

RTI-Representatives: Mr Philip M.G. Nijenhuis, CEO
Ms W.H. Gomarus, CFO

Mr Nijenhuis

Good morning, ladies and gentlemen, analysts, journalists and others. As you may know, this is the first time that we use a conference call to comment on our press releases. We have agreed, particularly with Marlies Kort who advises us in this area, to evaluate the form and the frequency with which we will continue this in the future.

I will now comment on some issues as highlighted in the press release.

The first half year of 2006 was marked by preparations for the future, both for the second half of this year and for the years after. We have made major investments and incurred significant initial costs, particularly in those sectors where we are either in a start-up phase or in an expansion phase. So we have been laying foundations. We have also worked hard on what the annual report terms the 'reshaping phase': securing growth in the future. We will continue to put a lot of hard work into this, because we want to give Rood a stronger basis: we want to have more reliable and predictable customers. I refer you to our annual report for the way in which we are trying to achieve that.

Generally speaking, the first half year has progressed as was mentioned in the annual report, i.e. that the emphasis would be on the second half of this year. The things we have initiated in the first half, and the results of that work, were foreseen; not necessarily their full scope, but certainly the general trend was what we have set out and will continue into the future.

Operational

The annual report gave some details about Qualification and Failure and Technology Analysis. Initial costs have been relatively high: EUR 170,000. It should be noted that the initial phase has been somewhat slower than expected. I say that because I want to emphasize that in the initial phases of activities we do try to find a balance between costs and income, that is to say, we try to keep our cash flow in order. But when there are setbacks, these things happen more quickly. We do maintain what we said in the annual report; that will continue to be our guideline.

Dresden and China

First about Dresden. We have had various discussions with our customers concerning our order scope. Various issues were discussed, such as what kind of chips are we going to test, are they security chips or not, and other related matters that impact our infrastructure. Those discussions were very interesting, but our customers' ideas do tend to change. They do have an ongoing need for subcontracting, but the question what kind of chips they want us to test has led to some delays.

I do hope that we will be able to realize the next steps that we are working on in the second half in such a way that both this year and next year we will be able to realize turnover.

China is foremost in our minds at the company. Peter Maarten Bijkerk, our salesman, is doing his utmost to generate new customers there in this sector. As I mentioned earlier, we are already performing testing activities for the supply chain China-Europe. For that we make use of our facility in Nördlingen, Germany, and we will continue to do that as it fits in efficiently with the strategy of our customers. Yet we have made arrangements with the customer for whom we do this work that once critical mass is reached and we have facilities that fulfill the quality requirements, we can move those activities to China. That would improve our margin. However, that margin can only be improved provided there is critical mass.

New customers - I expect that many people are interested in those - we are very positive about. The supervisory board members, too, are very excited about the developments in this area. Without going into detail, I can say that the chairman of the supervisory board was impressed by the

progress we have made here. And, to be more specific, we are talking to a great number of prospects – so not just leads, but prospects – of whom it must become clear in the near future what kind of prospects they are. These are new developments, new products to be marketed, that will be manufactured in China and then need to be tested for the European market as well as for other markets. We are holding talks with our customers at this early stage because we are aware that such projects carry both reward and danger. The reward is that if the project develops successfully, it results in years of turnover and often in growth of turnover, the downside is that because you're dealing with a new product, the start-up takes time. In addition to this prospect, of which several are in progress, we also target smaller assignments, but that has not yet been realized.

Personnel and organization

The half year report states that personnel and organization expenses have increased. There is one remarkable item in that, a pension obligation of about EUR 80,000. That concerns older contracts that are about to expire. It is a matter that is only a temporary nuisance. Unfortunately we are confronted with such things occasionally. We, too, were unpleasantly surprised to have to bear this additional expenditure. I think you should put this in the context of the total results, and compare it to the negative operational result we achieved.

A positive matter of the past half year has been that we have been able to review the employment contracts of our employees. This was a lingering problem from the past, since only temporary agreements had been reached. We now have a definitively settled 40 hours a week contract with all our employees instead of 35 and also we no longer pay vacation pay or Christmas bonuses. To achieve this, we gave everyone a 2% pay rise, but we now have clear agreements with our employees, so that some uncertainty has been removed. In addition to this, these agreements also mean that we are no longer bound to a fixed salary scale system. We are free of that.

Another point I would like to mention is that we try to increase the number of variable workers and temporary workers, again in order to reduce our company's risk profile.

Outlook

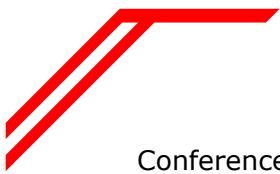
You have been able to read how we have defined the outlook for this year: around 12% growth of turnover and an operational result as stated. We have formulated it thus because there is always a risk that an order falls just in the next year. I mentioned before that in the annual report the board of management has set out our forecasts very clearly, and that will remain our guideline. Because we wanted to make clear to the market where we are right now, but also in reply to questions that we have had recently, we have chosen to formulate it as we have. We will continue to work hard to make things go precisely as stated in the annual report. And we have a reason for that: we feel we have a mandate from the investors in the company, a mandate which comes with obligations, and we feel bound to realize those obligations.

Change on the board of management.

You have read that Dr. Anton Kotz steps down as company director as per today. This undeniably leaves a gap. However, I would like to say, in the words of Johan Cruyff, that 'every disadvantage has its advantage', namely that I have agreed with Mr Kotz that he will continue to be involved in the ROT project. For the ROT project we are still in discussions with some of our customers to continue those developments. We are positive about that. In this situation the advantage presents itself that Mr Kotz from now on can focus specifically on that, no longer as company director, but still in the service of the company. He knows a great deal about that and in fact this development is his strong point. And now his hands are free to work on that. So even though his leaving is a disadvantage, I feel it is an advantage that we have been able to make this arrangement.

Finally I would like to mention an administrative matter: you can replay this conference call by calling +31 70 3154300, code 124748#.

Now over to the Q and A.



Q and A

Mr Van der AA (Betten Beurs Media)

Good morning. I am a little confused. In July you forecasted 12% to 20% turnover, in the press release you forecasted 12% and in this conference call you state that you aim to realize between 12 and 20% again. What is the real story?

Mr Nijenhuis

Our objective is as stated in the annual report. I want to take away any uncertainty that that objective is there and should be there. As I have said, there must also be clarity about the way in which that would be achieved, assuming we do end up around that 12%. We might easily arrive at a figure just under or just over that 12%. That is why we have tried to formulate this clearly in the press release. We hope that we have made it clearer, that we have provided clarity compared to the past. I am disappointed if in fact we have confused you.

Mr Van der Aa

So that 12% is the most negative scenario for you right now?

Mr Nijenhuis

That is the scenario, all things considered, that we expect to realize. I have already explained why.

Mr Van der Laar (SNS Securities)

I have several questions. Following on from the last question: your objective was 12 -20% growth of turnover. I now understand that you have lowered your objective to approximately 12%.

Mr Nijenhuis

You are correct. An objective of between 12% and 20% is a pretty wide range. We don't know that we will want to continue with such a wide-ranging objective in the future. Perhaps we should make it a little more specific, but we just took that range from Mock's scale. Even so, we felt we needed to provide more clarity about what we expect to achieve. Your question is very pertinent.

Mr Van der Laar

I don't totally understand the change on the board of management. Mr Kotz is going to concentrate on the ROT project. How is he going to be paid, as a consultant or from the proceeds of the ROT project? He will continue to work in the sector. Does that mean he can also work for a competitor? Can you tell us more about that?

Mr Nijenhuis

To start with your last question: he will not move to the competition. He will work for us as a consultant on the ROT project. Re your question whether he will be paid from the ROT project, this may partly be the case. No arrangements have been made yet.

Mr Van der Laar

I am not quite sure whether in Dresden you are talking to one customer or more.

Mr Nijenhuis

In Dresden we are talking to several customers, but one stands out.

Mr Van der Laar

One more question. Of course you can say that you will no longer be paying vacation pay and Christmas bonuses, but if the labor market in Germany were to become a little tighter, I can imagine that your employees might want to go over to companies that do pay such perks.

Mr Nijenhuis

I agree fully. Of course we are not blind to other employment contract options. We have looked at the present state of things, and we have looked at our possibilities and impossibilities. In good discussions with the works council and with individual employees we have made the arrangements we did. Discussions and negotiations took place in harmony, which is the main reason why you have not read anything about them in the press. We tried to be as understanding as possible and tried to appeal to our employees' motivation. And we have succeeded in that. I am very happy that our employees understand the need to make these arrangements. As far as I can tell, they are happy with the way things have been settled.

Mr Bareno (SNS Securities)

I have a few questions about the new activities in Dresden. Could you indicate when exactly they will start or when they will start to contribute to the turnover? How many people must be recruited for that, and what might the annual turnover be of the commissions that have so far been secured for the Dresden facility? Could you also indicate what further investments will be made in the second half? My last questions concerns the new long-term financing that the figures show. Can you give some more details?

Mr Nijenhuis

The aim is to generate some turnover even this year, but that will not materialize until the last month or months. This is to do with what I have said earlier. Next year they are expected to contribute significantly to Rood and we will present those figures separately. I do not want to give any precise figures at this point. You also asked what investments we are making there; we are currently investing a sum of between EUR 0.5 and 1.5 million in Dresden. I will only give you a range now. We are setting up the facility and are presently recruiting between five and ten people. We do this all in such a way as to prevent negative effects on the result as announced in the press release. So we have taken the initial costs in Dresden into account. I hope I have answered all your questions.

Mr Bareno

I also asked you about the new long-term financing.

Mr Nijenhuis

You have seen that we have made rather a lot of investments. So far our relations with banks and financial institutions are such that we have been able to afford that. I am pleased that you ask this question for the simple reason that I am keen to point out that, contrary to the past, we now have very good relations with our financiers. They have confidence in our plans, even if in certain areas – and certainly as regards Dresden – we have ongoing discussions with financial institutions about how we can realize that in the best possible way.

Mr Bareno

Could you specify the initial costs for Dresden and perhaps also for China?

Mr Nijenhuis

At this time I cannot. I do not have those details at hand.

Since there appear to be no more questions, I thank you all. As I said in the beginning, I have agreed with Marlies Kort that she will evaluate this conference call with analysts and journalists, and certainly also with other interested parties. We will at some point bring you up to speed as to how we aim to optimize communication with all stakeholders.

Thank you for your interest, and have a nice day.