



RoodMicrotec N.V.

Annual Report 2015

RoodMicrotec N.V.

'Rembrandt', Dokter van Deenweg 58
NL-8025 BC Zwolle

PO Box 1042
NL-8001 BA Zwolle

Telephone: +31 (0)38 4215216

investor-relations@roodmicrotec.com
www.roodmicrotec.com

Chamber of Commerce number 33251008

RoodMicrotec brings success to its partners

RoodMicrotec's focus is on eXtended supply chain management (SCM), offering ASIC turnkey solutions for the industrial and automotive markets. In that, it is vital to collaborate closely with design houses, suppliers, foundries, institutes, customers and other related parties. In this process, in which the partners are to some extent interdependent, RoodMicrotec's eXtended SCM ensures the weakest link is as strong as possible - this is exactly what turnkey solutions are all about. But it is also about achieving more: that is why we all put our best efforts into and we all feel responsible for the whole project as well as for the different disciplines within the project. This applies to both the internal business units (SCM, test operations, test engineering, failure & technical analysis and qualification & reliability) and to the external parties.

RoodMicrotec has strengthened the relationship with its main customers and design house partners during 2015. Our customer base consists of major industrial and automotive companies throughout Europe; one of them, Inova, gives its view on the collaboration with RoodMicrotec in this annual report. The growing role of design houses is also very important in this market since the end customers need to have someone who can realise their ideas with high reliability and within a short time schedule. The market for these companies is growing and RoodMicrotec has relationships with some major companies in Europe.

Our relationships with suppliers and institutes are also essential to realise turnkey projects. RoodMicrotec has excellent cooperation agreements in this context with assembly houses and wafer foundries in Asia as well as in Europe. One of the major European wafer foundries, X-FAB, recounts its experiences of the cooperation with RoodMicrotec in this report. Institutes are important to be able to be at the forefront of technology and to have access to additional resources and ideas in the realisation of turnkey projects. RoodMicrotec has agreements with many institutes in Europe; the Fraunhofer Institute for Integrated Circuits IIS gives its view elsewhere in this report.

RoodMicrotec is well positioned to offer eXtended SCM turnkey solutions to the industrial and automotive markets and is convinced that this is the way to bring success to all partners.

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GENERAL

Preface by the CEO

RoodMicrotec brings success to its partners

The message I would like to give to you is that RoodMicrotec has succeeded in 2015 to make concrete progress on the path it has chosen. We have achieved many positive structural developments.

Highlights 2015

By focusing on long-term projects, we are securing more predictable and stable recurring revenue. In addition, by working in a more project-based fashion, we have also improved our internal organisation. Midway through 2015 we were able to announce our first big contract of EUR 25 million over a period of 10 years. It was followed by other major contracts, also with a ten-year duration, which are described elsewhere in this annual report. With these contracts, we are increasingly positioning ourselves as an important and invaluable link in the supply chain.

It has been said before, but I want to reiterate: these contracts sometimes have lead times that take several years, but they do provide us with a stable basis. In view of the positive developments in 2015, I am confident that we have made the right choice.

New customers / new business

We have managed to attract a number of new customers, and gained new business from existing ones. With the latter, I mean that we are now providing new services to these existing customers. For example, if we used to only do testing, and we are now also doing industrialisation and packaging for a customer, this is what we consider new business.

The order of EUR 25 million I mentioned is our biggest order in terms of volume ever in the automotive sector, but it still 'only' comprised 10% of the total number of orders.

Automotive Competence Centre

The Automotive Competence Centre, founded in 2014, in 2015 gained a reputation in the automotive sector as a qualified and reliable partner. The importance of this cannot be understated, because the requirements of the automotive sector are very strict indeed. The reputation we have gained here as a serious partner will spill over into other sectors.

Collaboration

For RoodMicrotec as a relatively small player, it is of the utmost importance to be highly visible and to be seen as an important link in the entire chain. That is why I am delighted that we have been able over the past year to strengthen our collaboration with various parties, including Fabless Companies, foundries and suppliers. They are increasingly seeing us as an important player, so that we are more strongly anchored in the chain. I am very grateful that Inova, X-FAB and the Fraunhofer Institute for Integrated Circuits IIS have also contributed to our annual report.

Publicly funded projects

By taking part in two publicly funded projects (ParsiFAL 4.0 and ScaleIT@Shopfloor) in the area of Industry 4.0 we can gain expertise in new fields and improve our knowledge in our own field. In both projects we are part of a consortium of big name organisations, both private companies and public institutions. This will further enhance our name recognition and market position.

Market developments and opportunities for RoodMicrotec

The speed at which technological developments follow each other is mind boggling. Whereas not long ago we were stunned by remote control power locks on car doors, nowadays RoodMicrotec contributes and supports leading companies that produce for example self driving cars. We are now at the dawn of the fourth industrial revolution: Industry 4.0. Now, everything is being connected in networks in which smart products and the smart machines that make them can communicate with each other. This makes it possible for example for the machines to monitor production and decide on the required production speed and volume.

All these technological innovations are driven by modern electronic devices, which therefore are the growth engine of the semiconductor industry.

The publicly funded projects in which RoodMicrotec is a partner are fully focused on Industry 4.0 applications. In this way, we are gaining a great deal of knowledge and experience and putting ourselves on the map in this new field.

New employees and succession

We have succeeded in strengthening crucial positions in our team, so we are now in a better position to conclude long-term contracts and handle the project management of them. Elsewhere in this report you can read contributions from three new employees.

We have also welcomed Martin Sallenhag, currently CTO. He and Reinhard Pusch, currently CSO, are my intended successors. They will become CEO/CTO and COO/CSO respectively on 7 June 2016. As of this date they will be responsible for the daily management. Erwin Vrielink joined us on 1 November 2015 as our new CFO.

I feel this is a good time to pass the baton to the new Management Team and I have full confidence in them. They know the industry through and through and they have the right capabilities to take RoodMicrotec to a new level.

I would like to thank all our employees for their hard work and dedication in 2015, and indeed throughout my tenure as CEO.

New auditor

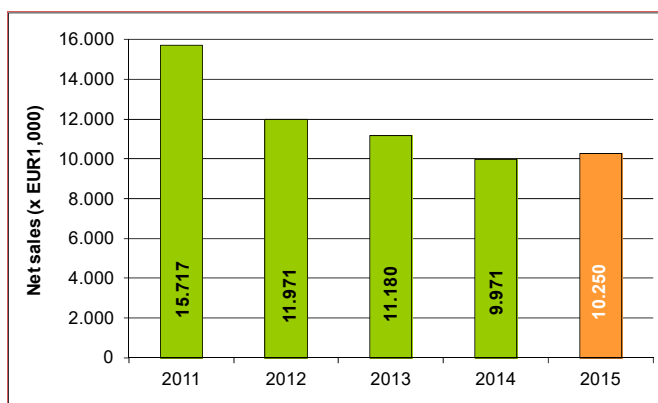
After a disappointing experience with Grant Thornton for the annual report on 2014, we have decided not to continue our collaboration. For the 2015 annual report we have hired Baker Tilly Berk as our new auditor.

Zwolle, 26 April 2016

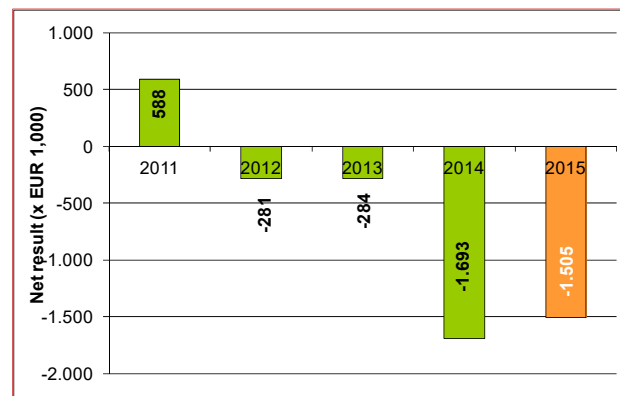
Philip Nijenhuis, CEO

RoodMicrotec in 2015

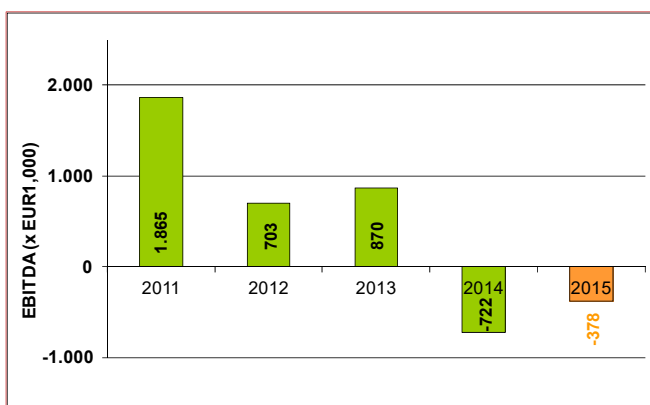
Net sales



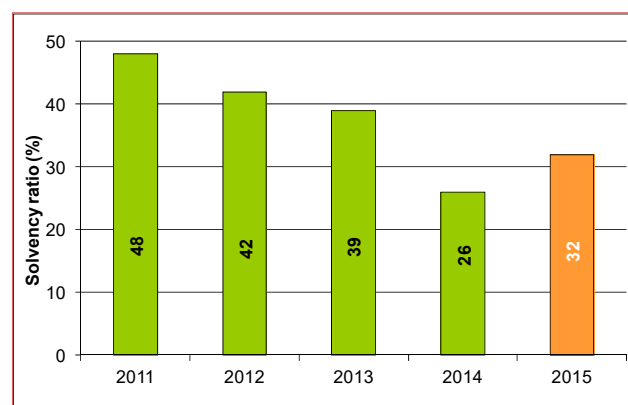
Net result



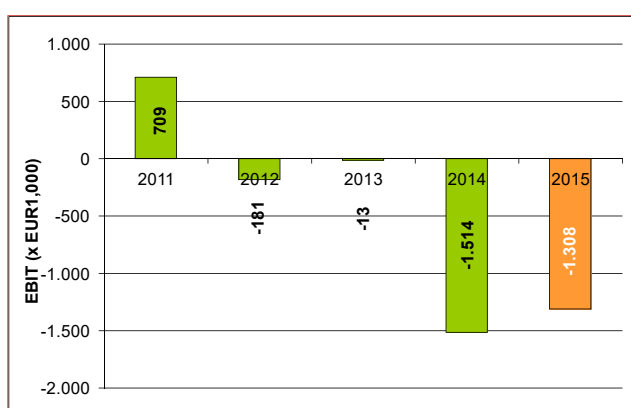
EBITDA



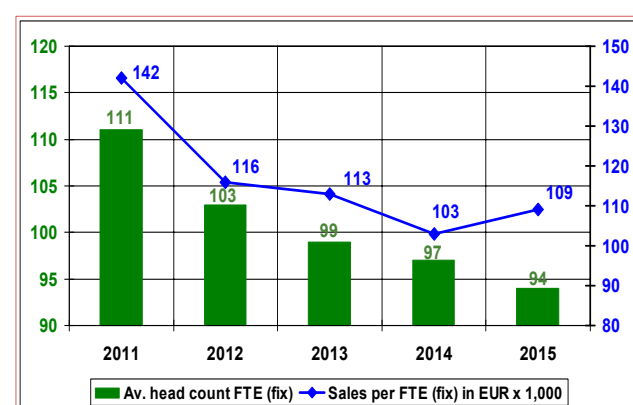
Solvency



EBIT

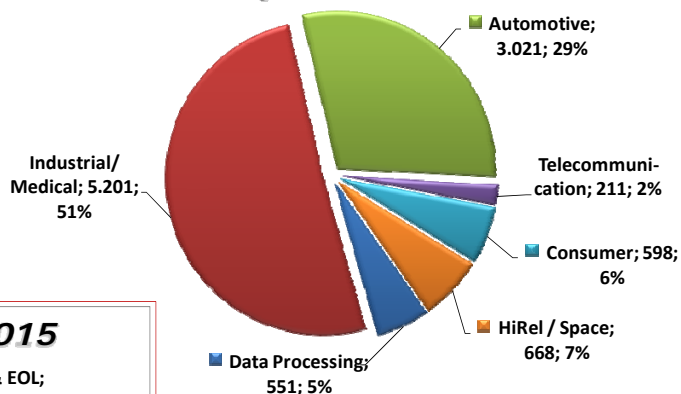


Sales per employee and head count

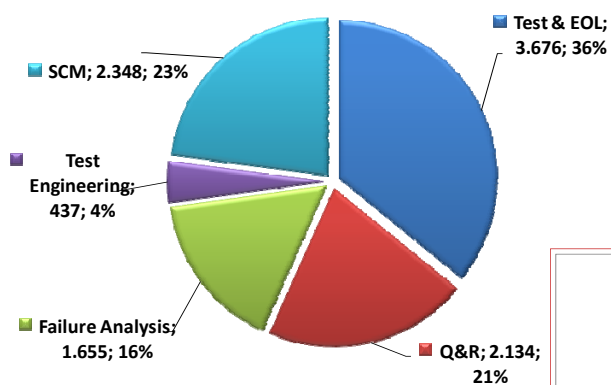


Key Figures

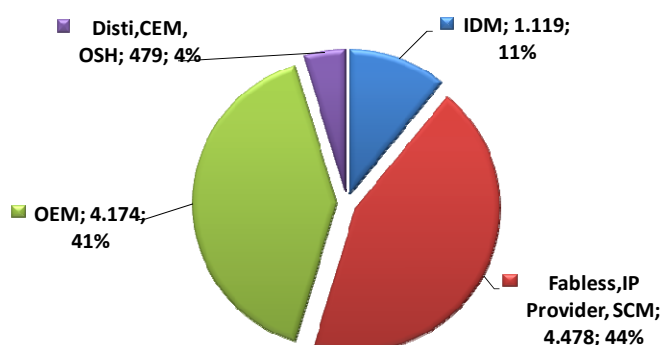
Revenue by Markets 2015



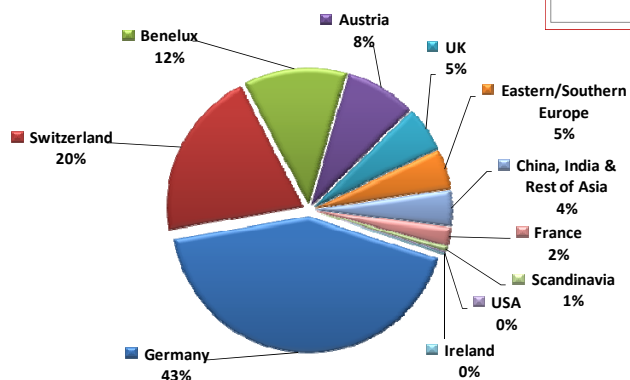
Revenue by Business Units 2015



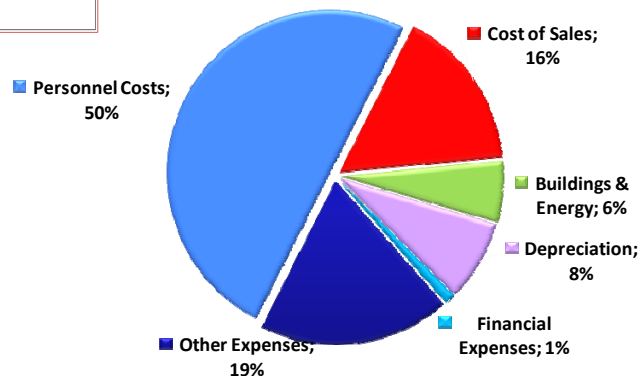
Revenue by Customer Type 2015



Revenue by Country 2015



Costs by Category 2015



Key Figures

31 December 2015

(X EUR 1,000)

	IFRS 2015	IFRS 2014 Revised	IFRS 2013	IFRS 2012	IFRS 2011
Result					
Net sales	10,250	9,971	11,180	11,971	15,717
Gross margin	8,384	8,184	9,021	9,688	12,342
EBITDA	-378	-722	870	703	1,865
EBIT (operating result)	-1,308	-1,514	-13	-181	709
EBT	-1,495	-1,675	-243	-507	408
Cash flow (net result and depreciation)	-575	-901	599	603	1,744
Cash flow from operating activities	-832	-246	17	899	1,939
Net result	-1,505	-1,693	-284	-281	588
Capital, Debt & Liquidity Ratios					
Total assets	13,531	13,475	13,941	12,915	12,857
Group equity	4,321	3,564	5,396	5,457	6,139
Net debt	1,675	2,159	2,113	3,216	2,686
Capital (net debt + equity)	5,996	5,723	7,509	8,173	8,824
Gearing ratio (net debt/ capital)	28%	38%	28%	37%	30%
Solvency (group equity / total liabilities)	32%	26%	39%	42%	48%
Debt ratio (net debt / EBITDA)	-4.43	-2.99	2.43	4.57	1.44
Net working capital	560	-125	-1,331	-1,422	-831
Working capital ratio	1.27	0.95	0.68	0.63	0.79
Assets					
Tangible and intangible fixed assets	6,908	7,112	7,187	8,102	7,515
Investments in (in)tangible fixed assets	726	499	535	1,475	1,024
Depreciation of (in)tangible fixed assets	930	792	883	884	1,156
Data per share (x EUR 1,-)					
Group equity	0.08	0.08	0.14	0.15	0.17
Operating results	-0.02	-0.03	0.00	-0.01	0.02
Cash flow	-0.02	-0.00	0.00	0.03	0.05
Net result	-0.03	-0.04	-0.01	-0.01	0.02
Share price: year end	0.27	0.25	0.16	0.15	0.16
Share price: highest	0.30	0.35	0.18	0.23	0.31
Share price: lowest	0.21	0.15	0.14	0.15	0.14
Issue of nominal shares					
At year end (x 1,000)	54,411	43,519	38,674	35,769	35,769
Number of FTE's (permanent)					
At year end	92	94	96	103	106
Average	94	97	99	103	111
Sales (total)/ Average FTE's (permanent)	109	103	113	116	142

Main developments

Two large contracts in automotive sector

We concluded two large contracts in the automotive sector, one representing approx. EUR 25 million over 10 years, the other representing approx. EUR 20 million, also with a 10-year term.

Contract with OEM (Original Equipment Manufacturer)

A contract for 10 years with a sales volume over this life cycle of approx. EUR 9 million to engineer a new product (chip).

Collaboration agreements with leading design houses in Europe

This concerns agreements with Europe's leading and most successful Fabless Companies, for which we will provide both industrialisation and backend manufacturing services.

Strengthened relationship with large players

We strengthened our relationship with main assembly houses, important European design houses and foundries throughout the world. All top global players.

Two publicly funded projects

We achieved partnerships in two publicly funded projects. The consortiums consist of well-known institutes and companies. Both projects are in the field of Industry 4.0.

Number of new orders according to automotive standard AEC-Q100

Stress test qualification for integrated circuits in the automotive sector. This confirms our strong performance in this field.

RoodMicrotec at a glance

- RoodMicrotec is a semiconductor company supplying products (chips and packaged devices) and services to its focus sectors.
- RoodMicrotec manages the entire ASIC supply chain turnkey.
- RoodMicrotec is increasingly focusing on consultancy, product engineering, project management and logistics.
- As an independent company RoodMicrotec is never in competition with its customers.
- The company is knowledge and technology driven.
- 'Certified by RoodMicrotec' refers inter alia to qualification of products to stringent international standards such as the ISO/IEC 17025 in our accredited laboratory.
- RoodMicrotec's key values are:
 - knowledge
 - flexibility
 - creativity

All within the stringent framework of the processes of its customers in inter alia the automotive industry.

- At year-end 2015, the company had 94 (2014: 97) full-time employees (FTE).
- In 2015, the company realised EUR 10.3 million sales (2014: EUR 10.0 million).

We focus on

Automotive

- Electronic components for vehicle applications are a global driver of the semiconductor industry.
- Automotive devices are a combination of high complexity, high quality demands and high volumes: car infotainment and communication with the outside world up to self-driving cars.
- We are fully equipped with the fundamentals required for automotive projects.
- We concluded two contracts in the automotive sector.

Industrial

- In this sector the main focus is on Industry 4.0. / Internet of Things
- Industry 4.0 / Internet of Things means extensive networking, using innovative IT systems which enable entirely new production methods, like smart grid and smart metering. For example starting an oven remotely, opening and shutting down windows when the temperature changes, etcetera.
- We develop (complex) solutions and are a partner in two publicly funded projects: ParsiFAL 4.0 and ScaleIT@Shopfloor.

Healthcare

- Healthcare applications combine high quality demand and device complexity.
- Distinction between devices inside and outside the body, sometimes with a physical connection between the internal and external devices.
- Projects with long lead times due to complex test environments, which contain a number of biological elements such as temperature, humidity, acidity and heart rate.
- Our experience with image sensors offers excellent opportunities.
- We are working with partners on future solutions.

HiRel/Aerospace

- Space exploration, solar sensors for satellites, radio applications in (military) aviation.
- Very high quality and reliability demands.
- Long lead times and low volumes, but very high commercial value.
- We are working in a wide range of projects, mainly in Europe. For example, we are involved in a project on solar sensors for satellites.

Customer categories

Our main focus is on OEMs (Original Equipment Manufacturers) and Fabless Companies.

OEMs are becoming ever leaner and are contracting out their non-core activities, including semiconductor manufacturing facilities. It is vital for them to have a continuous supply of reliable highly qualified chips. They also often require tailored solutions. We are uniquely qualified to meet this requirements. Protection of specific features of their products may play an important role.

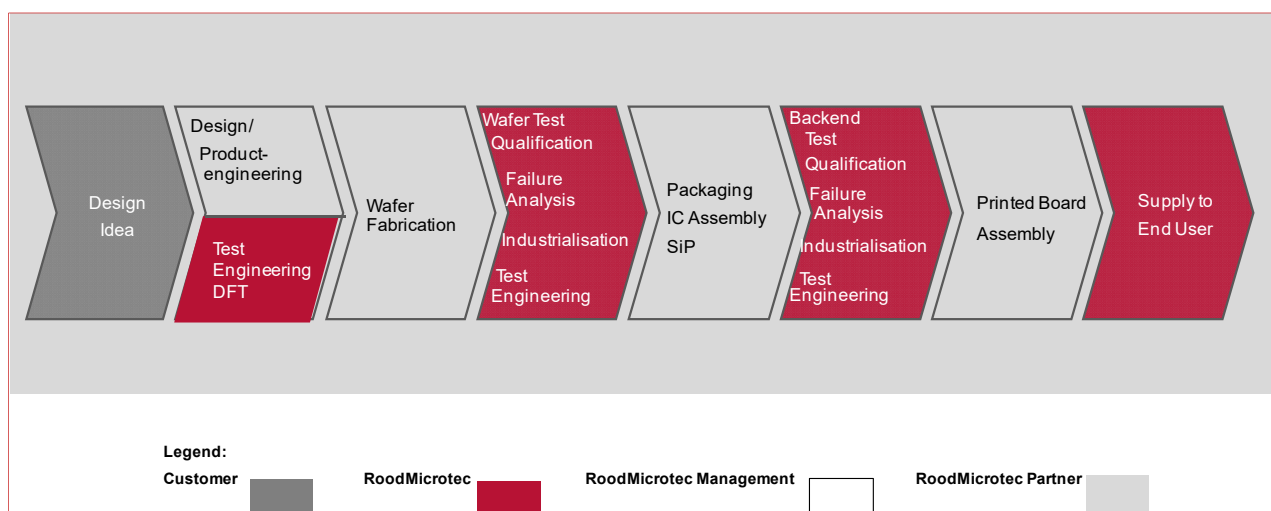
Fabless Companies, which are among the fastest growers in the industry, are even more motivated to protect their know-how. As a service provider, we are never in competition with Fabless Companies, so their intellectual property is maximally protected.

Our business units

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

RoodMicrotec provides comprehensive services, from the beginning of the development process (together with design partners), all the way up to delivery to its customers, including engineering support, test engineering, wafer test, assembly (through partners), final test, qualification and reliability, failure and technology analysis and logistics.

RoodMicrotec handles the complete (turnkey) industrialisation of ASICs from GDSII data up to the final product including all automotive-specific Quality Assurance activities.



Test Engineering

Complete test solutions for a wide range of devices like mixed-signal, digital, analogue or RF ICs. Characterisation, production and qualification to the highest standards as required by the automotive and high-reliability sectors. Extensive know-how on several test platforms.

Test & End-of-line Services (Test & EOL)

Covers the complete semiconductor segment, with focus geared towards wafers and semiconductor component tests. The customers include OEMs, Fabless Companies, distributors, IDMs and other customers in the automotive, industrial, healthcare, telecommunications and HiRel markets.

Failure & Technology Analysis

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.

Qualification & Reliability

Electrical/electronic qualification of customer components under extreme conditions such as climatic and temperature changes as well as vibration and mechanical shock.

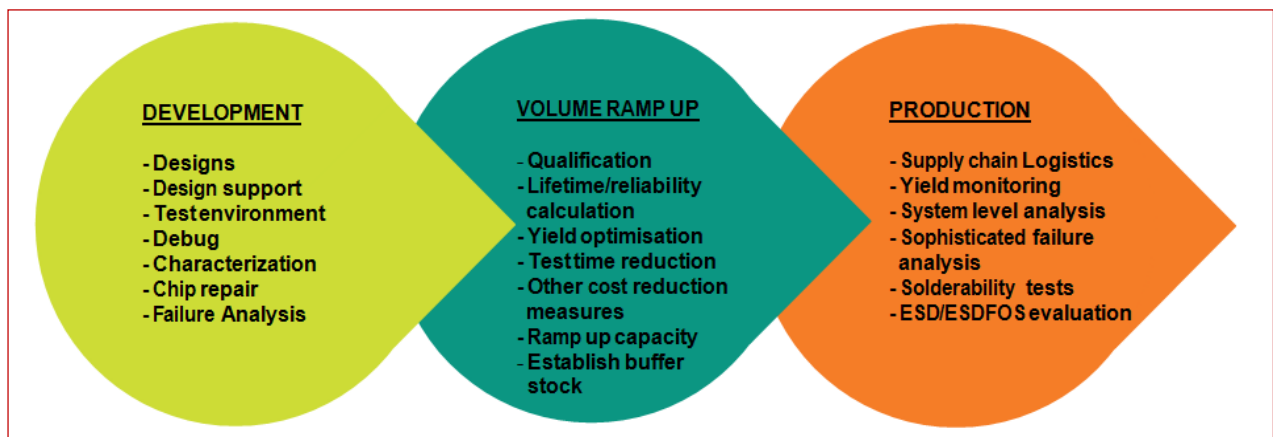
Optical and mechanical qualification focuses on image sensors (digital photography, high speed image processing, X-ray technology) and on mechanical investigations of semiconductors on boards.

Our competence centre

Automotive Competence Centre (ACC)

Our 'virtual' ACC team consists of members of different business units with the goal to strengthen knowledge within the company and market it as a service. This team is fully equipped with the fundamentals required for automotive projects.

Our services for the product life cycle



Shareholder information

Listing

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

- Shares, ISIN CODE : NL0000440477
- Warrants series I, ISIN CODE: NL0010611406, exercisable until 7 October 2016, exercise price EUR 0.15
- Warrants series II, ISIN CODE: NL0010938130, exercisable until 8 January 2016, exercise price EUR 0.13
- Warrants series III, ISIN CODE: NL0011556972, exercisable until 31 December 2018, exercise price EUR 0.21

RoodMicrotec NV has secured bond listed on NPEX The Hague since 2014 under ISIN code NL0010811030.

Major Holdings in Listed Companies Disclosure Act

As at December 2015 RoodMicrotec has received the following reports in the context of the disclosure requirements of the Major Holding and Capital Interests in Securities- Issuing Institutions pursuant to the (Dutch) Financial Supervision Act (Wft):

	Percentage	Date reported
Kuikens B.V./ M.H.B. Kok	11.21%	2 May 2014
Ph.M.G. Nijenhuis	5.79%	1 October 2015
G. Schaalj	5.75%	26 August 2014
P.C. van Leeuwen	5.48%	2 November 2015
Sitimo Ltd	3.71%	1 September 2015

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

Position as at 1 January 2015	Position as at 31 December 2015
43,519	54,411

At 31 December 2015, the company held 4,100 of its own shares (2014: 4,100).

Regulation to prevent insider trading

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

Dividend

So far, we have not distributed any dividend since our financial position excluded it. The management prefers to allow the company to grow and further improve its financial health over the next few years. The management prefers to use the company's own resources to finance growth, and strives to raise the market value of the share through such growth. In the next few years, we will seek a balance between the intended debt reduction, essential investment and a fair return for investors. The Board of Management proposes in view of the negative results not to distribute any dividend for the 2015 financial year. Our priority is balanced debt management without jeopardising growth.

Investor relations

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

High on the agenda for this year and the next few years is intensifying the communication with our shareholders and bondholders. This is partly in view of our bond loan issue in 2014, which has raised the number of stakeholders in RoodMicrotec greatly. In this context, we are organising meetings for our shareholders and bondholders when expedient.

As in 2015, we will raise our profile in 2016 by organising seminars highlighting our core activities and the corresponding services to Fabless Companies and OEMs. The objective is to communicate our specific knowledge and share it with our customers and partners. We will also focus more on publicity.

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

Liquidity provider

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

Analysts

The company does not pay fees to analysts for preparing reports; analysts' reports are evaluated only for factual inaccuracies.

Annual general meeting of shareholders 2015

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

Financial agenda

12 May 2016	Publication trading update
7 June 2016	Annual general meeting of shareholders
7 July 2016	Publication sales figures first half 2016
25 August 2016	Publication interim report 2016
25 August 2016	Conference call for press and analysts
15 November 2016	Publication trading update

Vision and Mission

Vision

Two major changes in the world will be of great importance for the future of our company: increasing outsourcing of activities and the fact that we are living in a technology driven world. We anticipate that an increasing number of product design companies will focus on the segments in which they have a strong position, but also that many of these often vertically integrated companies will outsource non-core activities to rationalise their operations. Such activities would be supply chain management (SCM), testing, assembly and engineering.

Rapid technological innovation is driving growth in the semiconductor industry. More and more people are connected to each other and to equipment. Equipment is also connected to and communicating with other equipment. And this is only the beginning. We are entering the fourth industrial revolution: Industry 4.0, the collective term for embracing a number of contemporary automation, data exchange and manufacturing technologies. In this context the automotive and industrial markets will be growth engines for the semiconductor market. In the automotive sector the main drivers are electric cars and hybrids, autonomous driving and car-to-car communication.

The developments described above will create a market for specialised service providers focusing on supporting leaner OEMs and Fabless Companies. We are such a specialised service provider, and we have the knowledge to offer these OEMs and Fabless Companies high-quality products, both independently and within our Supply Chain Management. This forms the basis for our growth potential.

Mission

To be a knowledge and technology driven service provider in the field of modern devices that is able to handle the whole chain for complex requirements as well as individual services.

SWOT analysis

<p>Strengths</p> <ul style="list-style-type: none"> • A leading position as SCM partner for OEMs and Fabless Companies in Europe within the automotive and industrial sectors. • Highly experienced, excellent knowledge, flexible and creative • Customer know-how is very well protected • Open for partnerships and collaboration throughout the whole supply chain • Positive balance sheet ratios • State-of-the-art equipment 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Size of the company • No presence outside Europe • Limited brand awareness • Poor financial net result • Cash position
<p>Opportunities</p> <ul style="list-style-type: none"> • Growing importance of technological applications and technology based connectivity • Long-term contracts in our focus sectors • Consortiums created in order to develop new technologies and applications • Publicly funded projects • Growing automotive and industrial markets 	<p>Threats</p> <ul style="list-style-type: none"> • Projects delayed by customers • The risk that the development of new products also moves to Asia • Semiconductor production in Europe will continue to decline • The cyclical nature of the semiconductor market • The tight labour market for highly qualified specialised personnel

Targets

Quantitative

- Sales growth
Sales growth allows us to invest in the expert knowledge in the company and so bring about essential cost reductions.
- Our long-term objective is a substantial growth in turnover, whereby we expect that in 2020 our turnover will approximately be 75% higher compared to the total turnover of over EUR 10 million in 2015.
- EBITDA to rise to at least 10-15% of sales
- Working as we do in a high-tech environment, investments in production equipment and innovation are vital in order to be able to provide the desired technological solutions.
- EBIT to rise to 5-10% of sales
- EBIT is the benchmark for the profitability of our operations. It is highly dependent on the internal efficiency of the company. We therefore strive to continuously optimise our operations.
- Net result of between 4% and 10% of sales
This will only be achieved if we raise production volumes, sales and efficiency.
- Solvency of between 38-50%
A strong solvency ratio helps us to strengthen confidence among customers, to guarantee continuity, to obtain loans and secure growth.

- Working capital of a gross margin between 1.0 and 1.5
As a service provider and project organisation, working capital is a key element of our balance sheet. We must be able to secure sufficient funding to invest promptly in projects. Working capital is therefore vital to our future growth.
- Debt ratio between 1.0 and 4.0
The debt ratio (net interest bearing debt divided by EBITDA) is important for growth financing and for obtaining long-term projects. This ratio gives us a solid position that can be defended vis-à-vis the bank syndicates.

Qualitative

- To take full responsibility as a supply chain specialist for every step in the supply chain. This means that we will be involved on a long-term basis in the whole project, from the very beginning up to mass production. This will bring us far more predictable and stable recurring revenues.
- To improve brand awareness of RoodMicrotec. Being a relatively small company is not a problem as long as the company is well known and recognised in the market.
- To be an important player in the fourth industrial revolution (Industry 4.0) by becoming one of the preferred partners in various consortiums that are developing new technologies and applications and by increasing our scale through partnerships. We can achieve this by holding on to our key values (knowledge, flexibility and creativity). This is how Industry 4.0 works.

Strategy

- We will focus on automotive and industrial markets to grow further in both sectors.
- We will continue to work with Fabless Companies to show that RoodMicrotec is a competitive SCM partner and encourage them to strengthen the partnership with our company.
- We will continue to work with OEMs to show that RoodMicrotec can offer competitive eXtended SCM in conjunction with design companies.
- We will continue to look for smaller, faster turnaround opportunities in Failure Analysis, Quality & Reliability and Test.
- We will continue to strengthen our internal quality system through certification according to the new 2015 version of ISO 9001 with focus on risk assessment, which is especially important for automotive customers.

The above points will result in a good combination of long-term contracts with long lead times and short-term orders with short lead times. Certainly for the next 4 to 5 years we will also need short-term orders to generate cash flow. In the meantime we will continue to focus on concluding long-term contracts, which will bring much more predictable and stable recurring revenues and make us the supply chain specialist.

- To strengthen our technical position for automotive, industrial, Industry 4.0 and IoT we will invest in new high-tech equipment.
- To establish direct contact with Tier 1 customers as an ASIC provider.
This will enable us to take on more of the tasks in the complete flow and thereby generate more and higher sales.
- To strengthen relationships with customers, suppliers and appropriate partners (foundries, assemblers, design houses, software houses). This will make us stronger as well as a better known and important player.
- Continuous training with focus on development of new technologies and special requirements from the market, e.g. standard requirements for automotive.
- To strengthen our brand awareness in the market by organising seminars on qualification, failure analysis, outsourcing and supply chain activities.

Board of Management

Philip Nijenhuis, CEO

- Born: 1945
- Study Mechanical / Industrial Engineer (Technical University Eindhoven)
- 6 years - Wavin: Logistic Manager
- 6 years - Scania: Operations Manager
- 2 years - ITT / Alcatel: General Manager
- 2 years - AT Kearney: Manager
- 6 years - Schlumberger RPS: Director Operations (COO)
- 4 years - Data & Telecom Services: Managing Director
- 5 years - Besi Molding (Fico): Managing Director



Members of Corporate Management Team

Reinhard Pusch, Vice President and CSO

- Born: 1953
- 5 years - SEL: Development Engineer, Qualification Laboratory
- 9 years - SEL: Team Manager Qualification Optoelectronic Components
- 6 years - SEL: Team Manager OPTO Support
- 4 years - SEL: Technical Component Manager
- 3 years - SEL: Department manager Optical Interconnection + Qualification
- 2 years - SEL: Manager Alcatel Technology Center
- 4 years - microtec: General Manager



Martin Sallenhag, CTO

- Born: 1968
- Master of Science Electrical Engineering, Lund University, Sweden
- 5 years: Ericsson Mobile Phones: Project Leader, Mixed Signal ASICs
- 4 years: Ericsson Mobile Phones: Technical Manager, Mixed Signal ASICs
- 1 year: Axis Communications: Development Manager, Mobile Internet
- 2 years: Dialog Semiconductor: Director, Applied Technology
- 3 years: Dialog Semiconductor: Director, Product Marketing
- 5 years Digital Imaging Systems: VP Engineering
- 3 years Samsung Electronics: VP and General Manager



Erwin Vrielink, CFO

- Born: 1973
- Postgraduate Auditing, Nyenrode Business University, Breukelen.
- 9 years - Deloitte, Audit manager
- 1 year - Philips head office: Senior accounting & reporting specialist
- 4 years - Sparta: Controller
- 3 years - Accell Group head office: Manager audit & IFRS



REPORT OF THE BOARD OF MANAGEMENT

Developments within RoodMicrotec

Our total sales increased by 3% despite the somewhat negative development of the global semiconductor industry. Total industry sales worldwide were \$ 335.2 billion in 2015, a slight decrease of 0.2 percent compared to the 2014 total, which was the industry's highest ever sales total. Fourth quarter sales of \$ 82.9 billion were 5.2 percent lower than the total of \$ 87.4 billion from the fourth quarter of 2014.

Although our total sales of EUR 10.3 million (2014: EUR 10.0 million) were lower than expected, 2015 was also a year marked by many positive developments. The order value increased in the beginning of 2016 by more than 40% compared to early 2015. The quote portfolio remains on a high level and a major part of the offers are converted into orders (hit rate). In 2015, the book-to-bill ratio was above 1.0 in all quarters, and the average for the full year improved to 1.2 (2014: 1.1).

Our strategic move to larger and long-term projects is yielding more predictable and recurring sales. In 2015 we succeeded in concluding a number of long-term contracts with reputed companies in our focus sectors. One of our top 3 customers is among the top 500 fastest growing and most innovative companies in Germany.

While we have talked of 'orders' in recent times, the term 'contract' would be more accurate. A contract is concluded for a specific period and for a certain estimated volume. During the term of the contract we receive specific orders for work to be performed by us, which we subsequently invoice.

A contract starts with an order for engineering (i.e. pre-production), in which we already send invoices for work completed, but these concern relatively small amounts. When this phase is completed, actual production starts. In this phase turnover will vary, but is expected to rise year-on-year. On average, we estimate that each contract concluded so far will generate at least EUR 1 million recurring revenue per year.

Automotive

In 2014 we decided to set up our Automotive Competence Centre in order to be able to offer new services that are required and expected for automotive projects.

Our main objectives were to:

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

Our efforts resulted in acceptance and recommendation from the automotive sector and as a result we succeeded in concluding two large contracts with well-known companies in the automotive sector:

- A contract representing approx. EUR 25 million over a period of 10 years. After the engineering phase, production is expected to start in the second quarter of 2017. From then on the expected sales will be between EUR 2.5 and 3 million per year.
- A contract representing approx. EUR 20 million over a period of 10 years. Sales will reach EUR 150,000 in the engineering (pre-production) phase. Volume production is expected to kick off in the fourth quarter of 2017. Sales will vary during this phase and are expected to increase from approx. EUR 1 million per year to at least EUR 3 million per year.

Industrial

- A 10-year contract with a sales volume over this life cycle of approx. EUR 9 million.
The contract was signed with an OEM (Original Equipment Manufacturer) to engineer a new product (chip), for which we will subsequently perform volume production throughout the life cycle of the product. The subsequent volume production, mainly testing, will start in the middle of 2016 and will increase over a number of years to approx. EUR 1.2 million a year.

This customer, a new addition to our customer base, is a medium-sized fast growing stock exchange listed OEM. The internationally operating company very successfully markets new industrial and consumer products, and is realising 15% to 20% sales growth per year.

Of the approx. EUR 9 million value of this order, approx. 90% of the work will be done in-house by us.

- Several SCM projects for new and existing customers.

Healthcare

In this sector we received an order for test development for a first chip in a series of new products.

Publicly funded projects

We joined a partnership in two publicly funded projects. Being a partner in a consortium with leading companies enhances our visibility in the market and so strengthens our reputation, but will also help us to gain further expertise. Both projects are in the field of Industry 4.0/IoT (Internet of Things), which is one of our focus areas for 2016 and beyond. Industry 4.0/IoT means extensive networking, using innovative IT systems that enable entirely new production methods.

- The ParsiFAL 4.0 project started on 1 November 2015. The aim is to realise a thin flex foil with integrated electronic chips for sensors, microcontrollers, wireless interfaces and energy harvesting components for Industry 4.0. It is an important step forward that will have applications in many different markets.

The first application will be for Festo AG & Co.KG, a leading global industrial control and automation company. It will be used as a flexible control unit for independent automation equipment (smart sensor system). The second application for Bosch will be flexible foil used as an information label on shipments, especially in the food and pharmaceutical industries, whose products are very sensitive to high temperatures and vibration. With several sensors the conditions during transit can be recorded. This will be a major step forward in securing safe transport.

The other partners are Festo AG & Co.KG, Bosch GmbH, Hahn-Schickard Gesellschaft für angewandte Forschung e.V., Institut für Mikroelektronik Stuttgart, Infineon Technologie AG, Micronas GmbH, Stackforce GmbH, Würth Elektronik GmbH Co & Co.KG. The project is approx. 50% publicly funded by BMBF (Bundesministerium für Bildung und Forschung/Federal Ministry of Education and Research).

- The negotiations for the ScaleIT@Shopfloor project were finalised in December 2015; the project started on 1 January 2016 and will run for 3 years.

The project should prepare high-tech companies for the start of Industry 4.0. Currently there are still many manual processes in high-tech companies' production lines. In Industry 4.0, production should have a high degree of automation and intelligent networking in the company. That is why with our partners in the project ScaleIT@Shopfloor we want to achieve solutions in the area of intelligent test devices and also process concepts which can be introduced into production.

The biggest hurdle in Industry 4.0 is the complex network of different areas, for example how to connect the hardware to the software and so on.

For this we are in a good position in this project, as the partners are all key players in their field, so we can gain the best synergy.

In the first step our partner 'Feinmetall' will produce an intelligent test card, which we will implement at an intelligent electronic test system workstation that we will build.

That intelligent workstation should interact with the intelligent test card from Feinmetall and also with all our IT systems which are necessary for an electric test. The benefits we expect to gain from this system are ad hoc data, e.g. necessary information for the operator, status for the ERP system, and data for the quality system or staff. Another important point that we want to achieve is that we automatically get the conditions during operation, like hit-downs, contacts, operational temperature and also decisions about calibration or maintenance.

With our partners we will also develop Industry 4.0 processes which will be tested and refined during the project.

For RoodMicrotec the funded ScaleIT@Shopfloor project is a great opportunity to be one of the leading companies in our sector in Industry 4.0. Through the coalition of companies in the project, we see the project as being very well matched to our goal.

The partners are:

Bull GmbH, Carl Zeiss 3D Automation GmbH, digiraster GmbH, Feinmetall GmbH, Karlsruhe Institute of Technology (Pervasive Computing Systems / TECO), microTEC Südwest e.V., Ondics GmbH, Sick AG, Smart HMI GmbH, Universität Stuttgart, Institut für Arbeitswissenschaften und Technologiemanagement IAT, Fraunhofer Gesellschaft zur Förderung der angewandten Forschung e. V., Fraunhofer Institute für Arbeitswirtschaft und Organisation IAO.

Collaboration/partnerships

We have concluded major collaborations agreement with several European leading and most successful Fabless Companies (design houses). These design houses develop many high-grade microchips every year. Due to their growth, the design houses felt a need to select a specialist supplier who could support it in manufacturing high-grade microchips (high-reliability chips) and in their growth process. Our experience, knowledge and infrastructure, including our equipment, proved to be a perfect match to the design house's needs. Depending on the product (the chip), we will provide both individual services and backend manufacturing services.

In 2014 we announced our partnership with the Fraunhofer Institute for Integrated Circuits IIS. In 2015, other well-known companies and institutes showed interest in forming a partnership with us.

These developments and also the fact that we are accepted by a number of big players in the market (assembly houses, wafer fabs and Electronic Manufacturing Services Companies) proves that we are recognised as a serious player. This, along with concluding contracts and receiving orders, is very important for our reputation and our visibility in the market, and therefore crucial for our future growth.

Partnership - Fraunhofer Institute for Integrated Circuits IIS and RoodMicrotec

'The Fraunhofer Institute for Integrated Circuits IIS in Erlangen and RoodMicrotec have a well-established partnership going back over 10 years. RoodMicrotec provides qualification, testing and backend capabilities for a number of ASIC projects, which were all designed at Fraunhofer IIS. As a research institute we appreciate the supply chain management services provided by RoodMicrotec, which complement our ASIC development expertise. Together we can provide the complete process from specification to volume delivery to our industrial and automotive customers.

We are very satisfied with the deep experience and knowledge of RoodMicrotec in the field of industrialisation of complex ASICs. Based on this positive experience we are looking forward to a growing business in the coming years', said Josef Sauerer, Head of Department Integrated Circuits and Systems.

About Fraunhofer Institute for Integrated Circuits IIS

With more than 30 years' experience, Fraunhofer IIS is one of Europe's leading technology and foundry independent institutes for ASIC and IP development for the industrial, automotive, medical and communication markets. Next to mixed-signal, RF and digital design we have a special focus on integrated sensor systems on CMOS technologies, mainly optical and magnetic sensor systems. Our 3D Hall sensor technology known as HallinOne is licensed to several suppliers of Hall sensor products. As EuroPractice MPW-Center we provide access to prototype and small volume manufacturing with ams, Globalfoundries and IHP.

Other developments

We strengthened our know-how in different areas such as project management, design and management and the Automotive Competence Centre. We also have some new highly experienced and talented people on board. All in all we have a strong, dedicated and ambitious team.

In order to become a well recognised player it is necessary to increase our brand awareness. As the Dutch proverb *onbekend maakt onbemind* (unknown, unloved) illustrates. Last year we worked hard on increasing our visibility by publishing several technical articles, by giving presentations around Europe, by publishing newsletters and by organising our annual seminar. Our seminar is a growing event: last year we had over 80 attendees, who gave us positive feedback. We are also an active member in several industry groups like SiPAT, MST, IMS, NMI, Silicon Saxony working groups IC Design / Test Integrated Systems.

Trends, market developments and market position

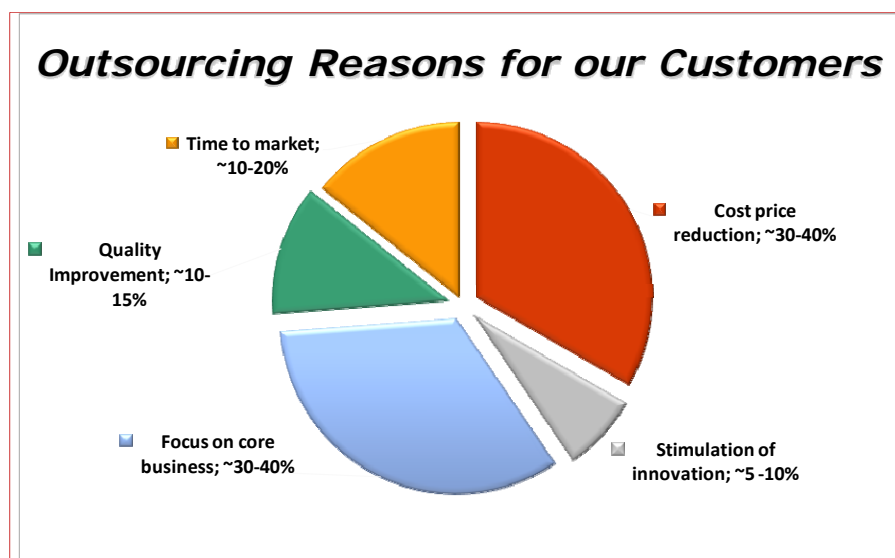
Outsourcing

Medium-sized companies are increasingly working together in order to raise their joint services to a higher level so as to best combat competition from Asian countries. OEMs who still develop ASICs or other chips in-house will increasingly outsource this work to independent service providers like RoodMicrotec. This outsourcing trend is expected to continue. Partly due to our infrastructure, we are in an excellent position to profit from this optimally.

We are highly experienced in a wide range of services, such as test engineering, failure & technology analysis and qualification & reliability. With shock proofing, thermal load and electrostatic discharge tests, we are uniquely able to investigate whether products will function under all conditions and predict their expected life.

Another benefit is that as an independent service provider we are never in competition with the Intellectual Property (IP) of other companies; in fact we can protect our customers' IP.

Outsourcing of activities by OEMs creates a win-win situation for both parties. By transferring ASIC development and production to us, OEMs can focus on their core activities: application and sales of mechanical and electro-technical products. For OEMs, outsourcing also means considerable cost savings, quality improvements and shorter time-to-market. The projects outsourced to us will run several years, providing us with a solid base and predictable sales.

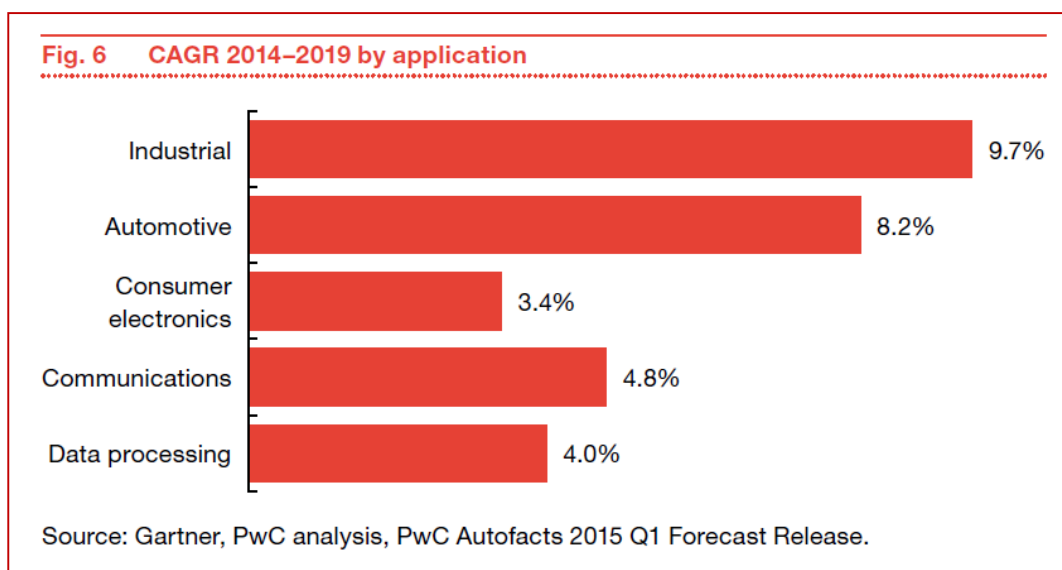


Automotive

For a number of reasons, the automotive sector promises to be a particularly dynamic growth driver for the semiconductor industry. Although conventional cars are still selling well, electric cars and hybrids are rapidly gaining ground. Furthermore, the semiconductor content of cars is not only growing quickly, as they rely on greater intelligence, connectivity and sophisticated electronics (autonomous drive, car-to-car communication), but the nature of the automotive industry model is also shifting in new directions. Conventional cars will eventually disappear. Concepts of product ownership will give way to service propositions to deliver mobility to consumers who will pay only for what they use. Creating and managing the systems to deliver that mobility will depend heavily on complex electronics.

Semiconductor companies focusing on the automotive industry as a key market will need to have a laser-sharp focus on quality from product design through to production and will require stringent program change control in order to profit from the growth opportunity the automotive sector offers (*source: PwC*).

Within our Automotive Competence Centre we have established our own competencies in the automotive field. This initiative is bearing fruit and last year resulted in two big automotive contracts.



Industrial (Industry 4.0/IoT)

The basic principle of Industry 4.0/IoT is that by connecting machines, equipment and systems, businesses are creating intelligent networks along the entire value chain that can control each other autonomously.

Characteristic for industrial production in an Industry 4.0 environment are strong customisation of products under the conditions of high flexibilised (mass) production. The required automation technology is improved by the introduction of methods of self-optimisation, self-configuration, self-diagnosis, cognition and intelligent support of workers in their increasingly complex work. Some examples for Industry 4.0 are machines that can predict failures and trigger maintenance processes autonomously or self-organising logistics that react to unexpected changes in production.

We are a partner in two consortiums that are developing applications for Industry 4.0, from which we will gain a great deal of experience, knowledge and brand awareness.

In addition to Industry 4.0, IoT describes the complete world of different sensors with electronics and is connected to detect and control temperature, humidity, light, electricity, etc. in all kind of different applications in the home (electricity, refrigerator, light, etc.), in cars (car-to-car communication, internal car communication), in agriculture and elsewhere.

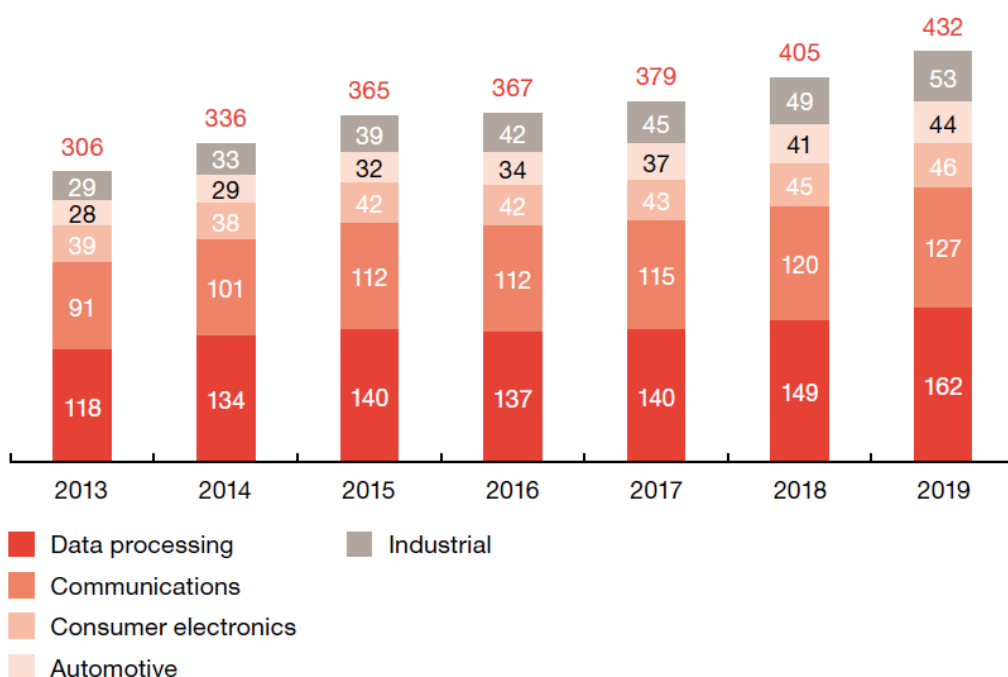
In each case, the connected devices that transmit information across the relevant networks rely on innovations from semiconductor players — highly integrated microchip designs, for instance, and very low-power functions in certain applications. The semiconductor companies that can effectively deliver these and other innovations to OEMs, and others that are building Internet of Things products and applications will play an important role in the development of the market. That market, in turn, may represent a significant growth opportunity for semiconductor players.

Analysts have predicted that the installed base for Internet of Things devices will grow from around 10 billion connected devices today to as many as 30 billion devices by 2020. Each of these devices will require, at a minimum, a microcontroller to add intelligence to the device, one or more sensors to allow for data collection, one or more chips to allow for connectivity and data transmission, and a memory component. For semiconductor players, this represents a direct growth opportunity (*source: McKinsey report December 2014*).

We are active in the field of smart metering/smart grid through one of our main customers. This is also for us a strong expanding market.

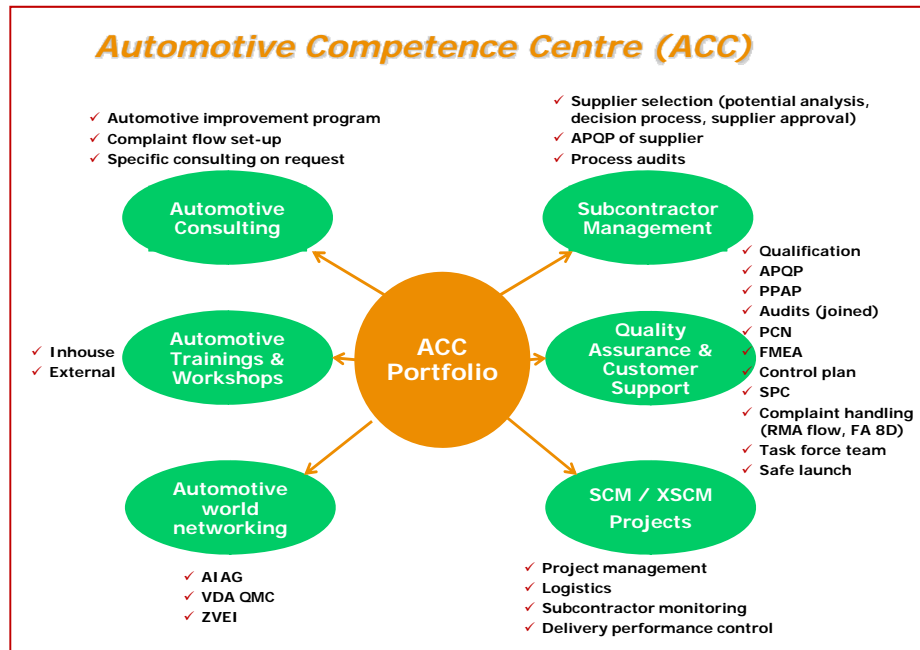
Fig. 5 Global semiconductor billings – forecast by application

bn US\$



High customer expectations

In the semiconductor industry, and especially the sectors we focus on, customers have high expectations not only for reliability and quality. They also expect excellent service, on-time delivery, know-how and support. And in addition to our strategy in which we contribute more actively to new product development (co-creating and co-operation) and in which we are responsible for the supply chain management, they also expect us to come up with solutions during the whole process. These customers see us as the expert. As a consequence we are responsible for each step in the process. We are fully aware of this and are acting accordingly. The way we have set up the procedures in our Automotive Competence Centre is completely in line with this urge for responsibility.



Networking

Being part of a network is essential in our industry. We do not need to be very big, we need to have strong partners. For that reason we have partnerships or work very closely with inter alia institutes, like the Fraunhofer IIS, wafer fabs, assembly houses, design houses and universities (Ulm, Stuttgart, Karlsruhe, Regensburg). The publicly funded projects mentioned earlier are a good example of a consortium of partners. We each have a great deal of experience and knowledge and by sharing this it makes everyone stronger and this may lead to more innovations. One plus one equals more than two.

INOVA Semiconductors in close cooperation with RoodMicrotec for the third generation APIX

Inova Semiconductors is a fabless semiconductor company which has developed the APIX technology, a serial high speed Gbps link to connect displays, cameras and control units in cars. Since introducing this technology in 2006, Inova has a close cooperation with Microtec - later RoodMicrotec - in the field of volume production test, actually several million units per year - AEC-Q100 qualification, failure analysis and test engineering. During this time RoodMicrotec was audited by several major Tier 1s in the automotive market strengthening Inova's confidence in RoodMicrotec as partner.

Starting with BMW in 2008, Inova's APIX technology now is used by a series of premium car manufacturers such as Jaguar, Land Rover, Volvo, Bentley, Rolls Royce and Alfa Romeo, with further OEMs to follow soon. To date there are more than 40 million APIX nodes in the market, from Inova itself and its licensees Socionext, Toshiba, Analog Devices and Cypress. The 3rd generation - APIX3 - with 12 Gbps is launched with first samples already at Alpha customers. 'We are glad to announce that after APIX and APIX2 we plan to extend the cooperation with RoodMicrotec also for our upcoming APIX3 products,' said Managing Director Robert Kraus of Inova Semiconductors.

About INOVA Semiconductors

Inova Semiconductors is a fabless semiconductor manufacturer and developer of the APIX technology, headquartered in Munich, Germany. The company was founded in 1999 and specialises in the development of state-of-the-art products for Gbps serial data communication. The products are manufactured at leading factories in Asia and Europe and sold through a world-wide distribution network.

Market developments

Rapid technological innovation is driving growth in the semiconductor industry. As more and more cutting-edge devices emerge, such as electric cars and hybrids, medical applications, smart phones and wearable devices, the number of semiconductor components in daily use is ever expanding. The advance of digitisation and the IoT will further increase demand for semiconductor products. Taken together, these factors will drive solid growth for the global semiconductor market over the next five years.

PwC's analysis of the global semiconductor market of May 2015 suggests that between 2014 and 2019 billings will increase by US\$ 96 billion to US\$ 432 billion, corresponding to a compound annual growth rate (CAGR) of 5.2%. This analysis assumes that there won't be an economic downturn in the period to 2019 and that the technological progress will maintain its high pace and that the scaling down of semiconductor feature sizes will continue.

In Asia, China will continue to expand its semiconductor market leadership and increase its market share. In contrast, Japan will grow only by an annual rate of 1.5% in the projected period. Europe and the Americas will see moderate annual growth rates to 2019 of 3.9% and 4.5% respectively. For the rest of the world, growth will be concentrated in Taiwan, South Korea and Singapore.

The following key findings in the PwC report support our strategic choice for our focus markets:

1. The automotive and industrial markets will both drive significant growth in demand for semiconductors.
2. The IoT is the next growth engine for the semiconductor industry, particularly for the sensor, communications and industrial segments.

Automotive

Although conventional cars are still the most important driver for the semiconductor industry, the worldwide market for electric cars and hybrids is growing fast. The growth of this market will lead to additional demands on electronic equipment and create a positive impact on the semiconductor industry. PwC expects that the CAGR of semiconductor content sales market will reach 20.5% for electric cars and hybrids in the period to 2019.

Industrial

The growth of industrial semiconductor sales is generally accepted to show a high degree of correlation to GDP growth. As the economic recovery progresses in the period to 2019, it is therefore likely to see high growth in the industrial segment. The expected growth rate will be 9.7% CAGR in 2014-2019.

Within the industrial applications medical devices will also see a growth in demand and applications. With the development of connected medical devices, health services are gradually shifting from a clinical setting to the home environment. From fitness bands that monitor activity to flexible patches that can detect heart rate, body temperature and more, these applications will fuel capital investment in healthcare and contribute to the growth in industrial applications of semiconductors.

Internet of Things (IoT)

From a futuristic concept just a few years ago, real products, services and applications have materialised. New applications are being announced every day. The IoT is manifesting itself in technologies beyond consumer electronics in other markets and applications to. The rapid advances being demonstrated through self-driving cars and drones are just the beginning of the endless possibilities that a network of smart connected devices can bring. While there varying estimates and forecasts for the number of smart connected devices, the PwC study expects there to be between 30 to 50 billion connected devices by 2020. These connected devices, according to industry analysts at IDC, will drive the total IoT market to US\$ 8.9 trillion by 2020, with three segments:

- consumer electronics (US\$ 2.2 trillion)
- automotive (US\$ 1.8 trillion)
- medical (healthcare) (US\$ 1.3 trillion).

PwC expects that the opportunity for semiconductor devices from 'IoT related opportunities' will reach some US\$ 33 billion by 2019.

Market position

In the field of supply chain management we have four competitors in Europe, each with different strengths and focus on specific market segments. As to our supply chain management services we are clearly the strongest in the automotive sector, while we also have a leading position in the industrial sector.

Human resources and sustainability

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

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

We attach a great importance to good relationships with the group's customers, employees, suppliers, other business partners and the communities in which we are active.

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

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

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

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

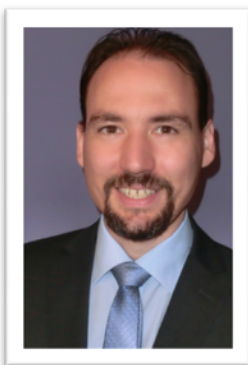
The aim of our environmental policy is to safeguard the environment and human health. The practical aims are to monitor and prevent environmental risks so as to avoid compromising environmental conditions for future generations. As a company we bear a social responsibility that necessitates consideration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

**Cornelia Gehweiler**

'In the second half of last year I joined the Supply Chain Management team as automotive and avionics experienced project manager. They were exciting months in which our Automotive Competence Centre realised major steps by concluding two contracts in the automotive sector and also by establishing new supplier relations. The great challenge for me is to further develop project management and to coordinate the existing projects. I feel I have a lot of responsibility, because the quality standards are high in this industry and new standards are even more stringent. To be part of this dynamic environment gives me a lot of satisfaction.'

Christin Gädtke

'Last year, we booked several major projects which will all run for 10 years. Our challenge for the next few years is to add new long-term projects to the pipeline, in Germany and other European countries. The main focus will be on SCM projects in the automotive and industry sector, both Fabless companies and (Tier 1) OEMs. When we are talking about long-term projects we have to be considered as a stable partner during all these years. Therefore, it is very important to build up and maintain good relationships with our customers. That means a lot of visits to our customers as well as listening and understanding their problems, always being available and providing solutions where needed. Our Sales and Marketing team is strongly committed to doing so. I am proud to bring in my experience and know-how and be a member of this team. My focus area will be on Austria as well as on other countries.'

**Michael Dommel**

'My knowledge of HW (hardware) development and test is very useful in my new position as an engineer in the Business Unit Qualification and Reliability. I like the direct contact I have with the customers and also the fact that they count on me to provide them with cutting-edge solutions. We received new orders for full AEC-Q100 qualification, which is right up my street. I also participate in different working groups of RoodMicrotec, which makes my job very varied. Although we have separate business units, we all work together on the various projects and that makes a team strong.'

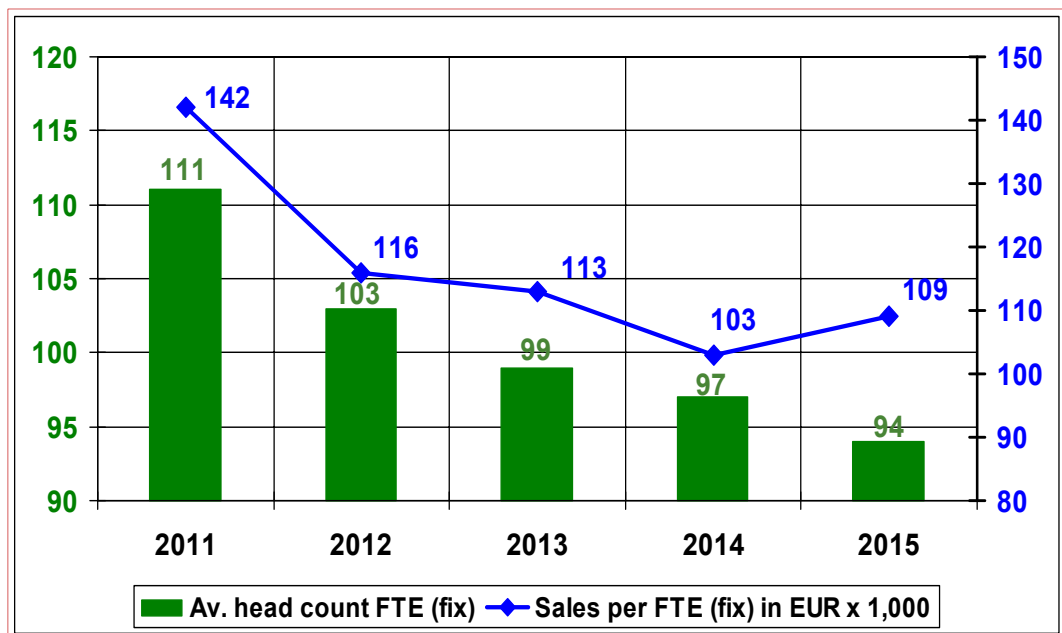
Employees, sales by employee and head count

During 2015 RoodMicrotec continued the consolidation process in personnel and organisation.

In that period 12 employees from different departments left RoodMicrotec. In key positions RoodMicrotec hired experienced people to strengthen the position of RoodMicrotec in the market, such as CTO Martin Sallenhag, CFO Erwin Vrielink, Dr. Christin Gädtke in Sales & Marketing, Cornelia Gehweiler in SCM and Michael Dommel in Qualification & Reliability.

The average number of full-time employees (FTE) decreased by approx. 3% from 97 FTEs in 2014 to 94 FTEs in 2015.

Sales per full-time employee increased by approx. 6% from EUR 103,000 in 2014 to EUR 109,000 in 2015. Our policy is to continue to strive for growth of sales per FTE.



We performed an evaluation of employee satisfaction asking about working conditions, job/task description, line managers, colleagues and management. We are taking up all input and will try to initiate some necessary changes. The next evaluation is planned for the second half of 2016.

Quality Management

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

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

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

Our integrated quality management system is based on international DIN EN ISO 9001 standards. In addition, the quality management is broadly consistent with Automotive Specification ISO/TS 16949.

RoodMicrotec's laboratories for qualification and reliability (electronic, mechanical and optical qualifications) and failure & technology analysis in Nördlingen and Stuttgart are accredited by DAkkS, the German accreditation body, as compliant with ISO/IEC 17025, 'General requirements for the competence of testing and calibration laboratories'.

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

Our ISO 9001 certification will be renewed in 2016 and adjusted to the new 2015 version. The most important advances of the new ISO management systems are:

- integration of other management systems will be less complicated. They will all have the same structure.
- certification becomes more efficient and effective.
- the new standards fit in better with strategy and governance of organisations.
- risk management, compliance management and process management are anchored in the new ISO standards.

We will renew the accreditation of ISO/IEC 17025 and work on getting the EMAS validation. We will also start preparation of for an AEO (Authorised Economic Operator) declaration.

We will also set up a training program for promotion of zero defects philosophy.

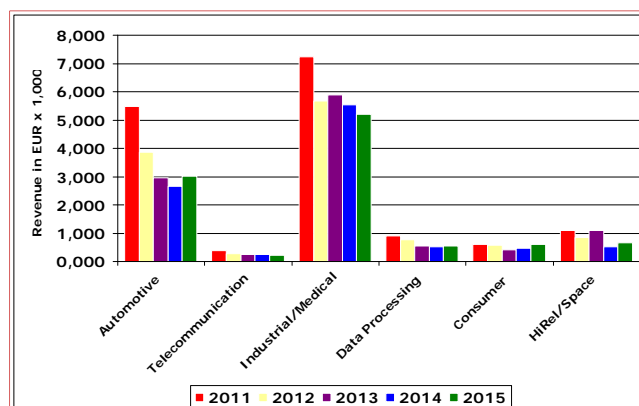
Financial development

Sales and result

Sales saw a limited increase to EUR 10.3 million. The cost of sales was in line with last year, i.e. EUR 1.9 million. This is equal to a gross margin of EUR 8.4 million, or approx. EUR 200,000 more than last year. Total operating expenses were EUR 8.8 million, against EUR 8.9 million in 2014, which was due to a lowering of personnel costs and due to the fact that the other operating expenses slightly increased. This latter was mainly caused by the additional audit-related and legal assistance costs of approx. EUR 200,000 in order to finalise the annual report 2014 with the previous auditor.

Net sales are presented below, broken down by customer segment.

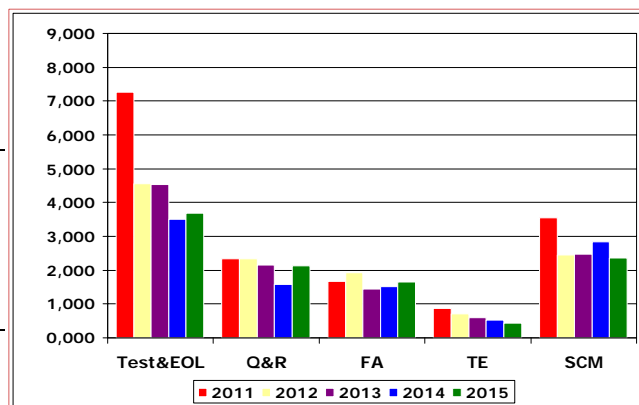
(x EUR 1,000)	2015	2014	approx. change
Automotive	3,021	2,671	+13%
Telecoms	211	239	-12%
Industrial/Medical	5,201	5,545	-6%
Electronic Data Processing	551	527	+5%
Consumer	598	478	+25%
HiRel/Space	668	511	+31%
Total	10,250	9,971	+3%



The increase in the automotive market was mainly due to the announced new orders and growth of recurring business of running projects. The industrial market showed a slight decrease from 2014 to 2015 but stable growth over the year. In this segment we started several projects which will create growing and recurring revenue for the coming years. The HiRel/space market increased significantly due to several new and some running projects. This growth will continue into next years.

The sales results of the business units were as follows:

(x EUR 1,000)	2015	2014	approx. change
Test	3,676	3,503	+5%
Supply Chain Management	2,348	2,850	-18%
Failure & Technology Analysis	1,655	1,517	+9%
Test Engineering	437	516	-15%
Qualification & Reliability	2,134	1,585	+35%
Total	10,250	9,971	+3%



The growth in the BU Qualification & Reliability Investigation was the result of an increase of qualification orders from automotive, industrial and space customers. The increase in the BU Failure & Technology Analysis was due to the fact that the company has strengthened its reputation in the market and also offers new services. Sales in the BU Test increased as a result of a growing market in existing products. Decrease in sales of the BU Supply Chain Management was related to a temporary market driven slowdown of our main customer. This is expected to recover in 2016. The BU Test Engineering invested effort in the internal development of tools and procedures to prepare the BU Test for the increasing demand in the future.

Net result showed a loss of EUR 1.5 million (2014: EUR 1.7 million loss).

Financial position

The balance sheet total remained stable at EUR 13.5 million in 2015 (2014: EUR 13.5 million).

Equity increased by EUR 0.7 million, from EUR 3.6 million to EUR 4.3 million, which was due to the receipts from the equity line and warrant plans and reduced due to the net loss in 2015. Solvency improved, from 26% to 32%. The net debt position improved to a level of EUR 1.6 million. Working capital increased to EUR 523,000 which is mainly due to higher cash and cash equivalents and lower trade and other payables.

Property, plant and equipment decreased by EUR 600,000, as the depreciation was higher than the investments. The intangible assets increased by EUR 500,000 as a result of capitalisation of development expenditure for the Automotive Competence Centre.

Cash and cash equivalents increased from EUR 200,000 to EUR 700,000, in particular due to the equity line financing that we had in 2015.

Research and development

In order to be competitive in our business, RoodMicrotec invests relatively large amounts in (technical) innovations. In 2015, RoodMicrotec invested in internally generated assets in the Automotive Competence Centre (ACC). The ACC has been set up by the company 2in 014 in order to be able to offer new services that are required and expected for automotive projects. In 2015, total investments in capitalised development expenditure amounts to EUR 435,000.

Besides the company invested in innovations by means of partnerships in publicly funded projects. In 2015, two projects were started, which are both in the field of Industry 4.0/ IoT.

Focus and actions 2016

Whereas last year our main focus was on the automotive sector, which resulted in some major contracts, this year we will still focus on the automotive sector, but the emphasis will be on the industrial sector.

Focus

Industrial

In the industrial sector all attention is on the 'fourth revolution': Industry 4.0. Based on our knowledge and experience we are well positioned to play a role in these developments. As a partner in two publicly funded Industry 4.0 projects we have good access to all parties involved. This is good for our reputation and brand awareness and gives us a starting point to roll out our services.

Automotive

We are a recognised player in the automotive sector, which is a fast growing market that offers us a lot of opportunities. The growth of this market will lead to additional demands on electronic equipment and create a positive impact on the semiconductor industry. For example, semiconductor content per vehicle is 1.5 to 3 times higher in electric cars and hybrids compared to conventional cars.

Actions

- Investment in a new 12" wafer prober. With this investment, we will establish a unique position in our segment as a service provider to Fabless Companies (design houses) and OEMs.
- Investment in an additional Advantest 93000 (V93K) test system for complex high performance devices. This will enable us to win new business from existing and new customers.
- To strengthen our customer base by focusing on existing customers with high potential and by approaching new strategic customers with high potential.
- We will focus on Tier 1 as well as Tier 2 customers in the automotive sector. Our other focus of interest will be the industrial sector.
- To improve brand awareness of RoodMicrotec through:
 - Professional and accessible website
 - Professional valuable articles for customers and other stakeholders
 - Presentations on seminars and a few trade fairs
 - Presence on well selected and dedicated fairs.
- To (continuously) make the difference by:
 - Showing high technical and personal competence
 - Showing responsibility and entrepreneurship
 - Providing solutions and thus having added value.

Outlook 2016

As a result of new arrangements announced in early 2016 and the contracts announced in 2015, RoodMicrotec expects that turnover will increase substantially in the coming years. We expect that in 2020 our turnover will approximately be 75% higher compared to the total turnover of over EUR 10 million in 2015.

Given the increased order value and other positive signals for 2016, we raise our expectation for turnover in 2016 to the upper end of the marked growth range (7% to 12%), which outperforms the worldwide forecast for the semiconductor industry. Beyond 2015, the Semiconductor Industry Association (SIA) expects the global semiconductor market to grow at a modest pace. 0.3 percent global growth is forecast for 2016 (\$ 341.0 billion in total sales) and 3.1 percent growth for 2017 (\$ 351.6 billion).

Events after balance date

In the beginning of 2016, the following events after balance sheet date events occurred:

- On 3 March 2016, a group of international investors have committed to provide an amount of up to EUR 1.5 million to enable the required investments for the future growth of the company. The financing is built up as follows:
 - A loan of EUR 750,000 as per March 2016: EUR 500,000 with mortgage cover and EUR 250,000 right of pledge on equipment. The total duration of the loan is 48 months with a monthly payable interest of 0.4% on the outstanding gross amount. The loan will be redeemed in 4 instalments in March of each year (2017 10%, 2018 20%, 2019 30%, 2020 40%). The issue price will be at 90%.
 - A standby equity facility of maximum EUR 750,000: in 8 monthly tranches of EUR 93,750 starting in August 2016, ending in July 2017. It is at the discretion of RoodMicrotec N.V. to draw down the equity line, which means that by the end of July 2017 between EUR 0 and EUR 750,000 of the equity line will have been drawn down.
 - In March 2016, the company have granted its existing shareholders and option holders as of 31 March 2016, 5:40 pm, one (1) warrant per twenty (20) shares/ option rights. In total 2,897,589 warrants have been granted and issued. The aforesaid investors will be granted 2,500,000 warrants which have the same conditions. The warrants are added to the existing warrant Series III with ISIN code NL0011556972. The warrant's exercise price is EUR 0.21 and the warrants can be exercised up to and including 31 December 2018.
- Exercise of warrants Series I that resulted in an increase of 47,084 shares (exercise price: EUR 0.15) on 11 January 2016 and exercise of warrants Series I that resulted in an increase of 37,465 shares (exercise price: EUR 0.15) on 8 April 2016.
- Exercise of warrants Series II that resulted in an increase of 239,900 shares (exercise price: EUR 0.13) on 8 January 2016. Remaining 19,100 warrants of warrants Series II expired in January 2016.
- Exercise of warrants Series III that resulted in an increase of 266,622 shares (exercise price: EUR 0.21) on 11 January 2016, issuance of 38,574 warrants on 1 February 2016, issuance of 45,540 warrants on 29 February 2016 and issuance of 40,332 warrants of warrants Series III (exercise price: EUR 0.21), exercise of warrants Series III that resulted in an increase of 44,506 shares (exercise price: EUR 0.21) on 8 April 2016.
- On 1 February 2016, 925,768 shares were issued at EUR 0.22, on 29 February 2016, 1,092,969 shares were issued at EUR 0.18, and on 31 March 2016, 967,963 shares were issued at EUR 0.21.

X-FAB – View on its partnership with RoodMicrotec

'As a pure-play foundry supplier with a strong focus on serving the industrial, automotive and medical market, it is important for us to have the right partners in the supply chain. More specifically, we need a company that is able to perform the whole supply chain management and knows the requirements that industrial applications have to conform to. Apart from having to last for many years, there are very stringent requirements with respect to reliability and quality, also in harsh environments, such as severe temperature fluctuations, electromagnetic discharge and shocks. RoodMicrotec is the right partner for us due to its focus on and expertise in the industrial market who fully understand the scope of requirements which customers designing ICs for industrial applications have. Together, we can proudly look back on more than 15 years of collaboration. In some cases we serve the same customers: we as a foundry, and RoodMicrotec as their SCM and test partner', said Dr. Ulrich Bretthauer, Business Line Manager Industrial & Medical at X-FAB.

About X-FAB

X-FAB creates a clear alternative to typical foundry services by combining solid, specialised expertise in advanced analogue and mixed-signal process technologies with excellent service, a high level of responsiveness and first-class technical support. X-FAB manufactures wafers for automotive, industrial, consumer, medical, and other applications. Its marketing network and client base span the Americas, Europe and Asia. With its five manufacturing sites in Germany, Malaysia and the USA, X-FAB has a combined capacity of ~72,000 eight inch equivalent wafer starts per month and employs 2,500 employees worldwide.

Report per Business Unit

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

Profile

In this business unit RoodMicrotec supports customers who wish to launch high-quality semiconductors, in particular ASICs and ASSPs, on the worldwide market. RoodMicrotec provides comprehensive services, from the beginning of the development process (together with design partners) all the way up to delivery to its customers, including engineering support, test engineering, wafer test, assembly (through partners), final test, qualification and reliability, failure and technology analysis and logistics.

RoodMicrotec achieves this by qualifying and testing suppliers as well as products and, on request, executing the entire project management for such processes for the automotive and industrial markets. Our customers are Fabless Design houses and OEM companies.

RoodMicrotec handles the complete (turnkey) industrialisation of ASICs from GDSII data up to the final product including all automotive-specific Quality Assurance activities. RoodMicrotec is capable of managing the process 'end-to-end', but can also provide each individual step separately. On request, RoodMicrotec can supply the complete packaged ASIC with peripheral devices on a board (through a partner).

Key developments in 2015

Our Automotive Competence Centre is well recognised in the market and thanks to this we were able to conclude two major contracts in the automotive sector.

Cornelia Gehweiler has joined the team as an automotive and avionics experienced project manager. She will further develop the project management in accordance with the existing and new standards in the industry. In addition she coordinates project details, time schedules and monitor the progress on automotive projects, including the automotive-specific quality gates.

New supplier relations have been established for the automotive and industrial market segments:

- 4 wafer foundries worldwide through direct or channel partner access
- 'MoU' for cooperation is signed with several major European design partners
- Significant increase in our position as leading partner for assembly houses
- 3 automotive qualified partners in Far East
- 2 industrial qualified partners in Far East
- 4 partners in Europe for highly sophisticated packaging

Actions 2016

In 2016 RoodMicrotec will focus on Tier 1 + Tier 2 customers in the automotive and industrial markets. We will offer ASIC turnkey services in conjunction with several Fabless Design houses to win new projects for industrialisation and recurring business.

We will strengthen the SCM team to cover new and increasing demand from the market.

Project management will be adapted to the new requirement of the ISO 9001 version of 2015, including risk management.

Test Engineering

Profile

RoodMicrotec's Test Engineering business unit provides complete test solutions for a wide range of devices like mixed-signal, digital, analogue or RF ICs. Customers include OEMs, IDMs and Fabless Companies working worldwide in automotive and industrial, healthcare, HiRel and aerospace, and consumer sectors.

Our team of highly skilled engineers develops test programs, probecards and loadboards for characterisation, production and qualification to the highest standards as required by the automotive and high-reliability sectors (AEC-Q, ESCC, MIL-STD, JEDEC, TELCORDIA, IEC, and DIN). Services include design for test, test time reduction, yield improvement and data analysis. Our experts have experience of migrating complete test cells, production ramp-up and product validation. Test times in high test coverage are reduced by massive parallel testing. All these services are also available as on-site engineering support for customers.

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

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

Test engineering strategy

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

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

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

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

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

Over the past year, RoodMicrotec has materially adjusted its test engineering organisation in order to be able to flesh out our customers' objectives optimally and propose and discuss a transparent account of the method we intend to use to achieve them.

For this, we have appointed several lead engineers whose primary role is to handle the test engineering strategy, including the software design. Based on this, these lead engineers discuss their strategy with our clients. (Senior) engineers then write the software.

Key developments in 2015

Revenue in the test engineering business unit increased significantly the second half of 2015 due to more customer projects generating recurring business in our SCM and Test areas. We have also continued the implementation of the new working strategy with a lead engineer and an engineer on all our projects to increase efficiency as well as having a redundant solution in case unexpected events happen.

Actions for 2016

The key goals for 2016 are to acquire more recurring business in the area of SCM and ASICs. Test engineering will play a major role in this by enabling these other business units to generate the long term revenues in these areas. We will also continue to invest in new tester platforms to stay competitive in the new Industry 4.0 era as well as increased support for our SCM customers in the area of production and yield analysis.

Test & End-of-line Services (Test & EOL)**Profile**

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

The objective is to provide our customers with the best possible support by applying continuous improvement measures to our systems – and not simply offering services to customers. The customers include OEMs, Fabless Companies, distributors, IDMs and other customers in the automotive, industrial, healthcare, telecommunications and HiRel markets.

Key developments in 2015**Test**

During 2015 RoodMicrotec made some significant changes in the test operations. We have phased out most of the old handlers and as a result of this we have moved some of the customer products to new and more efficient systems. This has brought the equipment base to a much higher and more modern standard level. We have also planned and prepared for new investments in equipment to be able to service a wider market and larger volumes. The final decision was to go for the Advantest 93k system based on customer requests as well as general market demand. This system covers the complete range of products from simple Logic-ICs to highly integrated micro-controller and processors.

RoodMicrotec has also looked into the possibility of extending the machine park with a 12" wafer prober from Accretech, the UF3000. The market is moving in the direction of bigger wafers for the more complex products and RoodMicrotec will be able to support this with a new system. The new wafer prober will also support testing at temperatures from -55°C to +200°C which is necessary for the automotive and HiRel industries. Another benefit is that it can be used to test 8" wafers to even out the load of the existing wafer probers that we have in house.

With these new planned investments RoodMicrotec will be in an even better position to support different customer needs flexibly and efficiently.

Programming

Complexity and miniaturisation increase every year and RoodMicrotec has taken actions to be able to support this development fully. We have installed an additional programming system to fulfil these requirements while at the same time capacity has increased. This system can handle and program devices smaller than 2mm. One of the main enablers is the suction system that places the device very precisely in the socket.

EOL

The installation of a new tape & reel system was an immediate success with better throughput as well as much greater flexibility. De-taping, crack scanning and improved marking detection are some of the benefits that also help to improve efficiency.

Actions for 2016

The new mixed-signal tester from Advantest (93k) will be installed in early 2016. This will improve our flexibility as well as give us the capability to test more advanced devices for our customers. It will of course also improve capacity as well as redundancy within test operations.

The planned 12" wafer prober will also be in place in early 2016, allowing us to test bigger wafers as well as performing wafer tests at wider temperature ranges.

Failure and Technology Analysis

Profile

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

Failure & Technology Analysis

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

Construction Analysis and DPA

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

Qualification-related Analysis

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

FIB service

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

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

Key developments in 2015

In the context of our annual seminars, in October 2015 we organised a successful seminar on 'Automotive: reliability of electronic components, robustness validation, qualification, failure analysis, safe launch, complaint handling, statistical methods'. Almost 80 participants from the industry and research institutes joined this year's in-depth training.

In view of the high demand for X-ray tomography, we decided to invest in this field. An upgrade of our existing X-ray system will be installed in January 2016. Beside the possibility of 3D X-ray investigation the upgrade will also offer higher resolution for 2D applications.

Actions for 2016

The focus that RoodMicrotec now has on supply chain management requires a significant amount of Failure & Technology Analysis activities and to be able to support this. We will continue to invest in our capabilities as well as increase cooperation with other laboratories and institutes.

LEDs are introduced in a wide range of applications, increasing the need for failure analysis. We will respond to this higher market demand.

Qualification and Reliability

Profile

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

Electrical/electronic qualification

Here we focus on investigating electrical components like semiconductors (die level and package level), passives and PCBs.

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

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

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

Standardised stress environments performed within RoodMicrotec:

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

Product-specific hardware (boards, fixtures) for mounting the tested devices together with specific software for stimulating them during the stress treatments are also being developed by RoodMicrotec.

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

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

RoodMicrotec is one of the leading one-stop-shop solution providers for qualification & reliability aspects in semiconductor industries.

Optical/mechanical qualification (OMQ)

This unit focuses on image sensors and on mechanical investigations of semiconductors and boards.

These qualifications are for automotive, space, telecommunication, etc. The mechanical qualifications include shock, vibration and bump. The focus for optoelectronics is mainly LED.

RoodMicrotec will bring in the experience and its knowledge of LEDs and LED lamps in a new research and development project. In former projects our practical experience in failure & technology analysis combined with the capabilities in measurements and reliability tests on LED was highly appreciated.

We are known as a professional partner providing services to the industry.

Key developments in 2015

Revenue in the Business Unit Qualification & Reliability increased during 2015 thanks to new orders for full AEC-Q100 qualification as well as a steady demand for single stress tests. We have also had an even demand in the burn-in area from some of our long-term customers. With the increase in larger orders, we have also improved the project management of our qualification tasks by introducing a more stringent use of a standard project control tool and regular internal as well as customer reviews.

A major focus of the activities of OMQ was the winning of new customers in the aerospace field. Together with a key customer, a qualification program was developed and the implementation has started already; main activities will be carried out from the second quarter of 2016.

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

Actions for 2016

- Technical - Chamber temperature control by socket/device temperature.
- Robustness validation – continue to develop increased stress coverage for our customers using mission profiles and other application specific conditions.
- Continue the project management improvement to be more efficient in performing the large qualification projects.

One focus for the year 2016 is to qualify and characterise LEDs at wafer level on our IC test systems.

RoodMicrotec is participating in a publicly funded project (ParsiFAL 4.0) to adapt the qualification procedures for hybrid microelectronic sensor systems. The company also intends to build up knowledge in the field of qualification and tests assembled on thinned chips mounted on flexible PCBs and to adapt failure analysis methods.

Risk and 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. 36% of total sales. In this sector we have a strong reputation and we have built up a relationship of trust with our major customers. Sales in this sector as part of the total sales have diminished over the years. This reduction was expected due to semiconductor manufacturing moving to Asia. In response to this trend, we have strongly increased the spread within our total customer base over the past few years, which has reduced risk. While we have long-term contracts with many of our major customers, these contracts do not include purchase guarantees. Risks are mitigated by intensive communication with customers on anticipated volumes. Other sales are made in the sectors Supply Chain Management, Test Engineering, Qualification & Reliability and Failure & Technology Analysis. We focus on high-end work and long-term projects specifically in Supply Chain Management, which further reduces operating risks.

Costs

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

Qualified staff

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

Market risks

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

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

RoodMicrotec's ideal and preferred form of outsourcing is for customers to contract out the entire supply chain to RoodMicrotec, including all their engineering, qualification & reliability, failure & technology analysis and test activities. The company offers a turnkey solution to the automotive, industrial, healthcare and HiRel/Aerospace markets. Not being able to hire good engineers presents a significant risk, in particular in Failure & Technology Analysis and Test Engineering, which have excellent growth perspectives. RoodMicrotec mitigates its risks through an active personnel policy seeking a balance between permanent and temporary staff on the one hand and young and experienced staff on the other.

Competition

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

Finance

The companies' activities are exposed to a variety of financial risks: market risks (including currency risks), credit risks and liquidity risks. The companies' overall risk management program - with respect to the use of the main financial instruments - are described below.

Financial markets and liquidity risks

We operate in a capital-intensive market, where significant fluctuations are a normal phenomenon. Dealing with such fluctuations requires having enough available cash. The financial market is not in balance today. These circumstances may influence and/or damage the financing of our activities. Taking into account the financial markets, we prepare sensitivity analysis in our 5-years-rolling forecasts, cash flow prognosis, and investment budgets. Based on these analyses, we conclude in early stage equity line arrangements with our large investors and / or loan contracts.

Currency risks

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

Insurance

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

Internal risk management and control system

General

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

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

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

Strategic plans

Strategic plans are discussed annually and adjusted where necessary and then translated into budgets that are regularly compared to the actual state of affairs. Monthly reports are prepared that may give rise to corrective actions. The internal quoting process is subjected to a monthly (quality) audit, which investigates whether 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 external audits.

Corporate Social Responsibility

General commitment

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

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

Human rights

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

Free market competition

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

Product safety

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

Privacy

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

Environmental protection

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

Commitment towards customers

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

Commitment towards investors

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

Commitment towards employees

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

Right to organise

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

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

Health and safety

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

Equal and fair treatment

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

Wages and payment

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

Commitment towards suppliers and business partners

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

Use and protection of assets

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

Improper disclosure

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

RoodMicrotec is committed to refraining from making use of information disclosed to it by third parties if it suspects that the discloser thereby violates an obligation of confidentiality, unless the information:

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

Insider trading

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

Bribery; records of transactions

RoodMicrotec insists on honesty, integrity and fairness in all aspects of its business. Bribes in any form are unacceptable; commission payments and personal gifts or favours may only be made or accepted in strict accordance with the General Business Principles (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's accounting principles. No unrecorded funds or assets may be established or maintained.

Third-party interests

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

Political payments

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

Sanctions

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

Whistleblower policy

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

Compliance

Compliance with the General Business Principles is monitored by a compliance officer, who regularly reports to the 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

Corporate Governance

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

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

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

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

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

I. Enforcement and application of the Code

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

II. The Board of Management

II. 1.1– 1.11 Tasks and working methods

Our CEO is on a four-year employment contract governed by Dutch law. In compliance with Article 12 of the Preamble to the Code, the four-year term shall also apply to new board members to be appointed. The CEO shall resign at the request of the general meeting of shareholders, provided that this concerns a broadly supported wish, i.e. by 25% of the issued capital, rather than the request of one dominant shareholder.

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

The Supervisory Board supervises the policy of the 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 whistleblower 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. Over the past years, further organisational adjustments had been implemented, including the selection of 'empowered' management. Based on this decision, each business unit manager is now accountable. We measure the performance of the management of his/her business unit by using key indicators. The need to optimise the organisation was discussed with the Supervisory Board on several occasions.

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

The 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 whistleblower policy enables employees to report any suspected irregularities of a general, operational or financial nature within the company and its subsidiaries without having to fear for their legal position. Insofar as the suspected irregularities do not involve RoodMicrotec's managing director(s), such reports should be addressed to the chairman of RoodMicrotec's Board of Management. However, if the report concerns actions or omissions by RoodMicrotec's managing director(s), the whistleblower should communicate it to the chairman of RoodMicrotec's Supervisory Board.

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

No member of RoodMicrotec's Board of Management holds the post of managing director in another listed company. The employment contract with managing directors stipulates that accepting other posts in a business environment is subject to approval from RoodMicrotec's Supervisory Board. Insofar as this has been applicable, the company has complied with this provision.

In the event of a takeover, the 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 the issue brought up (the 'response time'). The response time may not exceed 180 days, calculated from the time when the Supervisory Board was informed of the intention to place an item on the agenda up to the day on which the shareholders' meeting is held. Shareholders must respect this response time. The Supervisory Board will use this time for further consultation and constructive discussions, in any case with the relevant shareholder(s). It is the responsibility of the Supervisory Board to monitor the way in which the 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 – 2.15 Remuneration

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

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

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

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

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

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

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

The remuneration of the CEO consists of a fixed salary plus a variable part that will be paid out in options. There is a balance between a fixed and variable part of the compensation. The calculation is transparent. As stated above, the granting of options is subject to the achievement of targets set by the Supervisory Board in the context of the company's strategic plan. The achievement of the targets by the CEO will be evaluated every six months and new targets will be set, taking significant changes in circumstances such as market developments into account. The targets for the CEO are not described in the annual accounts due to competitive reasons. Company objectives are described in this report.

The employment of the CEO may be terminated by giving six months' notice in writing before the end of each calendar month. RoodMicrotec complies with provision II.2.7 of the Code, which determines inter alia that the exercise price of the share options and other conditions may be adjusted during the term of the contract.

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

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

II. 3.1 – 3.4 Conflicting interests

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

III. The Supervisory Board

III. 1.1 – 1.9 Task and working methods

Some years ago, the Supervisory Board prepared a set of rules for its own functioning, which are available for inspection by shareholders and stakeholders at the company's offices. These rules include regulations for the interaction with the 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 its profile are available on the company's website www.roodmicrotec.com.

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

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

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

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

III. 4.1 – 4.3 Role of the chairman of the Supervisory Board and the company secretary

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

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

III. 5.1 – 5.13 Composition and the role of three core committees on the Supervisory Board

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

III. 6.1 – 6.7 Conflict of interest

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

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

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

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

III. 7.1 – 7.4 Remuneration

The remuneration of the Supervisory Board is subject to approval from the general meeting of shareholders (see also Article 24, paragraph 4 of the articles of association). The Supervisory Board will not be granted shares and/or options on shares as part of its remuneration. The profile of the Supervisory Board, published on the company website, will be extended with the relevant articles of the Code.

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

RoodMicrotec has not provided any personal loans or guarantees to members of the Supervisory Board.

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 disregarding, the dismissal 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 regarding a published, serious private offer on a company division or participation in the company with a value exceeding the limit stipulated in Book 2, Section 107(a) of the Dutch Civil Code, first paragraph, sub c.
- The allocation and dividend policy, the dividend distribution proposal, and dismissal of the CEO, managing directors and supervisory directors being separate items on the agenda of the general meeting of shareholders.
- The setting of a registration date for exercising voting and attendance rights.

IV. 2.1 – 2.8 Depositary receipts for shares

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

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

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

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

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

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

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

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

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

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

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

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

IV. 4.1 – 4.6 Responsibility of institutional investors

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

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

- a willingness to engage in discussion;
- the right to set agenda items should be exercised in consultation with the 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 – 2.3 Role, appointment, remuneration and assessment of the external auditor

The external auditor will attend the general meeting of shareholders to answer questions regarding the accuracy of the annual accounts. The company's 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.

Board of Management

Ph.M.G. Nijenhuis

Zwolle, 26 April 2016

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 2015 (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 2015 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 26 April 2016. This statement is based on Article 5:25(c), paragraph 2 sub c of the Financial Supervision Act. 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), paragraph 2 sub c of the Financial Supervision Act.

Zwolle, 26 April 2016

Board of Management

Ph. M.G. Nijenhuis, CEO

Supervisory Board

V.G. Tee, Chairman

Corporate Management Team

Ph. M.G. Nijenhuis, CEO

R. Pusch, CSO

E. Vrieling, CFO

M. Sallenhag, CTO

REPORT OF THE SUPERVISORY BOARD

Financial statements, dividend and discharge

We hereby present the 2015 annual report as prepared by the Board of Management in accordance with Article 26 of the articles of association of the company.

The annual report, prepared by the Board of Management and including the 2015 financial statements, has been audited by Baker Tilly Berk N.V. The auditor's disclaimer of opinion relating to the financial statements is included on page 103 of this report. We discussed the annual report with the Board of Management in the auditor's presence. Based on this meeting, we are convinced that the annual report forms a solid basis for the Supervisory Board's accountability for its supervisory duties. We propose to the general meeting of shareholders on 7 June 2016 to:

- adopt the financial statements;
- discharge the sole member of the Board of Management from liability for his conduct of business in 2015;
- discharge the Supervisory Board from liability for its supervision of the management;
- approve that no dividend will be distributed.

RoodMicrotec in 2015

The strategy change to focusing on long-term and bigger projects is beginning to bear fruit. Although sales growth again lagged behind expectations, the financial results did improve in a number of ways. For example, EBITDA, EBIT and solvency improved compared to 2014. But more importantly, long-term contracts were signed which will provide more stable and recurring sales over the next few years. The growth prospects for the coming years are also looking favourable, as the new arrangements of the beginning of 2016 show.

The organisation itself is now better positioned for project management and for offering more integrated services. While RoodMicrotec has said goodbye to a number of employees, the organisation, and with it its market position, has also been strengthened with a number of highly experienced people joining the company in key strategic positions. In addition, the company has also improved its relations with large players such as wafer foundries, assembly houses and design houses.

In the various meetings with the Board of Management we discussed the strategy and also how it fits in with the trends outlined in the report of the Board of Management. Responding to these or anticipating them as effectively as possible offers opportunities and is also an interesting challenge. Overall, it was concluded that RoodMicrotec is now on the right track. In 2016, the further rollout of the strategy is high on the agenda of the Board of Management and therefore also the Supervisory Board.

Due to CEO Philip Nijenhuis' illness, which kept him out of the running for several months, an executive committee temporary took care of the operational side of the business. During this time, the Supervisory Board was reminded how dedicated the entire staff of RoodMicrotec is. We would like to take this opportunity to express our great appreciation for the commitment shown and to thank the Board of Management and all employees for this.

We are delighted that Philip Nijenhuis has returned to work. He will continue to lead the company until the annual general meeting on 7 June 2016. In the same meeting we will discuss the corporate structure of the company.

In the weeks following our announcements concerning expansion of the Supervisory Board with two members, we have continued our discussion about the desired direction for the company and have come to the conclusion that a one-tier board supported by an Advisory Board is a better model for RoodMicrotec. A key benefit of a one-tier board are the short lines of communication between the executive and non-executive directors, which allow the board to make full use of the knowledge and experience that are present on the board.

The adoption of the new governance structure is on the agenda of the next general meeting of shareholders. The notes to the agenda contain an extensive description of the corporate governance structure.

Although it is the shared opinion of the Board of Management and the Supervisory Board that RoodMicrotec is hindered by the distractions and costs of being a listed company, both also realise that it gave the company the possibility to set up an equity line. This equity line allows RoodMicrotec to invest in modern equipment, and thus in the future. Without a stock exchange listing, this would very likely have been much more difficult. Even so, cooperation with financially strong partners is still a desirable option for the company and its stakeholders.

Supervisory Board meeting schedule

The Supervisory Board gives the highest priority to good governance practice. The supervisory board met with the Board of Management 12 times during 2015. An additional 4 meetings were held between individual members of the management and the Supervisory Board.

These meeting were held in various locations of mutual convenience including corporate head office, at the production sites in Stuttgart and Nördlingen and at convenient locations close to other coinciding meetings such as visits to customers. They were mostly face to face, but occasionally meetings were held using teleconferencing.

During Philip's absence, the Supervisory Board, being part of the executive committee, consulted on a weekly basis with the other members of the executive committee, usually by telephone.

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

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

The Supervisory Board met with representatives of the Works Councils both in Stuttgart and Nördlingen in the absence of the Board of Management to discuss the position of the company. The meetings were very constructive, with the teams on both sites expressing their thoughts on areas of improvement.

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

Supervisory Board composition and evaluation

There is currently no separate remuneration and audit committee. All topics are discussed in the joint meetings with the Board of Management, following an independent review by the Supervisory Board.

The Supervisory Board evaluated its own performance over the year 2015. It was concluded that, although all necessary competences in the different areas are sufficiently represented on the Supervisory Board, additional experience and knowledge is welcome. All procedures of the Board are considered adequate for a company of this size.

Zwolle, 26 April 2016

The Supervisory Board

V.G. Tee, chairman

ANNUAL ACCOUNTS

A. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss

(x EUR 1,000)	Notes	2015	2014
Net sales	1	10,250	9,971
Cost of sales	2	-1,866	-1,787
Gross profit		8,384	8,184
Personnel expenses	3	-5,860	-6,058
Other operating expenses	4	-2,902	-2,848
Total operating expenses		-8,762	-8,906
EBITDA		-378	-722
Depreciation and amortisation	5	- 930	-792
EBIT		-1,308	-1,514
Financial expenses	6	-187	-161
Profit (loss) before taxes		-1,495	-1,675
Taxes	7	-10	-18
Net profit (loss)		-1,505	-1,693

Net profit attributable to:

Equity holders of the company	-1,505	-1,693
Non-controlling interests	-	-
Net profit (loss)	-1,505	-1,693

Earnings per share

Basic	16	-0.03	-0.04
Diluted	16	-0.03	-0.04

The figures following the various items refer to the notes on pages 67 to 97.

Consolidated Statement of Comprehensive Income

(x EUR 1,000)	Notes	2015	2014
Net profit (loss)		-1,505	-1,693
Items that will not be reclassified to profit and loss:			
Remeasurement of defined benefit obligations	19	246	-1,253
Remeasurement of defined benefit obligations – DTL	10	-107	299
Revaluation of building	8	-	301
Revaluation of building – DTL		-	-110
Total comprehensive income		-1,366	-2,456

Total comprehensive income attributable to:

Equity holders of the company	-1,366	-2,456
Non-controlling interests	-	-
Total comprehensive income	-1,366	-2,456

The figures following the various items refer to the notes on pages 67 to 97.

Consolidated Statement of Financial Position

(x EUR 1,000)		31-12-2015	31-12-2014	01-01-2014
	Notes		revised*	revised*
Assets				
Property, plant and equipment	8	4,732	5,371	5,250
Intangible assets	9	2,176	1,741	1,741
Deferred income taxes	10	1,016	1,133	964
Financial assets	11	3,002	2,982	2,991
Non-current assets		10,926	11,227	10,946
Inventories	12	279	344	283
Trade and other receivables	13	1,659	1,712	2,359
Cash and cash equivalents	14	667	192	211
Current assets		2,605	2,248	2,853
Total assets		13,531	13,475	13,799
Equity and liabilities				
Issued share capital		5,986	4,788	4,255
Share premium		19,009	18,084	17,851
Revaluation reserve		1,822	1,859	1,668
Retained earnings		-24,990	-23,661	-21,014
Equity, attributable to equity holders of the parent	15	1,827	1,070	2,760
Non-controlling interests		2,494	2,494	2,494
Total equity	15	4,321	3,564	5,254
Loans and borrowings	18	2,301	2,306	279
Retirement benefit obligation	19	4,864	5,232	4,082
Non-current liabilities		7,165	7,538	4,361
Bank overdraft	14	-	-	1,537
Loans and borrowings	18	41	45	508
Trade and other payables	20	1,945	2,270	2,081
Current tax liabilities	18	59	58	58
Current liabilities		2,045	2,373	4,184
Total equity and liabilities		13,531	13,475	13,799

* Comparative information 2014 has been adjusted due to prior period adjustments on property, plant and equipment. A reference is made to page 68.

The figures following the various items refer to the notes on pages 67 to 97.

Consolidated Statement of Changes in Equity

(x EUR 1,000)	Number of shares x1,000	Issued share capital	Share premium	Revaluation reserve	Retained earnings	Equity attribut. to parent	Non- controlling interests	Total Equity
Balance at 1 January 2014	38,674	4,255	17,851	1,668	-20,872	2,902	2,494	5,396
Adjustment of property, plant and equipment	-	-	-	-	-142	-142	-	-142
Revised balance at 1 January 2014	38,764	4,255	17,851	1,668	-21,014	2,760	2,494	5,254
Issuance of ordinary shares	4,845	533	174	-	-	707	-	707
Value of employee options granted	-	-	59	-	-	59	-	59
Transactions with equity holders of the company	43,519	4,788	18,084	1,668	-21,014	3,526	2,494	6,020
Net profit (loss)	-	-	-	-	-1,693	-1,693	-	-1,693
Other comprehensive income:								
Remeasurement of defined benefit obligation	-	-	-	-	-954	-954	-	-954
Revaluation of building	-	-	-	191	-	191	-	191
Total comprehensive income for the year	-	-	-	191	-2,647	-2,456	-	-2,456
Revised balance at 31 December 2014	43,519	4,788	18,084	1,859	-23,661	1,070	2,494	3,564
Balance at 1 January 2015	43,519	4,788	18,084	1,859	-23,661	1,070	2,494	3,564
Issuance of ordinary shares	10,892	1,198	895	-	-	2,093	-	2,093
Value of employee options granted	-	-	30	-	-	30	-	30
Transactions with equity holders of the company	54,411	5,986	19,009	1,859	-23,661	3,193	2,494	5,687
Net profit (loss)	-	-	-	-	-1,505	-1,505	-	-1,505
Other comprehensive income:								
Remeasurement of defined benefit obligation	-	-	-	-	139	139	-	139
Revaluation of building	-	-	-	-37	37	-	-	-
Total comprehensive income for the year	-	-	-	-37	-1,329	-1,366	-	-1,366
Balance at 31 December 2015	54,411	5,986	19,009	1,822	-24,990	1,827	2,494	4,321

Consolidated Cash Flow Statement

(X EUR 1,000)	Notes	2015	2014
EBITDA		-378	-722
Adjustments for:			
- Movements in net defined benefit obligations	19	-122	-103
- Share based payments	17	30	59
- Accrued interest	6	-	-
Changes in working capital			
- Inventories	12	65	-61
- Trade and other receivables	13	53	647
- Trade and other current liabilities	18,20	-328	79
Cash generated from operating activities		-680	-101
Interest paid	6	-152	-145
Net cash from operating activities		-832	-246
Cash flows from investing activities			
Investments in property, plant and equipment	8	-291	-499
Disposal of property, plant and equipment	8	-	-
Investments in intangible assets	9	-435	-
Net investments in financial assets	11	-20	9
Net cash from investing activities		-746	-490
Cash flows from financing activities			
Proceeds from issue of share capital	15	2,093	707
Proceeds from borrowings minus bond issuance costs	18	-	2,450
Repayment of borrowings	18	-40	-903
Net cash flow from financing activities		2,053	2,254
Net cash flow		475	1,518
Cash +/- bank overdrafts at 1 January	14	192	-1,326
Cash +/- bank overdrafts at 31 December	14	667	192
Net cash flow		475	1,518

The figures following the various items refer to the notes on pages 67 to 97.

B. Notes to the consolidated financial statements

General information

RoodMicrotec N.V. is a public limited liability company with its registered office in Zwolle, the Netherlands and publicly listed on the Euronext Amsterdam Stock Exchange since 1986. The consolidated financial statements of the company for the year ended 31 December 2015 comprises the company and its subsidiaries (jointly referred to as the 'Group').

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

RoodMicrotec GmbH (Nördlingen, Germany)

RoodMicrotec Dresden GmbH (Dresden, Germany)

RoodMicrotec International B.V. (Zwolle, the Netherlands)

Summary of significant accounting policies

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

Basis of preparation

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

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, land and buildings classified as property, plant and equipment, derivative financial instruments, available-for-sale (AFS) financial assets, contingent consideration and non-cash distribution liability that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (EUR000), except when otherwise indicated.

Use of judgements and estimates

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

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

Going Concern Basis of Accounting

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

- The Group's strategic move to larger and long-term projects leads to more predictable and recurring sales;
- In 2015 the Group successfully concluded a number of long-term contracts in the automotive and industrial sector, which will result in a substantial increase in sales in the coming years;
- The order value increased in the beginning of 2016 by more than 40% compared to early 2015;
- Strong improved cash-position in 2015;
- New financing arrangement for an amount up to EUR 1.5 million concluded in the beginning of March 2016.

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

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

The current budget level of sales in 2016, the large new long-term projects we concluded in 2015 and the new finance arrangement we concluded in March 2016 are sufficient for our going concern assumption. Despite the large net losses in 2014 and 2015, management is confident about the companies' ability to continue its operations as a going concern and the validity of the valuation of goodwill and the deferred tax assets.

Changes Accounting Policies, Changes in Accounting Estimates and Prior Period Adjustments

Prior period adjustments:

In accordance to IAS 8, the Group restated its financial statements issued in 2014 due to an error in the property, plant and equipment register which goes back beyond financial year 2014. As a consequence, property, plant and equipment and related deferred tax liabilities as at 1 January 2014 and as at 31 December 2014 are overstated.

Impact on consolidated balance sheet (increase/decrease (-) and equity

	As at 31 December 2014	As at 01 January 2014
Property, plant and equipment	-196	-196
Deferred tax assets	54	54
Total non-current assets	-142	-142
Net impact on equity	-142	-142

The prior period adjustment did not have any impact on the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated cash flow statement or the Group's basic or diluted EPS.

Application of new and revised International Financial Reporting Standards (IFRSs)*Amendments to IFRSs that are mandatorily effective for the current year*

No new IFRSs became effective from 1 January 2015. The Group has adopted the following amendments to IFRSs that are mandatorily effective for the 2015 financial year:

- amendments to IAS 19 Defined benefit plans: Employee contributions; and
- IFRS Annual improvements to IFRSs 2010-2012 Cycle; and
- IFRS Annual improvements to IFRSs 2011-2013 Cycle.

The application of the amendments has no material impact on the disclosure or amounts recognised in the Group's consolidated financial statements.

New and revised IFRSs not yet (mandatorily) effective

All of the following new standards, amendments and interpretations are effective (and EU endorsed) from 1 January 2016 unless otherwise stated. The Group does currently believe the following amendments to IFRSs will or could apply to the Group, but adoption would have no material impact on the consolidated results or financial position of the Group:

- amendments to IFRS 11 (Accounting for acquisitions of interests in joint operations), IAS 1 (Disclosure initiative), and IAS 16 and IAS 38 (Clarification of acceptable methods of depreciation and amortisation); and
- annual improvements to IFRSs 2012-2014 Cycle.

The following new and amended standards are expected not to apply to the Group:

- IFRS 14 Regulatory Deferral accounts; and
- amendments to IAS 16 and IAS 41 (Agriculture: bearer plants), IAS 27 (Equity method in separate financial statements) and IFRS 10, IFRS 12 and IAS 28 (Investment entities: applying the consolidation exception).

The Group is currently assessing the impact of the following new standards that are not yet effective and is yet to quantify the potential impact:

- IFRS 9 Financial Instruments (effective from the year ending 31 December 2018); and
- IFRS 15 Revenue from Contracts with Customers (effective from the year ending 31 December 2018); and
- IFRS 16 Leases (effective from the year ending 31 December 2019)

The Group expects to apply the new standards at the effective dates.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and all subsidiaries that RoodMicrotec N.V. controls, i.e. when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of potential voting rights are considered when assessing whether RoodMicrotec N.V. controls another entity. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. All intercompany balances and transactions have been eliminated in the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currency translation*Functional and presentation currency*

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

Transaction and balances

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

Property, plant and equipment*Assets in ownership*

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

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

Lease assets

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

Subsequent cost

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

Depreciation

Depreciation on property, plant and equipment 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 categories is set out below:

Category	Years
Buildings	20
Machinery and equipment	2-10
Other fixed assets	4-10

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

Goodwill

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

Goodwill on acquisitions is tested annually for impairment. 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

Intangible assets include customer relations, acquired in a business combination by the Group, and recognised separately from goodwill.

Development expenditure

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

- the asset is uniquely identified and the costs can be determined separately; and
- the technical feasibility of the asset has been sufficiently demonstrated; and
- it is probable that the asset will generate future economic benefits; and
- the development cost can be measured reliably.

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. Customer relations and development expenditure is amortised from the date when used over the estimated economic useful life, which is expected to be three to five years.

Goodwill is not amortised, and instead tested annually for impairment.

Financial assets

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

Inventories

Inventories

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

Work in progress

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

Trade and other receivables

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

Cash and cash equivalents

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

Impairment

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

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

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

Share capital*Ordinary shares*

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

Share premium

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

Dividends

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

Non-controlling interests

Non-controlling interests consist of perpetual bonds and 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 taxes

Deferred income taxes are 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. 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.

Employee benefits*Defined benefit plans*

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

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

Actuarial gains and losses are recognised in other comprehensive income.

Share-based payment transactions

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

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

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's equity holders 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 taxes

Income taxes on the profit or loss for the year comprises current and deferred taxes. 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.

Cash flow statement

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

Financial risk management and sensitivity analysis

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

Credit risk

The activities of Group entail various credit risks. The maximum credit risk is equal to the carrying amount of the trade receivables and other receivables. The management has set up credit control policies to reduce the credit risk. The average credit rating of the Group's customers is comparable to the industry. There is no significant concentration of credit risks within the Group, as the group has a large number of customers. No customers comprise 10% or more of sales.

Foreign currency risks and sensitivity analysis

Within the Group's customer portfolio, the Group is exposed to currency risk. The foreign exchange risk is mitigated by exchange rate clauses in most of the Group's contracts and sales. The Group has sales in US dollar currency however this has minimal effect. The table below summarises the sales in different currencies:

(x EUR 1,000)	2015	2014
Euro denominated net sales	9,862	9,751
US dollar denominated net sales	388	220
Balance at 31 December	10,250	9,971

Borrowing risks and sensitivity analysis

Generally, the Group raises long-term borrowings at fixed rates. In 2014, the Group issued a bond loan with mortgage cover and maturity date June 2020. The annual fixed coupon rate is 6% and the effective return rate is 7.44%. The interest (coupon rate) is fixed until June 2020. Therefore borrowing risks for this instrument are low.

Liquidity risk

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

As per 31 December 2015 the working capital position is as follows:

(x EUR 1,000)	Current	Non-current	1 to 2 Years	2 to 5 Years	More than 5 years
Inventories	279				
Trade receivables	1,394				
Other receivables	265				
Total interest-bearing loans and borrowings	-41	-2,301		-2,301	
Trade payables	-927				
Other payables	-1,018				
Current tax liabilities	-59				
Cash at bank	667				
Liquidity position (working-capital)	560	-2,301	-	-2,301	-

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

For purposes of financing its working capital position, the company has per 31 December 2015 the following additional finance available:

(x EUR 1,000)	
Available Credit line bank (unused)	75
Available Equity line (unused)	800
Available working capital financing	875

For 2016, it is important to realise a further growth in business. Not reaching the plans for 2016 could harm the working capital position and/ or investment plans and extra measures acquiring could be necessary.

In March 2016, the company raised additional financing:

- issuance of additional secured loan of EUR 750,000;
- issuance of additional share capital of maximum EUR 750,000.

More details on this additional financing are disclosed under 'post balance sheet date events'.

Market interest rates and pensions

Changes in discount rates used in pension calculations are related to the changes in capital market interests. Changes in discount rates will result in actuarial gains or losses. According to IAS 19R, these actuarial gains and losses are immediately recognised in other comprehensive income. Disregarding this mitigation a 1% decrease in the market interest rate at year-end would increase the pension obligation by approximately EUR 736,000. A 1% increase of the market interest rate at year-end would lead to a decrease of the pension obligation by approximately EUR 611,000.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may, if and when applicable, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with other parties in the industry, the Group monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. Below the gearing ratio of 2015 is stated compared to 2014.

(x EUR 1,000)	2015	2014
		revised
Total interest-bearing borrowings	2,342	2,351
Less cash and cash equivalents	-667	-192
Net debt	1,675	2,159
Total equity	4,321	3,564
Total capital	5,996	5,723
Gearing ratio (net debt/capital x 100%)	28%	38%

Fair value measurement

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

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

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

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

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

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

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

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

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

1. Net sales

The Group is active in one operating segment, due to the limited size of the company and the internal reporting structure. Sales are reported internally as well as externally in different product/services groups. Every month a consolidated profit & loss statement is prepared, based on which an analysis and management report is communicated. Monthly profit & loss statements per product/service group are not available. As there is identified one operating segment, the IFRS 8 segment reporting disclosures are limited to non-current assets per country and net sales by business unit and net sales by country.

Non-current assets amounting to EUR 146,000 (2014: EUR 159,000) is located in the Netherlands and the bulk of the non-current assets are located in Germany.

Net sales by business unit

(x EUR 1,000)	2015	2014
Test	3,676	3,503
Supply Chain Management	2,348	2,850
Failure & Technology Analysis	1,655	1,517
Test Engineering	437	516
Qualification & Reliability	2,134	1,585
Total	10,250	9,971

Net sales by country

(x EUR 1,000)	2015	2014
Germany	4,349	4,185
Rest of Europe	5,453	5,618
Asia	429	161
Rest of the world	19	7
Total	10,250	9,971

The basis for attributing net sales from external customers to individual countries, is the country where the customer is based.

The company makes limited use of government grants. In 2015 approximately EUR 3,000 (2014: EUR 116,000) have been recognised in the sales which concerns a European government grant. This grant related to the development of a new radio-frequency chip with a consortium partner.

2. Cost of sales

(x EUR 1,000)	2015	2014
Change in work in process capitalised	-80	71
Cost of raw materials and consumables	-1,786	-1,858
Total	-1,866	-1,787

3. Personnel expenses

(x EUR 1,000)	2015	2014
Salaries	4,789	4,962
Social securities	960	938
Share options	30	59
Pension charges	81	99
Total	5,860	6,058

The professional categories of the employees are as follows:

Category	2015	2014
Business units	66	67
Management and administrative	15	17
Sales and support	13	13
Total average number of employees	94	97

The average number of persons employed by the Group in 2015 on a full-time basis was 94 (2014: 97).

At year-end 2015, the Group employed 92 persons (2014: 94).

4. Other operating expenses

(x EUR 1,000)	2015	2014
Housing and equipment costs	1,482	1,552
Selling and administrative expenses	1,420	1,296
Total	2,902	2,848

Lease expenses included in other operating expenses amounts in 2015 consist of lease expenses for equipment and vehicles amounting to EUR 265,000 and rental costs of buildings amounting to EUR 229,000.

Auditor's fee 2015

The total costs for the services rendered in 2015 by Baker Tilly Berk N.V. consist of:

(x EUR 1,000)	Baker Tilly Berk N.V.	Other Baker Tilly network	Total
Audit of annual report	48	51	99
Other assurance services	5	-	5
Non audit	-	-	-
Total	53	51	104

Additional audit-related fees of Grant Thornton and legal fees to finalise the annual report 2014, accounted for in other operating expenses in 2015, were approximately EUR 200,000.

5. Depreciation and amortisation

(x EUR 1,000)	2015	2014
Intangible assets	-	-
Land and buildings	116	60
Machinery and equipment	470	413
Other fixed assets	344	319
Total	930	792

6. Financial expenses

(x EUR 1,000)	2015	2014
Interest paid	187	161
Interest accrued	-	-
Total	187	161

(x EUR 1,000)	2015	2014
Interest expenses:		
- bank borrowings	-	82
- bond loan	182	92
- other financial expenses /income (-)	5	-13
Total	187	161

The interest expenses 2015 include amortisation costs amounting to EUR 35,000 (2014: EUR 16,000), which relate to discount and bond issuance cost of the bond loan.

7. Taxes

(x EUR 1,000)	2015	2014
Recognition of deferred tax assets carried forward	7	100
Changes in deferred tax liabilities	-17	-118
Taxes in Consolidated Statement of Profit and Loss	-10	-18

As the major part of the activities is in Germany, the Group uses the German domestic tax rates of 27.5% (2014: 27.5%) in the reconciliation of the effective tax rate below:

(x EUR 1,000)	2015	2014
Profit (loss) before taxes	-1,495	-1,673
Taxes based on the weighted average applicable rate	411	460
Unrecognised deferred tax assets carried forward	-404	-360
Changes in deferred tax liabilities	103	-118
Capitalisation of deferred tax liabilities	-120	-
Taxes in Consolidated Statement of Profit and Loss	-10	-18

8. Property, plant and equipment

(x EUR 1,000)	Land and buildings at fair value	Machinery and equipment	Others*	Total*
1 January 2014 revised				
Cost or valuation	4,211	23,895	3,419	31,525
Accumulated depreciation	-1,455	-22,466	-2,354	-26,275
Carrying amount				
1 January 2014 revised	2,756	1,429	1,065	5,250
Additions	-	110	389	499
Revaluation	414	-	-	414
Depreciation charge	-60	-413	-319	-792
Carrying amount				
31 December 2014 revised	3,110	1,126	1,135	5,371
31 December 2014 revised				
Cost or valuation	4,625	24,005	3,808	32,438
Accumulated depreciation	-1,515	-22,879	-2,673	-27,067
Carrying amount				
31 December 2014 revised	3,110	1,126	1,135	5,371
1 January 2015				
Cost or valuation	4,625	24,005	3,808	32,438
Accumulated depreciation	-1,515	-22,879	-2,673	-27,067
Carrying amount				
1 January 2015	3,110	1,126	1,135	5,371
Additions	6	215	70	291
Depreciation charge	-116	-470	-344	-930
Carrying amount				
31 December 2015	3,000	871	861	4,732
31 December 2015				
Cost or valuation	4,631	24,220	3,878	32,729
Accumulated depreciation	-1,631	-23,349	-3,017	-27,997
Carrying amount				
31 December 2015	3,000	871	861	4,732
Useful economic life in years	20	2-10	4-10	

* Comparative information 2014 has been adjusted due to prior period adjustments on property, plant and equipment. A reference is made to page 68.

Land and buildings at historical cost

(x EUR 1,000)	2015	2014
Initial costs land and buildings	4,707	4,707
Disposals	-80	-80
Accumulated depreciation	-4,277	-4,219
Net book amount	350	408

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

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

According to IFRS 13 fair value measurement hierarchy, the revalued land and building belongs to Level 3 – Significant Unobservable Inputs. The most significant input, all of which are unobservable is the estimated rental value and the land has been valued against EUR 46 per square meter. In December 2013, part of the land with a historical cost amounting to EUR 80,000 was sold for EUR 555,000. The selling price of the land per square meter was EUR 46.

Valuation of land

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

Valuation of building

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

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

A multiplier is used (according to valuation techniques in the real estate market) to calculate the value which amounts 10.2. The multiplier 10.20 x annual rental value EUR 279,420 = value of buildings including built land= EUR 2,849,074.

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

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

Impairment loss and subsequent reversal

The company neither incurred nor reversed any impairment losses in 2015 (2014: zero).

Assets under construction

Assets under construction are included in the category 'others' and amounted to EUR 7,600 (2014: EUR 152,000).

Security

The land and buildings is provided as a mortgage right for the holders of the bond loan issued in June 2014.

Lease assets

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

9. Intangible assets

(x EUR 1,000)	Goodwill	Customer relations	Development expenditure	Total
Cost				
Balance at 1 January 2014	1,741	140	-	1,881
Investments	-	-	-	-
Balance at 1 January 2015	1,741	140	-	1,881
Investments	-	-	435	435
Balance at 31 December 2015	1,741	140	435	2,316
Accumulated amortisation				
Balance at 1 January 2014	-	140	-	140
Amortisation	-	-	-	-
Balance at 1 January 2015	-	140	-	140
Amortisation	-	-	-	-
Balance at 31 December 2015	-	140	-	140
Carrying amount				
Balance at 1 January 2015	1,741	-	-	1,741
Balance at 31 December 2015	1,741	-	435	2,176

Goodwill

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

These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Expected sales resulting from the large contracts concluded in 2015 were the basis for this five-year period. Cash flows beyond the five-year period are extrapolated for an additional 5 years at a flat sales growth. In net present value it is common use to use a perpetual value in the closing value. The company limited herself to 5 years for this closing value.

The discount rate used is post-tax and reflects specific (market) risks and represents the current WACC. The proportion of the equity and debt used in the WACC calculation is based on the optimum capital structure. The WACC post tax used is 12.95% (2014: 12.41%).

The following data have been used for the WACC calculation:

WACC post tax	12.95%
Risk free rate	1.50%
Beta unlevered	1.20
Beta levered	1.20
Market risk premium	6.0%
Company specific size premium	6.0%
Spread	0.9%
Tax rate	27.5%
Cost of debt (post tax)	5.80%
Equity to Enterprise Value	92.85%
Debt to Enterprise Value	7.15%

The recoverable amount for 2015 amounts to EUR 10.8 million. The headroom in the impairment test scenario amounts to EUR 3.4 million. There are no indications for a reasonably possible change in the key assumptions mentioned above.

Sensitivity analysis were prepared to determine the point where an impairment loss would be necessary. The headroom would be zero in case a WACC post tax is used of 16.40%.

Development expenditure

In 2015, the Group invested in internally generated intangible assets amounting to EUR 435,000. These investments mainly relate to the Group's Automotive Competence Centre (ACC) to add automotive competencies to the Group's existing portfolio in order to be able to offer new services that are required for automotive projects. These investments will be amortised during the expected economic lifetime of 4 years as from the beginning of 2016. Amortisation is accounted for in the income statement within depreciation.

10. Deferred taxes

Deferred income tax assets and liabilities are offset, because there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred income taxes relate to the same tax authority. Deferred taxes comprise the following:

(x EUR 1,000)	2015	2014 revised
Deferred income tax assets to be recovered > 12 months	1,589	1,582
Deferred income tax assets to be recovered < 12 months	-	-
Deferred income tax assets (unnetted)	1,589	1,582
Deferred tax liabilities to be recovered > 12 months	-573	-449
Deferred tax liabilities to be recovered < 12 months	-	-
Deferred income tax liabilities (unnetted)	-573	-449
Deferred tax assets (netted)	1,016	1,133

The movement in deferred tax assets is as follows:

Deferred tax assets

(x EUR 1,000)	Total capitalised carry forward losses
Balance at 1 January 2014	1,482
Charges for the book year	100
Balance at 31 December 2014	1,582
Balance at 1 January 2015	1,582
Charges for the book year	7
Balance at 31 December 2015	1,589

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

Tax losses	EUR 17.8 million
Potential deferred taxes assets regarding carry forward	EUR 4.7 million
Deferred tax assets carry forward recognised	EUR 1.6 million
Recognised tax assets of potential total deferred tax assets	34%

As per year-end 2015, RoodMicrotec GmbH had approx. EUR 17.8 million tax losses which are indefinite in time. Consequently, all of these tax losses can be carried forward and be compensated with future payable taxes without any time limitation. The corresponding amount of possible tax savings depends on the applicable tax rate, which for RoodMicrotec is 27.5%, being 20.5% on EUR 17.8 million concerning corporate tax losses and 7% on EUR 15.5 million concerning trade tax losses. This results in a potential deferred tax asset in the amount of EUR 4.7 million.

Consistent with past practice, recognition of deferred tax assets is based on the company's (taxable) profits shown in its internal business plan, made on a five-year rolling forecast. The company's business planning for the financial years 2016-2020, results in a EUR 1.6 million deferred tax asset to be recognised in the company's balance sheet.

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

No deferred tax assets have been recognised for tax losses in the Netherlands which are definite in time. These unrecognised tax losses in total approximately EUR 1.1 million as per 31 December 2015 (2014: EUR 0.9 million).

Deferred tax liabilities

(x EUR 1,000) revised	1 January 2014	Recognised in profit and loss	Recognised in other comprehensive income	31 December 2014
Revalued land and building	631	-	112	743
Pension obligations	-309	-	-299	-608
Lease assets & other	196	118	-	314
Total	518	118	-187	449

	1 January 2015	Recognised in profit and loss	Recognised in other comprehensive income	31 December 2015
Revalued land and building	743	-14	-	729
Pension obligations	-608	-	107	-501
Lease assets & other	314	-89	-	225
Development expenditure	-	120	-	120
Total	449	17	107	573

As a result of the revaluation of land and buildings, the capitalisation of development expenditure, different valuation pension obligation and others a provision for deferred tax liabilities has been recognised amounting to 27.5% of the difference between the HGB and IFRS valuation. All deferred tax liabilities are within the same jurisdiction.

11. Financial assets

(x EUR 1,000)	2015	2014
Balance at 1 January	2,982	2,991
Net investments	20	-9
Balance at 31 December	3,002	2,982

The financial assets comprise life insurance policies in total EUR 488,000 (2014: EUR 488,000), which are based on the level input 2, where the insurance company has calculated the value of the assets based on the common used insurance calculation techniques. The financial assets for which fair value (through the profit and loss statement) is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

In addition, the financial assets comprise a UBS deposit for bonds in the Plentum Luxembourg fund in total EUR 2,514,000 (2014: EUR 2,494,000), which is being kept under a Contractual Trust Agreement. UBS Bank and the Plentum Luxembourg fund confirmed the value of the bonds as per 31 December 2015.

Due to the fact that the deposit was not transferred to the Trustee as per year-end 2014, these bonds could not be netted with the pension liabilities in 2014. Although the bond assets were transferred to the trustee of the pension fund in 2015, these bonds are also not netted with the pension liabilities in 2015. The reason for this is the fair value of these bonds cannot be reliably substantiated, making these bond assets not qualified as fair value plan assets under IAS 19. The fair value information is lacking due to technical circumstances of the underlying assets. In 2016, the Group together with Plentum Luxembourg will investigate this in more detail and the Group will compose a plan for a structural solution to solve this.

12. Inventories

(x EUR 1,000)	2015	2014
Raw materials and consumables	97	86
Work in progress	139	236
Finished services	43	22
Total	279	344

No expenses are included in the consolidated statement of profit or loss in 2015 (2014: zero million) with respect to write-downs of inventory to lower net realisable value.

13. Trade and other receivables

The Group's trade & other receivables are specified as follows:

(x EUR 1,000)	2015	2014
Not overdue	956	939
< 30 days overdue	393	375
> 30 days and < 60 days overdue	40	35
> 60 days overdue	104	171
Provisions for bad debt	-99	-142
Trade receivables	1,394	1,378
Other receivables	265	334
Total	1,659	1,712

Provisions for bad debts

(x EUR 1,000)	2015	2014
Balance at 1 January	-142	-140
Addition to the provisions for bad debt	-14	-2
Write-off bad debts	57	-
Balance at 31 December	-99	-142

14. Cash and cash equivalents

(x EUR 1,000)	2015	2014
Cash at bank and on hand	667	192
Bank overdrafts	-	-
Total	667	192

As of 31 December 2015 and 2014, the credit line with the credit institutions in the Netherlands totalled EUR 75,000 without any security.

15. Share capital

Authorised share capital

At 31 December 2015 the authorised share capital comprised 80,000,000 ordinary shares (2014: 50,000,000). The shares have a nominal value of EUR 0.11 each.

On 28 August 2015 an agreement was signed with investors to issue (if RoodMicrotec N.V. deems it necessary) shares in monthly tranches of EUR 200,000 with a maximum of EUR 2,000,000. As at 31 December 2015, EUR 800,000 of the maximum amount is still open.

In 2015, the movement of the ordinary shares issuances are as follows:

Date of Issuance	Nominal Value	Number of Shares	Share Capital	Share Premium
13/01/2015	0.11	30,272	3,330	1,211
20/01/2015	0.11	86,000	9,460	1,720
04/03/2015	0.11	480,913	52,900	47,100
31/03/2015	0.11	463,692	51,006	48,994
29/04/2015	0.11	60,244	6,627	2,410
30/04/2015	0.11	919,000	101,090	18,380
07/05/2015	0.11	447,663	49,243	50,757
29/05/2015	0.11	471,693	51,886	48,114
02/07/2015	0.11	448,040	49,284	50,716
03/07/2015	0.11	250,000	27,500	26,750
10/07/2015	0.11	221,628	24,379	8,865
10/07/2015	0.11	1,196,000	131,560	23,920
31/07/2015	0.11	814,931	89,642	110,358
15/09/2015	0.11	1,031,774	113,495	86,505
30/09/2015	0.11	942,826	103,711	96,289
12/10/2015	0.11	40,000	4,400	800
12/10/2015	0.11	2,813	309	113
29/10/2015	0.11	934,731	102,820	97,180
30/11/2015	0.11	1,003,783	110,416	89,584
28/12/2015	0.11	1,046,060	115,067	84,933
Total		10,892,063	1,198,125	894,699

As at 31 December 2015, 54,411,479 ordinary shares are issued (2014: 43,519,416). At this date, the members of the supervisory board did not hold any shares in the company. The CEO holds 1,431,682 shares in the company. The company holds 4,100 ordinary shares (2014: 4,100) as treasury shares. The number of shares held by the company at the end of the year under review was less than 0.01% of the issued and paid-up capital (2014: < 0.01%).

As at 31 December 2015, RoodMicrotec N.V. has 2,824,038 warrants Series I (2014: 2,946,328). The ISIN code is NL0010611406 and the exercise price of each warrant is EUR 0.15. These warrants are exercisable each first week of each new quarter in a year. The final exercise date of these warrants is 7 October 2016.

As at 31 December 2015, RoodMicrotec N.V. has 259,000 warrants Series II (2014: 2,500,000). The ISIN code is NL0010938130 and the exercise price of each warrant is EUR 0.13. The final exercise day of these warrants is 31 December 2015.

In December 2015, RoodMicrotec N.V. issued 2,206,281 warrants Series III to all shareholders. The ISIN code is NL0011556972 and the exercise price of each warrant is EUR 0.21. These warrants are exercisable each first week of each new quarter in a year. The final exercise day of these warrants is 31 December 2018.

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

Share premium

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

Revaluation reserves

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

Non-controlling interests

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

The annual compensation does not have to be paid, in case RoodMicrotec GmbH makes losses. In case RoodMicrotec is profitable, an annual compensation of 11.70% may be paid, but this is at the discretion of the company. Compensations become due only if, and insofar as, RoodMicrotec GmbH decides on such a payment. If RoodMicrotec GmbH decides against a payment, it is not obliged to pay compensation. If RoodMicrotec GmbH decides on a payment and there are unpaid compensations ("compensation arrears"), then payment of these compensations must occur before any dividends or capital can be paid or distributed to the normal shareholders. As per 31 December 2015, the total unpaid compensation amounts to zero.

Only the company can unilaterally call in this bond. The bond does not entitle the owner to any RoodMicrotec N.V. shareholder rights. If an annual compensation payment leads to an annual net loss for the company in the business year to which the determining profit period refers, or increases a net loss, the claim to this compensation does not arise for the accounting period.

16. Earnings per share

Basic

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

(x EUR 1,000)	2015	2014
Net result attributable to equity holders of the company	-1,505	-1,693
Weighted average number of ordinary shares in issue (in thousands)	47,485	42,316
Basic earnings per share (x EUR 1)	-0.03	-0.04

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to take into account conversion of all potentially dilutive ordinary shares, consisting of warrants and share options which are in the money.

(x EUR 1,000)	2015	2014
Net result attributable to equity holders of the company (x EUR 1,000)	-1,505	-1,693
Weighted average number of ordinary shares in issue	47,485	42,316
Adjustments for:		
- Warrants (in the money)	5,289	5,446
- Share options (in the money)	1,588	1,268
Weighted average number of ordinary shares for diluted earnings per share	54,362	49,030
Diluted earnings per share (x EUR 1)	-0.03	-0.04

17. Options

Share options

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

The following data have been used for the calculation:

- 45% volatility, 60 days
- Fair value of share price at grant date: 0.27
- 1% dividend yield
- 4% annual risk-free interest rate
- Expected option life of 3 years

The value of the accrued options of the CEO in 2015, 240,000 pieces against a weighted average fair value of 17 cents, was EUR 41,000 (2014: EUR 59,000).

The number of options granted to the CEO in 2015 (320,000) were lower than accrued for as per 31 December 2014 (375,000), which led to a reduction of option costs in 2015 of EUR 11,000.

The overview of the number of option rights of the CEO outstanding as at 31 December 2015 is as follows:

Related to financial year	Options 31-12-14	Granted in 2015	Exercised in 2015	Options 31-12-15	Exercise price in EUR (average)	First date of exercise
2010	190,000	-	-	190,000	0.11	30 Dec 11
2011	370,000	-	-	560,000	0.11	26 Apr 12
2012	333,440	-	-	893,440	0.11	13 Jun 13
2013	375,000	-	-	1,268,440	0.11	13 Jun 14
2014	-	320,000	-	1,588,440	0.11	01 Oct 15
Rights	1,268,440	320,000	-	1,588,440	0.11	
Mr. Nijenhuis						

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

In 2015, no options were exercised by the CEO (2014: nil).

Mr. Ph.M.G. Nijenhuis

During the time of his employment contract, Mr. Nijenhuis, CEO of the Group, will be granted 100,000 options per half year plus a maximum of 100,000 options per half year depending on the achievement of certain targets related to the Group's performance. In general the options will be granted in half-yearly portions. The targets are defined by the supervisory board. At the time of preparation of the annual report 2015 it had not yet been established to what extent the targets of the CEO had been achieved.

Regarding the options for the CEO, no options had been granted and approved for the first and second half of 2015 by the supervisory board as of 31 December 2015. In this context, an accrual has been made for 240,000 potential options rights for the CEO. A scheme has been put in place for exercising the share options, which stipulates that the exercise price of the share options must be paid at the time when they are cashed in. The granted options (320,000) in 2015 are options for the year of 2014.

Supervisory board

As at 31 December 2015, the members of the supervisory board did not hold any options on shares in the company.

18. Loans and borrowings

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

(x EUR 1,000)	2015	2014
Secured bond loan	2,301	2,266
Finance lease liabilities	41	85
Total loans and borrowings	2,342	2,351
Less: current portion of long-term loans	-41	-45
Total non-current loans and borrowings	2,301	2,306

Terms and debt repayment schedule

(x EUR 1,000)	Total	Current liabilities	Non-current liabilities	1 to 2 Years	2 to 5 Years	More than 5 years
Secured bond loan	2,301	-	2,301	-	2,301	-
Finance lease liabilities	41	41	-	-	-	-
Total interest-bearing loans and borrowings	2,342	41	2,301	-	2,301	-
Trade and other payables	1,945	1,945	-	-	-	-
Current income tax liabilities	59	59	-	-	-	-
Total other current liabilities	2,004	2,004	-	-	-	-
Total	4,346	2,045	2,301	-	2,301	-

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

Interest expenses repayment schedule as per 31 December 2015

(x EUR 1,000)	Total	Current liabilities	Non-current liabilities	1 to 2 Years	2 to 5 Years	More than 5 years
Lease	2	2	-	-	-	-
Loan	873	188	685	191	494	-
Total	875	190	685	191	494	-

Secured bond loan

On 30 June 2014, the Group issued EUR 2,500,000 bond loan with mortgage cover. The bond loan is composed of 2,500 bonds with EUR 1,000 nominal value at an issue price EUR 2,350,000. Maturity date is June 2020. Upon issuance, the bond was discounted at 94% (EUR 150,000). The annual coupon rate is 6% and the effective interest rate is 7.44%. Upon issuance, the Group capitalised bond issuance cost amounting to EUR 100,000 which will be amortised in six years. The amortisation in 2015 related to the discount and bond issuance cost amounted to EUR 35,000 (2014: EUR 16,000). As at 31 December 2015, the secured bond loan amounted to EUR 2,302,000 (2014: EUR 2,266,000).

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 2015 and 2014 no new financial leases were contracted.

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

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

(x EUR 1,000)	2015	2014
Cost-capitalised finance leases	2,493	2,493
Accumulated depreciation	-2,457	-2,440
Net book amount	36	53

(x EUR 1,000)	2015	2014
Gross financial lease liabilities	2,835	2,835
Lease terms paid	-2,796	-2,754
Outstanding lease terms	39	81
Within 1 year	41	45
Between 1 and 2 years	-	40
Between 2 and 5 years	-	-
Outstanding lease terms	41	85
Less interest expenses	-2	-4
Present value of financial lease liabilities	39	81

(x EUR 1,000)	2015	2014
Present value of financial lease liabilities		
Within 1 year	39	42
Between 1 and 2 years	-	39
Between 2 and 5 years	-	-
Present value of financial lease liabilities	39	81

Interest rates

The average interests rates were as follows:

	2015	2014
Bank overdrafts	8.50%	9.00%
Bank loans	n/a	3.7% - 6.67%
Finance lease liabilities	4.41% - 6.49%	4.41% - 6.49%
Bond loan	6.00%	6.00%

19. Retirement benefit obligations

Defined benefit plans

The Group funds defined benefit plans for qualifying employees at RoodMicrotec GmbH. These plans are subject to German laws and are administered by a separate fund that is legally separated from the company. The trustee(s) of these funds are appointed by the company. The trustee(s) of these funds are appointed by the company. The pension benefits are based on the pensionable salary (or in some cases on the ratio of salary and social security contribution ceiling) and the worked service years. Since the 1990's the pension schemes are closed for new members. At the moment the pension schemes have approximately 50 participants of which 12 are active participants.

The plans expose the Group to actuarial risks such as interest rate risk. The schemes do not expose the Group to any unusual scheme-specific risk. The defined benefit pension plan comprising defined benefit arrangements and

arrangements congruently matched by insurance policies are partly reinsured. The reserves required for these obligations are recognised, net of plan assets, in the balance sheet.

Not all insurance policies nor an UBS depot for bonds in the Plentium Luxembourg Fund qualify as plan assets defined in IAS 19 'employee benefits'. The fair value of these assets that do not qualify as plan assets have been presented as financial assets. As per 31 December 2015 in total EUR 3.0 million have been presented as financial assets (2014: EUR 3.0 million). These financial assets contain certain risks and uncertainties. We refer to note 11 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 2015 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 principal assumptions used for the purposes of the actuarial valuations at 31 December are as follows:

	2015	2014
Discount rate at 31 December	2.42%	2.00%
Expected duration in years, active employees	20 years	20 years
Expected duration in years, pensioners	10 years	10 years
Expected duration in years, mixed	15 years	15 years
Mortality	RT Heubeck 2005 G	RT Heubeck 2005 G
Disability	RT Heubeck 2005 G	RT Heubeck 2005 G
Marriage	RT Heubeck 2005 G	RT Heubeck 2005 G
Withdrawal	Mercer Inhouse-Tables	Mercer Inhouse-Tables

The movement in the present value of the defined benefit obligations and in the fair value of the plan assets is as follows:

(x EUR 1,000)	2015	2014
Retirement benefit obligations and plan assets		
Defined benefit obligations at 1 January	6,591	5,474
Current service costs	27	23
Interest costs	129	197
Actuarial gains (-) or losses	-276	1,175
Pension payments	-299	-278
Defined benefit obligations at 31 December	6,172	6,591
Fair value of plan assets at 1 January	1,359	1,392
Interest costs	74	121
Actuarial gains or losses (-)	-29	-78
Contributions by employer	-	-
Benefits paid	-96	-76
Fair value of plan assets at 31 December	1,308	1,359
Net defined benefit obligations at 31 December	4,864	5,232

In 2015, plan assets are composed of life insurance policies amounting to EUR 1.3 million (2014: EUR 1.4 million), which are held at insurance companies. The fair values of these life insurance policies are determined based on quoted market prices in active markets. The actual return on plan assets was EUR 29,000 (2014: EUR 76,000). 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.

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

(x EUR 1,000)

	2015	2014
Current service costs	27	23
Net interest expenses	54	76
Expenses (income) recognised in profit and loss	81	99

Amounts recognised in other comprehensive income (OCI) related to the Group's defined benefit plans are as follows:

(x EUR 1,000)

	2015	2014
Effect of changes in financial assumptions	-296	1,117
Effect of experience adjustments	21	60
Return on plan assets or reimbursement rights excl. interest income	29	76
Expenses (income) recognised in OCI	-246	1,253

A quantitative sensitivity analysis for the discount rate as at 31 December 2015 is as shown below:

Assumption	Discount rate	
	1% increase	1% decrease
Impact on defined benefit obligation in EUR	736	-611

The sensitivity analysis are prepared at the end of the reporting period using the same methods as applied in the defined benefit obligation in the balance sheet. The sensitivity analysis may not be representative of the actual change in the defined benefit obligation.

The Group's expected pension payments for 2016 are EUR 0.3 million (2015: EUR 0.3 million).

20. Trade and other payables

(x EUR 1,000)

	2015	2014
Suppliers and trade creditors	927	1,254
Other payables	1,018	1,016
Total	1,945	2,270

Other payables consist of non-trade payables and accrued expenses.

21. Off-balance sheet commitments

Operating leases as lessee

(x EUR 1,000)	2015	2014
Less than one year	252	138
Between one and five years	396	100
More than five years	-	-
Total	648	238

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 2015 were EUR 246,000 (2014: EUR 175,000). There are no sublease contracts or conditional lease payments. The Group does not, in principle, act as a lessor.

Rental commitments

The Group rents its office in Zwolle (the Netherlands) and in Stuttgart (Germany) for a period of five years with renewal rights. The total rental commitment is EUR 557,000 (2014: EUR 209,000).

Capital commitments

As at 31 December 2015 the Group did not enter into a contract to purchase property, plant and equipment (2014: nil).

Security

The "Stichting Obligatiehoudersbelangen" in Amstelveen in the Netherlands representing the bondholders received a German mortgage right that is called "Buchgrundschild" amounting to EUR 2,500,000. The "Buchgrundschild" is registered in Augsburg with the land registry number 10988. In 2014, the registered property is valued at EUR 3,110,000 by an officially recognised valuer - Diplom-Betriebswirt (FH) Friedrich Kiefer and concerns the property in Nördlingen, Germany.

The holding company has issued a guarantee for EUR 7,500 to a third party concerning the rent of the office in Zwolle.

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

22. Related parties

Remuneration of the board of directors

The remuneration of the CEO is determined by the supervisory board. In addition to the salary, the Group contributes to a post-employment defined benefit plan on behalf of the CEO. The CEO - Mr Ph.M.G. Nijenhuis also participates in the Group's share option scheme.

(x EUR 1,000)	Fixed salary	Salary sacrifice	Bonus	Pension	Valuation options	Total
2015	150	-31	-	15	30	164
2014	150	-30	-	14	64	198

In addition, the CEO has been provided with a monthly car compensation comparable to lease and fuel payments.

In 2015, the value of the options decreased due to the decrease in the number of options granted and the lower volatility rate. The share price at 31 December 2015 is 0.27 (2014: 0.25). In determining the number of options granted, the realisation of Group and personal targets are taken into account.

The CEO participated with EUR 22.000 of bonds in the listed bond of RoodMicrotec N.V. at the NPEX.

Sacrificed benefit rights of Mr. Nijenhuis

Starting in 2004, as the employment of the CEO, he waived and lost the following benefit rights:

- Pension rights upon joining RoodMicrotec N.V. amounting to EUR 200,000
- Option rights based on Black and Scholes valuation amounting to EUR 336,000
- Salary amounting to EUR 117,000

As per 31 December 2015, the rights and salaries waived and lost totalling EUR 653,000 (2014: EUR 622,000) are due to commitments in favour of the company to support future plans and administrative issues.

On 1 September 2015, the supervisory board and the CEO signed an agreement that after stepping down as CEO, Mr. Nijenhuis will become an advisor to the company. The tasks and duties will require approximately 2 working days per week and the monthly salary will be decreased to EUR 5,000. The agreement is entered into a period of 10 years. The company is not allowed to give notice against an earlier date. Early termination shall only be by mutual consent or in the case that Mr. Nijenhuis is unable to perform the described duties. If the agreement is terminated by the company before the 10 years period is over, the quittance given in 2014 is voided and the company will have to pay the amount in question (EUR 622,000) to Mr. Nijenhuis.

Remuneration of the supervisory board

(x EUR 1,000)	2015	2014
Mr. V.G. Tee	13	13
Total	13	13

As at 31 December 2015, Mr. V.G. Tee is the only member of the supervisory board. His term runs from 2013 until 2017. 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.

Other related party transactions

In 2015, the Group has not entered into any other related party transactions except for intercompany charges between RoodMicrotec N.V. and RoodMicrotec GmbH.

C. COMPANY FINANCIAL STATEMENTS

Company Statement of Financial Position

(x EUR 1,000)	Notes	2015	2014
ASSETS			
Property, plant and equipment		145	160
Investments in subsidiaries	1	-	44
Loans to group companies	2	2,755	4,751
Non-current assets		2,900	4,955
Loan to group companies		3,437	922
Trade and other receivables		55	188
Cash and cash equivalents		422	26
Current assets		3,914	1,136
Total assets		6,814	6,091
EQUITY AND LIABILITIES			
Issued share capital		5,986	4,788
Share premium		19,009	18,084
Revaluation reserve		1,822	1,859
Retained earnings		-23,485	-21,968
Result for the year		-1,505	-1,693
Equity, attributable to equity holders	3	1,827	1,070
Perpetuals		2,494	2,494
Total risk-bearing capital	3	4,321	3,564
Loans and borrowings		2,314	2,280
Non-current liabilities		2,314	2,280
Trade and other payables		179	241
Current income tax liabilities		-	6
Current liabilities		179	247
Total equity and liabilities		6,814	6,091

* Comparative information 2014 has been adjusted due to prior period adjustments on property, plant and equipment. A reference is made to page 68.

Company Statement of Profit or Loss

(x 1,000 EUR)	2015	2014
Net profit or loss (-) from group companies	-1,324	-1,819
Parent company income or loss (-)	-181	126
Net profit (loss)	-1,505	-1,693

D. Notes to the company financial statements

Accounting policies relating to valuation principles and determination of the result

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. In accordance with article 2:362 (8) of the Dutch Civil Code, the accounting policies for the parent company are identical to the policies that RoodMicrotec N.V. applies with regard to the consolidated financial statements. Information on the accounting policies is given in the notes to the consolidated financial statements.

The financial data of RoodMicrotec N.V. are incorporated in the consolidated financial statements. Therefore an abbreviated income statement is presented for the company in accordance with article 2:402 of the Dutch Civil Code.

Investments in Subsidiaries

In accordance with article 2:362 (8) of the Dutch Civil Code, subsidiaries that are included in the consolidation are stated at net asset value. The equity and results of the subsidiaries have been determined in accordance with the accounting policies of the Group.

Loans to group companies

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

1. Investments in subsidiaries

This item relates to wholly owned subsidiaries. Movements in this item in the year under review were as follows:

(x EUR 1,000)	2015	2014 revised*
Balance at 1 January	44	2,625
Profit of group companies	-1,324	-1,819
Remeasurement of defined benefit obligations	246	-1,253
Remeasurement of defined benefit obligations – DTL	-107	299
Provision subsidiaries	1,141	-
Revaluation of building	-	191
Balance at 31 December	-	44

* Comparative information 2014 has been adjusted due to prior period adjustments on property, plant and equipment. A reference is made to page 68.

2. Loans to group companies

This item relates to subordinated loans issued to the subsidiaries. The subordinated loans amounted to EUR 1,580,000 with an interest rate of 8% and EUR 2,700,000 with an interest rate of 7%.

Movements in this item were as follows:

(x EUR 1,000)	2015	2014
Balance at 1 January	4,751	2,321
Addition	500	2,700
Provision subsidiaries	-1,141	-
Current portion	-1,355	-270
Loans at 31 December	2,755	4,751

For the negative equity of the German subsidiaries a provision on the non-current loans to group companies is recognised. This provision amounts EUR 1,141,000 as per 31 December 2015 (31 December 2014: nil). RoodMicrotec N.V. is liable for these subsidiaries.

3. Equity attributable to equity holders

(x EUR 1,000)	Issued share capital	Share premium	Revalua- tion reserve	Retained earnings	Result for the year	Total equity, share holders	Perpetuals	Total risk- bearing capital
Balance at 1 January 2014	4,255	17,851	1,668	-20,872	-	2,902	2,494	5,396
Adjustment of property, plant and equipment	-	-	-	-142	-	-142	-	-142
Revised balance at								
1 January 2014	4,255	17,851	1,668	-21,014	-	2,760	2,494	5,254
Issue ordinary shares	533	174	-	-	-	707	-	707
Valuation options granted		59			-	59		59
Transactions with equity holders	4,788	18,084	1,668	-21,014	-	3,526	2,494	6,020
Profit and Loss	-	-	-	-	-1,693	-1,693	-	-1,693
Other comprehensive income								
Remeasurement of defined benefit obligation	-	-	-	-954	-	-954	-	954
Revaluation of building	-	-	191	-	-	191	-	191
Total OCI for the year	-	-	191	-954	-1,693	-2,456	-	-2,456
Revised balance at								
31 December 2014	4,788	18,084	1,859	-21,968	-1,693	1,070	2,494	3,564

(x EUR 1,000)	Issued share capital	Share premium	Revaluati- on	Retained earnings	Result for the year	Total equity, share holders	Perpetuals	Total risk- bearing capital
Balance at 1 January 2015	4,788	18,084	1,859	-23,661	-	1,070	2,494	3,564
Issue ordinary shares	1,198	895	-	-	-	2,093	-	2,093
Valuation options granted		30	-	-	-	30	-	30
Loss on participation			-	-	-	-	-	-
Transactions with equity holders	5,986	19,009	1,859	-23,661	-	3,193	2,494	5,687
Profit and Loss	-	-	-	-	-1,505	-1,505	-	-1,505
Other comprehensive income								
Remeasurement of defined benefit obligation	-	-	-	139	-	139	-	139
Depreciation building	-	-	-37	37	-	-	-	-
Total OCI for the year	-	-	-37	176	-1,505	-1,366	-	-1,366
Balance at								
31 December 2015	5,986	19,009	1,822	-23,485	-1,505	1,827	2,494	4,321

Statutory reserves

The statutory reserves within equity which is attributable to the equity holders of the company are specified as follows:

(x EUR 1,000)	2015	2014
Balance as at 1 January	1,859	1,668
Revaluation of building	-	301
Revaluation of building - DTL	-	-112
Depreciation buildings	-51	-
Depreciation buildings - DTL	14	-
Capitalised development expenditure	435	-
Capitalised development expenditure - DTL	-120	-
Balance as at 31 December	2,137	1,859

A statutory reserve has been formed for the revaluation reserve which is the result of the revaluation of land and buildings of RoodMicrotec GmbH. In 2015 a statutory reserve has been formed for capitalised development expenditure of RoodMicrotec GmbH, which is included within retained earnings in equity.

These reserves are regarded statutory reserves pursuant to Article 2:373 of the Dutch Civil Code and, consequently, are not available for dividend payments to equity holders.

Employees

RoodMicrotec N.V. has an average of 2 employees in 2015 (2014:2)

Commitments

RoodMicrotec N.V. and the Dutch subsidiary company form a tax unity for corporate tax. Each of the operating companies is severally liable for tax to be paid by all companies that belong to the tax unity.

Zwolle, the Netherlands, 26 April 2016

Board of Management

Ph. M.G. Nijenhuis, CEO

Supervisory Board

V.G. Tee, Chairman

OTHER INFORMATION

Events after balance sheet date

In the beginning of 2016, the following events after balance sheet date events occurred:

- On 3 March 2016, a group of international investors have committed to provide an amount of up to EUR 1.5 million to enable the required investments for the future growth of the company. The financing is built up as follows:
 - A loan of EUR 750,000 as per March 2016: EUR 500,000 with mortgage cover and EUR 250,000 right of pledge on equipment. The total duration of the loan is 48 months with a monthly payable interest of 0.4% on the outstanding gross amount. The loan will be redeemed in 4 instalments in March of each year (2017 10%, 2018 20%, 2019 30%, 2020 40%). The issue price will be at 90%.
 - A standby equity facility of maximum EUR 750,000: in 8 monthly tranches of EUR 93,750 starting in August 2016, ending in July 2017. It is at the discretion of RoodMicrotec N.V. to draw down the equity line, which means that by the end of July 2017 between EUR 0 and EUR 750,000 of the equity line will have been drawn down.
 - In March 2016, the company have granted its existing shareholders and option holders as of 31 March 2016, 5:40 pm, one (1) warrant per twenty (20) shares/ option rights. In total 2,897,589 warrants have been granted and issued. The aforesaid investors will be granted 2,500,000 warrants which have the same conditions. The warrants are added to the existing warrant Series III with ISIN code NL0011556972. The warrant's exercise price is EUR 0.21 and the warrants can be exercised up to and including 31 December 2018.
- Exercise of warrants Series I that resulted in an increase of 47,084 shares (exercise price: EUR 0.15) on 11 January 2016 and exercise of warrants Series I that resulted in an increase of 37,465 shares (exercise price: EUR 0.15) on 8 April 2016.
- Exercise of warrants Series II that resulted in an increase of 239,900 shares (exercise price: EUR 0.13) on 8 January 2016. Remaining 19,100 warrants of warrants Series II expired in January 2016.
- Exercise of warrants Series III that resulted in an increase of 266,622 shares (exercise price: EUR 0.21) on 11 January 2016, issuance of 38,574 warrants on 1 February 2016, issuance of 45,540 warrants on 29 February 2016 and issuance of 40,332 warrants of warrants Series III (exercise price: EUR 0.21), exercise of warrants Series III that resulted in an increase of 44,506 shares (exercise price: EUR 0.21) on 8 April 2016.
- On 1 February 2016, 925,768 shares were issued at EUR 0.22, on 29 February 2016, 1,092,969 shares were issued at EUR 0.18, and on 31 March 2016, 967,963 shares were issued at EUR 0.21.

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 management board is authorised to add any profit in whole or in part to the reserves;
3. any profit remaining after reservation referred to in the preceding paragraph will be at the disposal of the annual general meeting of shareholders;
4. to the extent that the general meeting of shareholders does not resolve to distribute the profit for any financial year, such profit will be added to the reserves.

In 2015 and 2014, the profit (loss) amounted to EUR 1,505,000 loss and EUR 1,693,000 loss respectively. In accordance with article 27 of the articles of association, we propose to add the entire result to the reserves.

Independent Auditor's Report

To: The shareholders and supervisory board of RoodMicrotec N.V.

Report on the audit of the financial statements 2015

Our disclaimer of opinion

We were engaged to audit the accompanying financial statements 2015 of RoodMicrotec N.V., based in Zwolle. The financial statements include the consolidated financial statements and the company financial statements.

We do not express an opinion on the consolidated and company financial statements of the company. Due to the significance of the matters described in the 'Basis for our disclaimer of opinion' section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2015;

the following statements for 2015:

2. the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2015;
2. the company profit and loss account for 2015; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Material uncertainty related to going concern

We draw attention to the going concern paragraph in the "notes to the consolidated financial statements" on page 68 of the financial statements which indicates that the company depends on a future positive result development. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for our disclaimer of opinion

As per 31 December 2015 the company owns pension plan assets for an amount of EUR 2,514,000 (2014: EUR 2,494,000), for this we refer to note 11 on page 86. These plan assets consist of a portfolio of high risk securities, issued by a number of companies in the period between 2010 and 2015. There seems to be no trading activity in these certificates, the basis for the current carrying value seems to be the face value at the moment of issuance of these securities. Due to the fact that the responsible asset management company does not have sufficient information available with regard to the fair value of the assets we have been unable to obtain appropriate audit evidence supporting the fair value of these assets as per 31 December 2015 and/or as per 1 January 2015.

As a result of this matter, we are unable to determine whether any adjustments might have been found necessary in respect of the valuation of the pension plan assets and the elements making up the profit and loss account.

We are independent of RoodMicrotec N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 125,000. The materiality is initially based on 1.5% of net sales. We eventually choose to use a lower materiality since this is our first year as auditor of the company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of EUR 6,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

RoodMicrotec N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of RoodMicrotec N.V.

We are responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on RoodMicrotec GmbH (Germany) as this is the most significant component within the group. Substantially all of the company's business activities take place in Germany. Baker Tilly Roelfs, our member firm in Germany, was engaged to perform the audit for consolidation purposes, this in line with our audit instructions.

With regard to the audit work performed by the component auditors, we determined our level of involvement necessary to be able to draw a conclusion whether sufficient appropriate audit evidence regarding these components is obtained as a basis for our audit opinion on the consolidated financial statements as a whole. This year we visited the auditors of Baker Tilly Roelfs in Germany twice. We also consulted with our colleagues throughout the audit at different times to match the audit strategy and audit findings. The consolidation of the group, the disclosures in the financial statements and a number of specific elements are audited by the group audit team. These elements include the valuation of the plan assets and the classification of the perpetual bonds.

Through the above work with (group) elements, combined with additional work at the group level, we have obtained sufficient appropriate audit evidence regarding the financial information of the group to give an opinion on the consolidated financial statements.

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU- IFRS) and 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 management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with Dutch law, including the Dutch Standards on Auditing. However, due to the matter(s) described in the "Basis for our disclaimer of opinion" paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Report on other legal and regulatory requirements

Report on the report of the board of management and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management board report and other information):

- 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 the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the report of the board of management, to the extent we can assess, is consistent with the financial statements.

Engagement

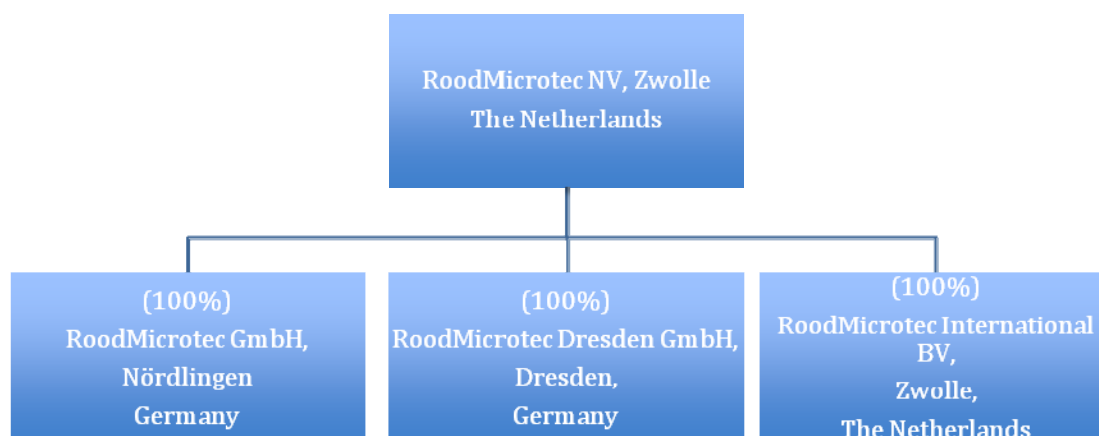
We were engaged by the supervisory board as auditor of RoodMicrotec N.V. on 29 September 2015, as of the audit for year 2015 and have operated as statutory auditor ever since that date.

Zwolle, 26 April 2016

Baker Tilly Berk N.V.

Drs. G. Frühling RA

Group Structure



RoodMicrotec GmbH, (locations in Stuttgart and Nördlingen)

- Supply Chain Management (SCM)/eXtended Supply Chain Management (XSCM)
- Test & Related Services
- Test Engineering
- Qualification & Reliability
- Failure & Technology Analysis
- Optoelectronics
- Contracting
- Consultancy

RoodMicrotec Dresden GmbH & RoodMicrotec International BV

- Contracting
- Test Engineering

Addresses and personal details

RoodMicrotec N.V.

'Rembrandt', Dokter van Deenweg 58
NL-8025 BC Zwolle

Management Board

Ph.M.G. Nijenhuis, CEO

Correspondence address:

PO Box 1042

NL-8001 BA Zwolle

Telephone: +31 (0) 38 4215 216

Email: investor-relations@roodmicrotec.com

Website: www.roodmicrotec.com

Members of Corporate Management Team

R. Pusch, CSO

E. Vrielink, CFO

M. Sallenhag CTO

Business units**RoodMicrotec GmbH**

Oettinger Strasse 6
86720 Nördlingen, Germany
Telephone: +49 (0) 9081 804-0

Management

Ph.M.G. Nijenhuis CEO
R. Pusch CSO
E. Vrielink CFO (Not statutory)
M.Sallenhag CTO

Location Stuttgart

Motorstrasse 49
70499 Stuttgart, Germany
Telephone: +49 (0) 711 86709-0
P.O. Box: 31 14 65, 70474 Stuttgart

RoodMicrotec Dresden GmbH

Maria-Reiche-Strasse 1
01109 Dresden, Germany
Telephone : +49 (0) 351 40754404

Management

M. Sallenhag, CTO

RoodMicrotec International B.V.

'Rembrandt', Dokter van Deenweg 58
NL-8025 BC Zwolle
P.O. Box: 1042
NL-8001 BA Zwolle

Management

Ph.M.G. Nijenhuis, CEO

RoodMicrotec Bath UK

Carpenter House, Broad Quay
Bath, Somerset BA1 1UD
Great Britain
Telephone : +44 796 894 8683

Sales representatives

Jean Pierre Stempel, JPS Consulting
Le Colombier, 02160 Beaurieux, France
Telephone: +33 (0) 953 575 375
Mobile: +33 (0)689 830761
E-Mail: jpsconsulting@stempel.fr

Mike Jarvis
Representative UK
Telephone: +44 7785 341322
E-Mail: mike.jarvis@roodmicrotec.com

Sovtest ATE
Volodarskogo, 49, Kursk 305000, Russia
Telephone: +7 4712 54-54-17
Fax: +7 4712 56-35-50
E-Mail: d.dvor@sovtest.ru
Website: www.sovtest.ru

RAM N.S Technologies Ltd.
1 Hamasger St. Ind Zone , Raanana 43653, Israel
Telephone : +972 77 920 8111
Fax: +972 77 920 8112
Email: shai@ram-tech.co.il
Website: www.ram-tech.co.il

Strategic Alliance

Microchip Technology (Thailand Operation)
17/2 Moo 8 Suwintawong Road
Tambon Saladaeng, Bangnumpruiw
Chachoengsao 24000, Thailand
Phone: +66 (38) 845-530

Microchip Technology (China Operation)
351 Gou Shou Jing Road, Zhang Jiang Hi-Tech Park
Pudong New Area, Shanghai 201203, China
Phone: +86 (21) 5080-0210

TransPart S.R.L.
Corso Sempione 75, I-20149 Milano, Italy
Phone: +39 0231 8079231

X-FAB Semiconductor Foundries AG
X-Chain partner network
Haarbergstrasse 67, 99097 Erfurt, Germany
Phone: +49 (0) 361 427 6163

OSRAM Opto Semiconductors GmbH
LED Light for Your partner network
Leibnitzstrasse 4, 93055 Regensburg, Germany
Phone: +49 (0) 941 8501505

RoodMicrotec N.V.
Dokter van Deenweg 58
NL-8025 BC Zwolle

Correspondence address:

P.O. Box 1042
NL-8001 BA Zwolle
Telephone: +31 38 4215216
E-mail: investor-relations@roodmicrotec.com
Website: www.roodmicrotec.com

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