24,000	45,000	69,000
Other assurance services	5,000	5,000	10,000
Non audit	3,000	22,000	25,000
Total	**32,000**	**72,000**	**104,000**

Emergency services like the police, the fire brigade and ambulances use telecommunications. When an alarm comes in, the firemen can see the address they are going to on their MTD system (Mobile Data Terminals). The system also provides information about the home or business, like escape routes, dangerous chemicals, etc.
Satellite telecommunications can also contribute to the fulfilment of a wide range of institutional requirements: from supporting the development of less favoured regions to the provision of telecommunications or telemedicine services in emergencies or disaster situations.

Credits: ESA - P. Carril

5. Depreciation and amortisation

(x EUR 1,000)	2011	2010
Intangible fixed assets	28	28
Land and buildings	39	95
Machinery and equipment	991	1,334
Other fixed assets	98	171
Total	**1,156**	**1,628**

6. Financial expenses

(x EUR 1,000)	2011	2010
Interest expenses:		
- bank borrowings	226	277
- convertible loan	-	53
- other loans	64	193
- other financial expenses	11	3
Total	**301**	**526**
Interest paid	262	446
Interest accrued	39	80
Total	**301**	**526**

7. Taxation

(x EUR 1,000)	2011	2010
Income tax current year	-	-
Recognition of tax losses carried forward	247	225
Change in deferred tax liability	-67	16
Total	**180**	**241**

	2011	2010
Result before tax	408	207
Expected taxation /use of tax assets		
(based on average statutory tax rates)	-131	-62
Recognition of tax assets	378	287
Change in tax liability	-67	16
Total	**180**	**241**

8. Property, plant and equipment

(x EUR 1,000)	Land and buildings at fair value	Machinery and equipment	Other	Total
1 January 2010				
Cost or valuation	4,727	22,322	2,362	29,411
Accumulated depreciation	-1,289	-19,500	-1,993	-22,782
Opening net book amount 1 January 2010	**3,438**	**2,822**	**369**	**6,629**
Additions	-	652	29	681
Disposals/ transfers	-	-719	-99	-818
Depreciation charge	-95	-1,334	-171	-1,600
Depreciation charge disposals	-	719	99	818
Closing net book amount 31 December 2010	**3,343**	**2,140**	**227**	**5,710**
1 January 2011				
Cost or valuation	4,727	22,255	2,292	29,274
Accumulated depreciation	-1,384	-20,115	-2,065	-23,564
Opening net book amount 1 January 2011	**3,343**	**2,140**	**227**	**5,710**
Additions	-	503	521	1,024
Disposals/ transfers	-21	-	-	-21
Adjustment depreciation prev. years	38	-	-	38
Revaluation 2011	147	-	-	147
Depreciation charge	-77	-991	-98	-1,166
Closing net book amount 31 December 2011	**3,430**	**1,652**	**650**	**5,732**
31 December 2011				
Cost or valuation	4,707	22,758	2,813	30,278
Accumulated depreciation	-1,277	-21,106	-2,163	-24,546
Net book amount 31 December 2011	**3,430**	**1,652**	**650**	**5,732**
Useful economical life in years	30*	2-10	4-10	

*= Until 2010 a depreciation period of 70 years was used. With the revaluation of the buildings in 2011, management applies the economical life as per year-end, which is estimated at 30 years.

Land and buildings at historical cost

(x EUR 1,000)	2011	2010
Initial costs land and buildings	4,707	4,727
Accumulated depreciation	-3,970	-3,875
Net book amount	737	852

According to the valuation report dated November 2011 prepared by Diplom-Betriebswirt (FH) Friedrich Kiefer, the fair value of the building is EUR 3,430,000 (valuation in 2008: EUR 3,535,000). The valuation of the building is based on a market valuation of land and rental value in combination with the technical life of the building. The next valuation is scheduled for December 2014.

Impairment loss and subsequent reversal
The company neither incurred nor reversed any impairment losses in 2011. In 2011, the land and building assets were revalued to its fair value.

Assets under construction
Assets under construction are included in the category 'other' and total EUR 277,000 (2010: nil).

Security
The following types of security have been provided for long-term and current liabilities:
- a mortgage totalling EUR 3,323,379 on the real estate situated at Oettinger Strasse 6, Nördlingen, Germany;
- a pledge on machinery and equipment.

Government grants
Grants included in property, plant and equipment totalled EUR nil in 2011 (2010: 87,000). This amount is recognised in machinery and equipment.

Alexander Scheitza (Test Operations Manager)

The undisputed main point of the past year was moving our test equipment from Stuttgart to Nördlingen. It involved more than just the physical relocation of the machines. We made a thorough analysis of our customers and their wishes in advance. When the relocation was complete, we then had to correlate all the products.
It is been a huge job, but it has been a great success.

9. Intangible assets

(x EUR 1,000)	Goodwill	Customer relations	Total
Opening balance			
1 January 2010			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-42	-42
Net book amount 1 January 2010	1,741	98	1,839
Year ended 31 December 2010			
Opening net amount	1,741	98	1,839
Amortisation charge	-	-28	-28
Closing net book amount 31 December 2010	1,741	70	1,811
31 December 2010			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-70	-70
Net book amount 31 December 2010	1,741	70	1,811
Opening balance			
1 January 2011			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-70	-70
Net book amount 1 January 2011	1,741	70	1,811
Year ended 31 December 2011			
Opening net amount	1,741	70	1,811
Amortisation charge	-	-28	-28
Closing net book amount 31 December 2011	**1,741**	**42**	**1,783**
31 December 2011			
Cost	1,741	140	1,881
Accumulated amortisation and impairment charges	-	-98	-98
Net book amount 31 December 2011	**1,741**	**42**	**1,783**

Goodwill is tested annually for impairment. The goodwill is allocated to the Group's cash-generating unit RoodMicrotec Stuttgart GmbH. The recoverable amount of this cash-generating unit is determined using value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period with an average sales growth of 7%. Cash flows beyond the five-year period are extrapolated at a flat sales growth. Management determines the budgets based on past performance and expectations of market development. The discount rate (WACC of 11.44%) used is pre-tax and reflects specific (market) risks and represents the current WACC of the company. The proportion of the equity and debt used in the WACC calculation is based on the optimum capital structure.

Sensitivity Analysis Goodwill
When sensitivity analysis is performed, using a discount rate in the range between 11% to 14 % and by adjusting the expected cash flows to a 15% decrease, the goodwill still would not require an impairment provision.

10. Deferred income tax assets and liabilities

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

(x EUR 1,000)	2011	2010
Deferred income tax asset to be recovered after more than 12 months	1,130	917
Deferred income tax asset to be recovered within 12 months	226	191
Deferred income tax asset (unnetted)	**1,356**	**1,108**
Deferred tax liability to be recovered after more than 12 months	-913	-846
Deferred tax liability to be recovered within 12 months	-	-
Deferred income tax liability (unnetted)	**-913**	**-846**

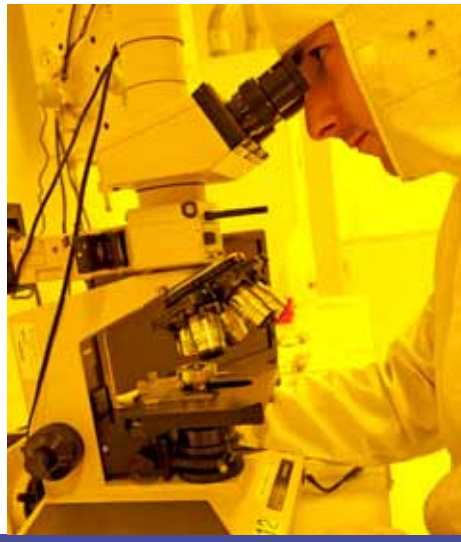
Deferred tax assets and tax liabilities within the same jurisdiction are netted in balance statements as follows:

(x EUR 1,000)	2011	2010
Deferred tax asset jurisdiction 1	734	687
Deferred tax liability jurisdiction 1	-176	-99
Deferred tax asset (netted)	**558**	**588**
Deferred tax asset jurisdiction 2	622	421
Deferred tax liability jurisdiction 2	-736	-747
Deferred tax liability (netted)	**-114**	**-326**

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

Deferred tax assets

(x EUR 1,000)	Capitalized carry forward losses	Total
Balance at 1 January 2010	**883**	**883**
Charges (credited)	225	225
Balance at 31 December 2010	**1,108**	**1,108**
Balance at 1 January 2011	**1,108**	**1,108**
Charges (credited)	248	248
Balance at 31 December 2011	**1,356**	**1,356**



This is a photograph of the MESA+ NanoLab of Twente University, where researchers of the Institute for Nanotechnology study and manufacture micro and nanosensors. Their 1,000 sqm cleanroom has special 'wet benches' where highly pure chemicals are used; this is necessary to make the minute and highly sensitive structures.
This 'yellow room' is equipped to deal with the fact that certain chemicals are highly sensitive and reactive to a wavelength that is present in white light. This is why the light is filtered with a yellow filter.

MESA+ NanoLab has extensive laboratory facilities at its disposal, offering a wide spectrum of opportunities for researchers in the Netherlands and abroad.
MESA+ NanoLab plays a central part in collaborations with industry. MESA+ has a strong relationship with the industry, both through joint research projects with the larger multinational companies, and through a cooperation policy focused on small and medium- sized enterprises.

The board of management has decided to recognise a small amount of deferred tax assets for all of the tax losses that are available for compensation of future tax payments. For the losses available for compensation in the Netherlands no deferred tax assets have been recognised.
In Germany there is no limitation to the compensation term of tax loss carry forwards. There is, however, uncertainty and no strong evidence at balance sheet date that all losses will be compensated. Projected tax payments resulting from profits generated in the next three years have been recognised as tax assets as at 31 December 2011. The three-years period corresponds to the term of our detailed business plan. The unrecognised tax losses in the Netherlands total approximately EUR 2.5 million (of which EUR 1.7 million usable up to 2013). The unrecognised tax losses in Germany total approximately EUR 10 million in 'Körperschaftssteuer' (indefinite in time) and approximately EUR 4 million in 'Gewerbeertragssteuer' (indefinite in time). The applicable tax rate in Germany is 30%. Deferred tax assets are netted with deferred tax liabilities when possible.

Deferred tax liabilities
(x EUR 1,000)

	Accelerated Tax depreciation Land & Buildings	Fair value gains Land & buildings	Intangible assets	Other	Total
Balance at 1 January 2010	**29**	**718**	**42**	**69**	**858**
Depreciation land & buildings x 30%	29	-29	-	-	-
Charged (credited) to the income statement	-	-	-15	3	-12
Balance at 31 December 2010	**58**	**689**	**27**	**72**	**846**
Depreciation land & buildings x 30%	5	-	-	-	5
Charged (credited) to the income statement	-	-	-	7	7
Revaluation buildings tax difference	-63	118	-	-	55
Balance at 31 December 2011	**-**	**807**	**27**	**79**	**913**

As a result of the revaluation of land and buildings, a provision for deferred tax liabilities has been recognised amounting to 30% of the difference between the fiscal and commercial valuation. The adjustment to the opening balance relates to the difference between commercial and fiscal valuation of intangible assets that were recognised at the Microtec acquisition in 2008.

11. Financial assets

(x EUR 1,000)	2011	2010
Balance at 1 January	**1,665**	**1,803**
Investments (proceeds)	55	-138
Balance at 31 December	**1,720**	**1,665**

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

12. Inventories

(x EUR 1,000)	2011	2010
Raw materials and consumables	62	153
Work in progress	137	277
Finished services	203	224
Total	402	654

13. Trade and other receivables

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

(x EUR 1,000)	2011	2010
Not overdue	1,390	1,782
< 30 days overdue	498	551
> 30 days and < 60 days overdue	75	155
> 60 days overdue	198	94
Provisions for bad debt	-81	-12
Trade receivables	2,080	2,570
Other receivables	351	470
Trade and other receivables	**2,431**	**3,040**

Impairment provisions for bad debt

(x EUR 1,000)	2011	2010
Balance at 1 January	-12	-35
Addition to the bad debt provision	-76	-24
Write off bad debts	7	47
Balance at 31 December	**-81**	**-12**

14. Cash and cash equivalents

(x EUR 1,000)	2011	2010
Cash at bank and on hand	345	258
Bank overdrafts	-1,115	-603
Total	**-770**	**-345**

The security stated under long-term liabilities have also been provided to German credit institutions for the current liabilities. The credit line with these banks as of 31 December 2011 totalled EUR 1,625,000. The interest rates ranges from 6.7% to 9.1% (2010: 6.7% to 8.5%).
The credit line with the credit institutions in the Netherlands as of 31 December 2011 totalled EUR 75,000, without any security.

15. Share capital

Authorised share capital

At 31 December 2011 the authorised share capital comprised 50,000,000 ordinary shares (2010: 50,000,000). The shares have a nominal value of EUR 0.11 each. At 31 December 2011, 35,769,184 ordinary shares (2010: 35,769,184) were in issue. The members of the supervisory board do not hold any shares in the company. The board of management holds 969,999 shares in the company. The company holds 4,100 ordinary shares (2010: 4,100) in its own share capital. The number of shares held by the company at the end of the year under review was less than 0.01% of the issued and paid-up capital (2010: < 0.01%).

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

As at 30 November 2010 the group issued a perpetual bond of EUR 1,994,096 to Plentum Luxembourg S.à.r.L (owner) for the financing of the pension liabilities of RoodMicrotec Nördlingen GmbH & Co. KG. This capital was immediately transferred and paid to a German pension fund named 'Unterstützungskasse'. German law deems this pension outsourcing. Pension risks and liabilities related to the pensioners, however, have not been changed. In accordance with IFRS accounting standards, these risks have been recognised in the financial statements. An annual compensation of 11.70% can be paid but 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. Only the company can unilaterally call in this bond. This 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)	2011	2010
Profit attributable to equity holders of the company	588	448
Weighted average number of ordinary shares in issue (in thousands)	35,769	35,207
Basic earnings per share (x EUR 1)	0.02	0.01

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to take into account conversion of all dilutive potential ordinary shares. The company has 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)	2011	2010
Profit attributable to equity holders of the company	588	448
Profit used to determine diluted earnings per share (x 1,000)	588	448
Weighted average number of ordinary shares in issue	35,769	35,207
Adjustments for:		
- share options (in the money)	366	356
Weighted average number of ordinary shares for diluted earnings per share	36,135	35,563
Diluted earnings per share (x EUR 1)	0.02	0.01

17. Options

Share options

Share options are granted to directors and to selected employees. The exercise price of the granted options is equal to the market price of the shares less 10% on the date of the grant. Some options are conditional on the employee completing three years' service (vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash. The share options are valued using the Black and Scholes valuation model. The following data have been used for the calculation:

- 30% volatility, 60 days
- Weighted average share price: 0.23
- 1% dividend yield
- 2.3% annual risk-free interest rate
- Expected option life of 3 years

The value of the granted options in 2011 was EUR 28,000 (2010: EUR 27,000).

Share option rights

The overview of all option rights outstanding on 31 December 2011 is as follows:

Granted In / To	Options 31-12-10	Granted in 2011	Exercised in 2011	Expired in 2011	Options 31-12-11	Exercise price in € (average)	First date of exercise	Last date of exercise
2006	40,700	-	-	40,700	-	0.51	5 Jan 09	4 Jan 11
2007	48,500	-	-	-	48,500	0.55	5 Jan 10	4 Jan 12
2008	61,500	-	-	61,500	-	0.37	9 Jun 08	8 Jun 11
2010	180,000	-	-	-	180,000	0.17	07 Jul 10	07 Jul 13
Employee Rights	**330,700**	-	-	**102,200**	**228,500**	**0.44**		
2010	175,888	-	-	-	175,888	0.11	2 mar 10	2 mar 13
2011	-	190,000	-	-	190,000	0.11	30 dec 11	30 dec 14
Rights Nijenhuis	**175,888**	**190,000**	-	-	**365,888**	**0.11**		
Total	**506,588**	**190,000**	-	**102,200**	**594,388**	**0.15**		

Options exercised in 2011 and effects on equity

In 2011 no options were exercised. (2010: 572,999 options exercised at an exercise price of EUR 0.11)

Supervisory board

As at 31 December 2011, 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. The options will be granted in half-yearly portions. The targets are defined by the supervisory board.

A number of 190,000 options where granted to the CEO in 2011, which relate to the service period in the second half of 2010. The costs for these options were recognized in 2010. For the CEO for the first and second half of 2011 no options to the CEO were granted and approved by the supervisory board. Hereto a provision has been recognized for 370,000 potential options rights for the CEO. A scheme has been put up 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.

18. Interest-bearing loans and borrowings

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

(x EUR 1,000)	2011	2010
Secured bank loans	1,240	1,600
Unsecured bank loans	-	-
Finance lease liabilities	426	489
Other loans	250	400
	1,916	2,489
Less: current portion of long-term loans	-839	-842
	1,077	**1,647**

Terms and debt repayment schedule

(x EUR 1,000)	Total	Current Liabilities	Non-current Liabilities	1 to 2 Years	2 to 5 Years	more than 5 years
Secured bank loans	1,240	420	820	420	400	-
Finance lease liabilities	426	169	257	129	128	-
Other loans	250	250	-	-	-	-
Total	1,916	839	1,077	549	528	-
Convertible loans	-	-	-	-	-	-
Total interest-bearing loans and borrowings	1,916	839	1,077	549	528	-
Bank overdrafts	1,115	1,115	-	-	-	-
Trade and other payables	1,851	1,851	-	-	-	-
Current income tax liabilities	209	209	-	-	-	-
Total other current liabilities	3,175	3,175	-	-	-	-
Total	**5,091**	**4,014**	**1,077**	**549**	**528**	**-**

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	39	19	20	11	9	-
Loan	138	80	58	43	15	-
Total	**177**	**99**	**78**	**54**	**24**	

Secured bank loans

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

Most people associate LEDs with low-energy lighting. They are marketed as a replacement for lightbulbs, halogen and tube-lights.
LEDs are far more durable than low-energy lightbulbs. It's crucial for longevity that the heat is removed efficiently. This is why quality LED lights have 'ribs' that work as a kind of fan, removing hot air.
The LED's applications are almost limitless. They are used as signal lights, in the automotive industry, in street lighting, traffic lights, etc. In the interior design world LEDs are also on the rise, because they allow for very different lamp designs.

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 2011 new financial leases were contracted totalling EUR 215,000 (2010: EUR 242,000).

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

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

(x EUR 1,000)	2011	2010
Cost-capitalised finance leases	2,493	2,278
Accumulated depreciation	-2,004	-1,702
Net book amount	489	576

(x EUR 1,000)	2011	2010
Gross financial lease liabilities	2,835	2,592
Lease terms paid	-2,370	-2,069
Outstanding lease terms	**465**	**523**
Within 1 year	188	293
Between 1 and 2 years	125	230
Between 2 and 5 years	152	-
Outstanding lease terms	**465**	**523**
Less interest expenses	-39	-34
Present value of financial lease liabilities	**426**	**489**

(x EUR 1,000)	2011	2010
Present value of financial lease liabilities		
Within 1 year	169	292
Between 1 and 2 years	129	197
Between 2 and 5 years	128	-
Present value of financial lease liabilities	**426**	**489**

Interest rates

The average interests paid were as follows:

	2011	2010
Bank overdrafts	6.67% - 9.13%	6.67% - 8.50%
Bank loans	6.67% - 7.90%	6.67% - 7.90%
Finance lease liabilities	4.41% - 6.49%	4.41% - 6.69%
Other loan	4.50% - 7.50%	4.50% - 7.50%

19. Retirement benefit obligations

(x EUR 1,000)	2011	2010	2009	2008	2007
Actuarial assumptions					
Discount rate at 31 December	5.4%	5.1%	5.5%	5.7%	5.5%
Expected return on plan assets at 31 December	4.0%	4.0%	4.0%	4.0%	4.0%
Medical cost trend rate	0%	0%	0%	0%	0%
Future pension increases	1.0%	1.0%	1.0%	1.0%	1.0%
Inflation	1.0%	1.0%	1.0%	1.0%	0%
Pension obligations and plan assets					
Opening defined obligation	5,121	4,860	4,688	3,351	3,812
Acquisition of subsidiary	-	-	-	1,411	-
Service costs	24	28	28	21	24
Interest costs	253	260	261	220	168
Actuarial gain (-) or loss	154	230	125	-141	-487
Pension payments	-281	-257	-242	-174	-166
Present value of pension obligations	4,963	5,121	4,860	4,688	3,351
Opening fair value of plan assets	3,389	1,397	1,396	1,392	1,387
New asset plan	-	1,994	-	-	-
Expected return on plan assets	132	45	55	55	56
Actuarial gain (-) or loss	-53	-	-7	-3	-4
Contributions by employer	18	17	17	16	17
Benefits paid	-202	-64	-64	-64	-64
Closing fair value of plan assets	3,390	3,389	1,397	1,396	1,392
Net present value of unfunded obligations (pension obligations -/- plan assets)	1,573	1,732	3,463	3,292	1,959
Unrecognised actuarial gains and losses	60	-147	-96	224	-86
Net liability recognised in the balance sheet	**1,633**	**1,585**	**3,367**	**3,516**	**1,873**

	2011	2010	2009	2008	2007
Current service costs	24	28	28	21	23
Interest on obligation	253	260	261	220	168
Expected return on plan assets	-132	-45	-55	-55	-56
Actuarial losses recognised in the year	-41	83	-	-	4
Expenses recognised in income statement	**104**	**326**	**234**	**186**	**139**

Funded and unfunded pension plans
(x EUR 1,000)

	2011			2010		
	(Partially) Funded plans	Unfunded plans	Total plans	(Partially) Funded plans	Unfunded plans	Total plans
Pension obligation and plan assets						
Opening defined obligation	3,513	1,608	5,121	3,364	1,496	4,860
Service costs	9	15	24	12	16	28
Interest costs	174	79	253	180	80	260
Actuarial gain (-) or loss	106	48	154	160	70	230
Pension payments	-202	-79	-281	-203	-54	-257
Present value of pension obligations	3,388	1,574	4,963	3,513	1,608	5,121
Opening fair value of plan assets	3,389	-	3,389	1,397	-	1,397
New asset plan	-	-	-	1,994	-	1,994
Expected return on plan assets	132	-	132	45	-	45
Actuarial gain (-) or loss	-53	-	-53	-	-	-
Contributions by employer	18	-	18	17	-	17
Benefits paid	-202	-	-202	-64	-	-64
Closing fair value of plan assets	3,390	-	3,390	3,389	-	3,389
Net present value of unfunded obligations (pension obligations -/- plan assets)	-1	1,574	1,573	124	1,608	1,732
Unrecognised actuarial gains and losses	84	-24	60	-75	-72	-147
Net liability recognised in the balance sheet	**83**	**1,550**	**1,633**	**49**	**1,536**	**1,585**

The discount rate has been established according to the standards of actuaries. The discount rate in 2011 has been adjusted in accordance with market interest rates as at 31 December 2011. The estimated pension payments for 2012 are EUR 262,000. The Group makes contributions to a number of defined benefit plans that provide pension benefits for employees upon retirement in Germany.

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

Hans-Joachim Mertens (Quality Manager)

The Hermes project is scheduled to be completed with final presentation to the EU commission in March 2012. In this project we were looking for a solution with the contacting accuracy of a wafer prober together with the full range of test and measurement options of a semiconductor test system. The eligibility of the developed concept was verified by a test of nearly 400 demonstrator samples.

Sensors have become a pervasive technology in society. We are just entering a new era in which intelligent sensor networks can create unimaginable new developments, as the possibilities are limitless.
Our public life and public transport are flooded with sensors that ensure that we arrive safely at our destination, provide necessary information and make our lives easier.

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 2011 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 185,000 (2010: EUR 45,000). 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. The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by NYSE Euronext. The overall expected rate of return was calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.
By transferring the pension liabilities to the German pension fund, pension fund concluded an insurance policy with an annual rate of return of 10%.

20. Trade accounts and other payables

(x EUR 1,000)	2011	2010
Suppliers and trade credits	936	1,304
Non-trade payables and accrued expenses	910	1,139
Total	**1,846**	**2,443**

21. Off-balance sheet commitments

Operating leases as lessee

(x EUR 1,000)	2011	2010
Less than one year	114	113
Between one and five years	160	161
More than five years	-	-
Total	274	274

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 2011 were EUR 118,000 (2010: EUR 136,000). There are no sublease contracts or conditional lease payments.

The Group does, in principle, not act as a lessor. Rental commitments
The Group rents its office in Zwolle (the Netherlands) for a period of five years with renewal rights. The annual rent is EUR 20,600.

Norbert Wirth

We need to raise the number of our engineers. We will train new as well as senior engineers on new test systems. We will focus heavily on the Teradyne Flex systems.

Capital commitments
During the year ended 31 December 2011 the Group entered into a contract to purchase property, plant and equipment for EUR 280,000 (2010: EUR 385,000).

Security
The following types of security have been provided to banks for long-term and current liabilities:
- a mortgage totalling EUR 3,323,379 on the property situated at Oettinger Strasse 6, Nördlingen, Germany;
- a pledge on machinery and equipment;
- corporate guarantees totalling EUR 300,000;
- a pledge on the shares in RoodMicrotec Stuttgart GmbH.

Contingencies
The holding company has issued a guarantee for EUR 7,800 to a third party.
The holding company and the majority of the Dutch operating companies form a fiscal unity for corporate tax. Each of the operating companies is severally liable for tax to be paid by all companies that belong to the fiscal unity.

22. Related parties

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

(x EUR 1,000) Mr. Ph.M.G. Nijenhuis (CEO)	Fixed salary	Remittance salary	Bonus	Pension	Valuation options	**Total**
2011	150	-	-	14	28	**192**
2010	150	-9	-	14	27	**182**

Currently no private security is put up by the CEO in 2011. 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 board of management is provided on an individual basis.

Remuneration of the supervisory board

(x EUR 1,000)	2011	2010
Mr. J.H.P.M. Stolker (chairman)	13	13
Mr. V.G. Tee	8	8
Mr. C.W.M. Koot (former chairman)	-	3
Mr. W. Fluit	4	-
Total	**25**	**24**

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

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

Other related party transactions
The Group has not entered into any joint ventures.

23. Subsequent events

There are no subsequent events that require disclosure in this annual report.

Company balance sheet (before appropriation of net result)

(x EUR 1,000)	Note	31 December 2011	31 December 2010
ASSETS			
Property, plant and equipment		14	4
Investments in subsidiaries	24	2,979	2,653
Loans to group companies	25	3,851	3,851
Non-current assets		**6,844**	**6,508**
Group companies		-	95
Other receivables		186	140
Cash and cash equivalents		2	18
Current assets		**188**	**253**
TOTAL ASSETS		**7,032**	**6,761**
EQUITY AND LIABILITIES			
Issued capital		3,935	3,935
Share premium		17,723	17,695
Revaluation reserve		1,885	1,552
Retained earnings		-19,987	-19,977
Result for the year		588	448
Mezzanine		1,994	1,994
Equity, attributable to equity holders	26	**6,138**	**5,647**
Interest-bearing loans and borrowings		-	250
Non-current liabilities		**-**	**250**
Bank overdrafts		56	-
Current portion of long-term debt		250	650
Group companies		394	-
Trade account and other payables		188	208
Current income tax liabilities		6	6
Current liabilities		**894**	**864**
TOTAL EQUITY AND LIABILITIES		**7,032**	**6,761**

Company Income statement

(x 1,000 EUR)	Year ended 31 December 2011	2010
Net profit from group companies	457	125
Other income	131	323
NET RESULT	**588**	**448**

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 Section 2:402 of the Netherlands Civil Code with respect to its own income statement. On this basis, the specification only states the net result from participating interests and the company's own net result.

Accounting principles and determination of profit or loss

Assets and liabilities have been valued and results determined in accordance with the valuation criteria contained in the accounting policies as stated above. RoodMicrotec N.V. makes use of the option provided in Section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of RoodMicrotec N.V. are the same as those applied for the consolidated financial statements. Participating interests over which the company exercises significant control are accounted for by the equity method. The consolidated financial statements are prepared according to the standards set by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as EU IFRS).

Subsidiaries of RoodMicrotec N.V.

(Including registered office and interest)

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

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

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

24. 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)	2011	2010
Balance at 1 January	**2,653**	**534**
Revaluation differences	102	-
Profit of group companies	457	125
Conversion of loan to subsidiary into equity	-	-
Mezzanine capital	-233	1994
Balance at 31 December	**2,979**	**2,653**

25. Loans to group companies

This item relates to subordinated loans issued to the subsidiaries. The total subordinated amount is EUR 2,999,000. An amount of EUR 2,840,009 is subordinated to all other liabilities. An amount of EUR 150,000 is subordinated to bank debts. The amount of EUR 852,000 is not subordinated. The interest rate ranges between 6.50% and 7.50%.

Movements in this item were as follows:

(x EUR 1,000)	2011	2010
Balance at 1 January	**3,851**	**3,851**
New loan	-	-
Balance at 31 December	**3,851**	**3,851**

26. Equity, attributable to shareholders

The movements in equity were as follows:

(x EUR 1,000)	Issued share capital	share premium	Revaluation reserve	Retained Earnings	Mezzanine capital	Total 2011	Total 2010
Balance at 1 January	3,935	17,695	1,552	-19,529	1,994	5,647	3,115
Employee options exercised	-	-	-	-	-	-	63
Valuation options granted	-	28	-	-	-	28	27
Revaluation buildings			358	-250	-	108	-
Depreciation buildings	-	-	-25	25	-	-	-
Issued mezzanine capital	-	-	-	-	-	-	1,994
Mezzanine compensation	-	-	-	-	-233	-233	-
Mezzanine comp. distribution	-	-	-	-233	233	-	-
	3,935	17,723	1,885	-19,987	1,994	5,550	5,199
Appropriation of result	-	-	-	588	-	588	448
Balance at 31 December	**3,935**	**17,723**	**1,885**	**-19,399**	**1,994**	**6,138**	**5,647**

Milk robots are machines that automatically milk cows. Before it starts, it checks the cow's identity, how often it has been milked, how much concentrates it can eat during milking and any special issues with this particular cow.
The cow is identified by a chip in the cow's collar, which is crosschecked against a computer database. If the cow may not be milked, the gate opens and the cow must come back later. If it is milked, the computer knows where the teats are located; it first cleans the udders and then attaches the milking equipment to the cow's four teats. Between cows, the machine is thoroughly cleaned and disinfected. The farmer can check by the cow's chip and number how the cow is doing and how much milk it is producing.

As a result of the revaluation of land and buildings of RoodMicrotec Nördlingen GmbH + Co. KG, legal reserve has been recognized. This legal reserve (revaluation reserve) cannot be used for dividend payments.

Revaluation reserve

(x EUR 1,000)	Total 2011	Total 2010
Balance as at 1 January	**1,552**	**1,647**
Revaluation buildings	358	-95
Depreciation buildings	-25	-
Balance as at 31 December	**1,885**	**1,552**

Guarantees

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

Amsterdam, 23 February 2012

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

Supervisory board
J.H.P.M. Stolker, Chairman
V.G. Tee
W. Fluit

Corporate management team
R. Pusch, Vice-president and CSO
N. Wirth, CTO
R.A. Cuny, CFO

Wilhelm Wagner (Engineering/Consultancy/KAPM Key Account Project Management)

Other information

INDEPENDENT AUDITOR'S REPORT

To General Meeting of Shareholders of RoodMicrotec N.V.

REPORT ON THE ANNUAL ACCOUNTS

We have audited the Annual Accounts 2011 of RoodMicrotec N.V., Zwolle. The Annual Accounts consist of the consolidated annual accounts and the company annual accounts. The consolidated annual accounts comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company annual accounts comprise the company balance sheet as at 31 December 2011, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

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

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

Opinion with respect to the consolidated annual accounts

In our opinion, the consolidated annual accounts give a true and fair view of the financial position of RoodMicrotec N.V. as at 31 December 2011 and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company annual accounts

In our opinion, the company annual accounts give a true and fair view of the financial position of RoodMicrotec N.V. as at 31 December 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Amsterdam, 23 February 2012

MAZARS PAARDEKOOPER HOFFMAN ACCOUNTANTS N.V.

w.s. drs. J.J.W. Galas RA

Post balance sheet date events

No significant events have taken place after balance sheet date.

Profit appropriation

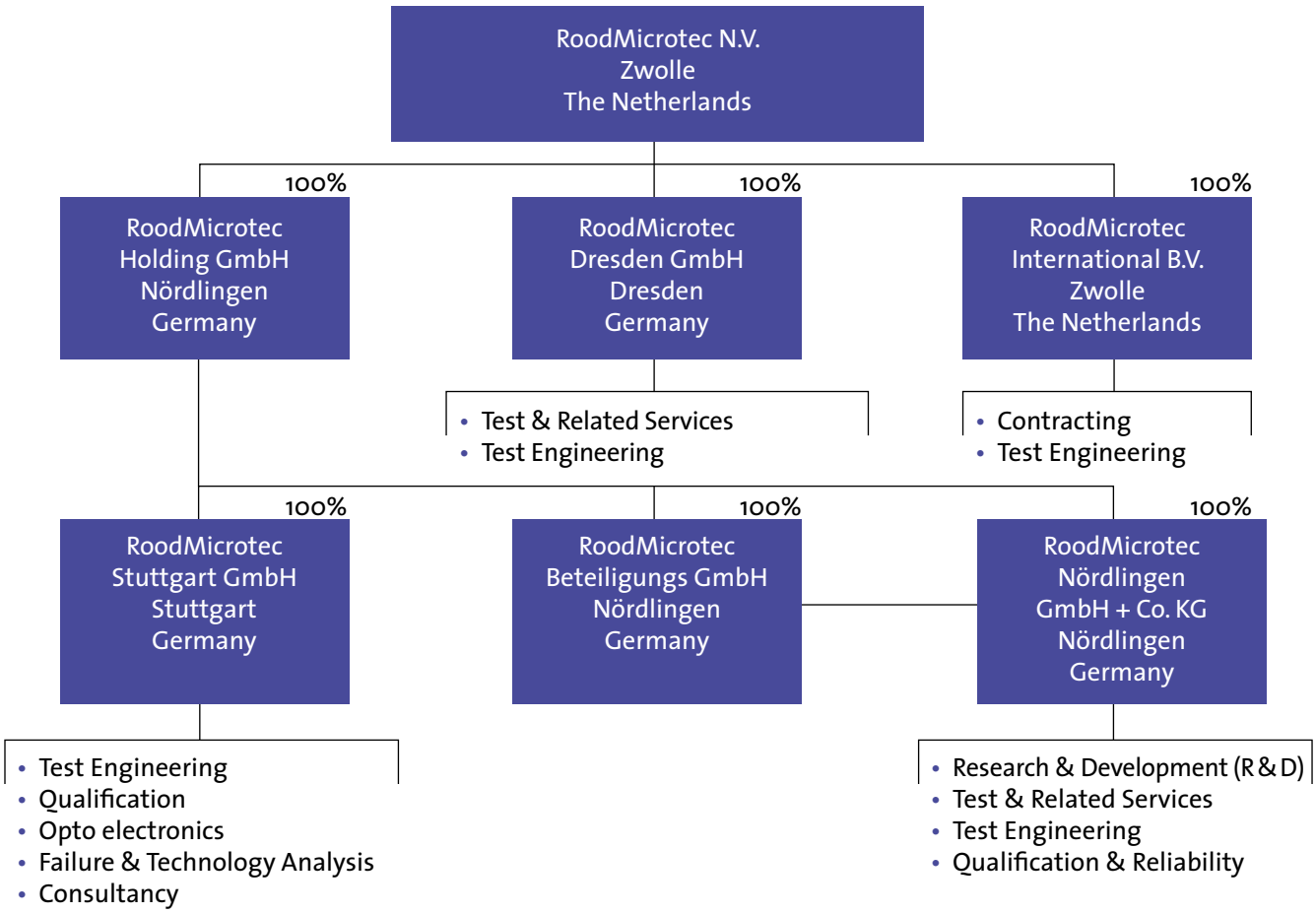
Article 27 of the Articles of Association includes the following provisions for profit appropriation:

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

Proposed profit appropriation

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

Group Structure



Corporate management team

Board of Management

CEO

Philip M.G. Nijenhuis (1945)

Nationality: Dutch
Chief Executive Officer since September 2004
Previous positions: senior management and board positions with BESI, DTS, Schlumberger, AT Kearney, ITT/Alcatel, Scania and Wavin.

Members of the corporate management team

Vice-president and CSO

Reinhard Pusch (1953)

Nationality: German
Vice-President and Chief Sales Officer
Member of corporate management team since July 2008
Previous positions: senior management positions with Alcatel and General Manager of microtec GmbH

CTO

Norbert Wirth (1956)

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

CFO

Remy A. Cuny (1976)

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

Supervisory board

Chairman

Jan H.P.M. Stolker (1955)

Nationality: Dutch
Chairman of the supervisory board since April 2010
Appointed as a member of the supervisory board on 26 March 2009
Term of office ends in 2013
Previous positions: senior management and board positions with ABN Amro Bank, NeSBIC Investment Funds II and various private companies
Current position: manager/adviser of various private companies, programme director at Erasmus University

Victor G. Tee (1943)

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

Wil Fluit (1947)

Nationality: Dutch
Member of the supervisory board
Appointed on 4 July 2011
Term of office ends in 2015
Previous positions: Infineon Malaysia, Siemens Malaysia & Germany, Euratec, Eurasem and Philips
Current position: independent consultant, chairman + co-founder – Business Cluster Semiconductors Netherlands

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